MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2025 and 2024

MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Financial Position

(in thousands of United States dollars)

As at	Notes	March 31, 2025	December 31, 2024
ASSETS			
Asset Management:			
Cash		$ 2,563	$ 8,933
Investments	6	25,605	21,668
Intangible assets	9	24,064	24,801
Other assets		8,622	8,187
Total assets — asset management		60,854	63,589
Insurance:			
Cash and cash equivalents		123,245	77,055
Restricted cash posted as collateral	18	12,526	15,716
Investments	6	1,019,969	1,045,436
Reinsurance contract assets	13	408,492	392,092
Intangible assets	9	2,444	2,444
Goodwill	9	55,015	55,015
Other assets		21,298	38,183
Total assets — insurance		1,642,989	1,625,941
Total assets		**$ 1,703,843**	**$ 1,689,530**
LIABILITIES			
Asset Management			
Due to affiliates	10	$ 8,994	$ 10,470
Debt obligations	12	78,401	78,427
Derivatives - debt warrants	12	737	504
Accrued expenses and other liabilities		9,770	5,097
Total liabilities — asset management		97,902	94,498
Insurance			
Debt obligations	12	17,250	14,250
Insurance contract liabilities	13	1,069,625	1,048,413
Investment contract liabilities	14	222,074	227,041
Derivatives	18	1,864	5,192
Funds held under reinsurance contracts		238,371	239,918
Accrued expenses and other liabilities		7,856	2,995
Total liabilities — insurance		1,557,040	1,537,809
Total liabilities		1,654,942	1,632,307
EQUITY			
Common shares	11	121,372	116,118
Warrants	11	1,129	1,129
Contributed surplus		8,063	7,917
Surplus (Deficit)		(59,805)	(46,083)
Cumulative translation adjustment		(21,858)	(21,858)
Total equity		48,901	57,223
Total liabilities and equity		**$ 1,703,843**	**$ 1,689,530**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Approved by the Board of Directors

(signed) Edward (Ted) Goldthorpe
Edward (Ted) Goldthorpe
Chief Executive Officer and Chairman

(signed) Rudolph Reinfrank
Rudolph Reinfrank
Chairman of Audit Committee

MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

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

	Notes	Three months ended March 31, 2025	Three months ended March 31, 2024
REVENUE			
Asset management			
Management and incentive fee	7	$ 2,928	$ 3,494
Equity investment earning		282	224
Interest income		268	271
Dividend income		38	112
Other income		299	—
Net gains (losses) from investment activities	4	(623)	(71)
Total revenue — asset management		**3,192**	**4,030**
Insurance			
Insurance revenue	8	23,389	22,741
Insurance service expenses	8	(25,534)	(25,184)
Net expenses from reinsurance contracts held	8	(52)	(649)
Insurance service result		(2,197)	(3,092)
Net investment income	5	19,004	21,804
Net gains (losses) from investment activities	4	6,958	2,666
Realized and unrealized gains (losses) on embedded derivative — funds withheld		(4,783)	(3,829)
Other income		—	6
Total revenue, net of insurance service expenses and net expenses from reinsurance contracts held — insurance		**18,982**	**17,555**
Total revenue		**22,174**	**21,585**
EXPENSES			
Asset management			
Administration and servicing fees	10	1,237	1,423
Transaction costs		4,545	251
Amortization and impairment of intangible assets	9	737	346
Interest and other credit facility expenses	12	1,857	1,702
General, administrative and other		4,202	3,893
Total expenses — asset management		**12,578**	**7,615**
Insurance			
Net insurance finance (income) expenses	5	17,808	(7,252)
Increase (decrease) in investment contract liabilities	14	1,957	2,279
(Increase) decrease in reinsurance contract assets		966	3,556
General, administrative and other		2,549	2,239
Total expenses — insurance		**23,280**	**822**
Total expenses		**35,858**	**8,437**
Income (loss) before taxes		**(13,684)**	**13,148**
Income tax (expense) benefit — asset management	15	361	(56)
Net income (loss) and comprehensive income (loss)		**$ (13,323)**	**$ 13,092**
Earnings per share			
Basic		$ (0.48)	$ 0.51
Diluted		$ (0.48)	$ 0.50
Dividends per common share — USD		$ 0.01	$ 0.02
Dividends per common share — CAD		$ 0.02	$ 0.02

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

(in thousands of United States dollars, except number of shares)

Three months ended March 31, 2025	Notes	Number of Voting Common Shares	Common Shares	Warrants	Contributed Surplus	Surplus (Deficit)	Cumulative Translation Adjustment	Total Equity
Balance at December 31, 2024		**25,895,612**	**$ 116,118**	**$ 1,129**	**$ 7,917**	**$ (46,083)**	**$ (21,858)**	**$ 57,223**
Share issuance	11	2,693,071	5,000	—	—	—	—	5,000
Equity based compensation		77,397	254	—	146	—	—	400
Shareholder dividends	11	—	—	—	—	(399)	—	(399)
Net income (loss) and comprehensive income (loss)		—	—	—	—	(13,323)	—	(13,323)
Balance at March 31, 2025		**28,666,080**	**$ 121,372**	**$ 1,129**	**$ 8,063**	**$ (59,805)**	**$ (21,858)**	**$ 48,901**

Three Months Ended March 31, 2024	Notes	Number of Voting Common Shares	Common Shares	Warrants	Contributed Surplus	Deficit	Cumulative Translation Adjustment	Total Equity
Balance at December 31, 2023		**25,733,735**	**$ 115,607**	**$ 1,129**	**$ 7,240**	**$ (50,166)**	**$ (21,858)**	**$ 51,952**
Share issuance	11	64,004	290	—	—	—	—	290
Shareholder dividends	11	—	—	—	—	(383)	—	(383)
Net income (loss) and comprehensive income (loss)		—	—	—	—	13,092	—	13,092
Balance at March 31, 2024		**25,797,739**	**$ 115,897**	**$ 1,129**	**$ 7,240**	**$ (37,457)**	**$ (21,858)**	**$ 64,951**

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

MOUNT LOGAN CAPITAL INC.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

(in thousands of United States dollars)

For the three months ended March 31,	Notes	2025	2024
Operating Activities			
Comprehensive income (loss)		$ (13,323)	$ 13,092
Adjustments to reconcile comprehensive income (loss) to net cash provided by (used in) operating activities:			
Net realized (gains) loss on investments		296	(287)
Net change in unrealized (gains) loss on investments		(6,863)	(2,326)
Net change in unrealized (gains) loss on foreign currency		(1)	18
Net change in unrealized (gains) loss on debt warrants		233	—
Payment in-kind		16	(276)
Equity investment earnings (net of dividends received)		(282)	(224)
Net amortization of premiums and accretion of discounts on investments		—	(8)
Amortization of debt issuance costs		37	89
Amortization of intangible assets		737	346
Impairment of intangible assets		—	—
Increase (decrease) in estimated credit losses		305	151
Equity based compensation		400	—
(Increase) decrease in operating assets:			
Due from affiliates		—	—
Reinsurance contract assets		(16,400)	16,743
Distributions from equity method investment		475	—
Other assets		16,450	8,910
Increase (decrease) in operating liabilities:			
Due to affiliates		(1,476)	(1,385)
Insurance contract liabilities		21,212	(20,884)
Investment contract liabilities		(4,967)	34,278
Funds held under reinsurance contracts		(1,547)	(2,980)
Accrued expenses and other liabilities		9,533	(29,524)
Other cash provided by (used in) operating activities		—	56
Net cash provided by (used in) operating activities		**4,835**	**15,789**
Investing Activities			
Purchases of investments		(56,629)	(112,936)
Proceeds from sales and repayments of investments		86,323	82,367
Net cash provided by (used in) investing activities		**29,694**	**(30,569)**
Financing Activities			
Shareholder dividends	11	(399)	—
Proceeds from borrowings of asset management business	12	—	18,752
Repayments of borrowings of asset management business	12	(500)	(14,063)
Financing costs paid and deferred		—	—
Proceeds from borrowings of insurance business		3,000	—
Net cash provided by (used in) financing activities		**2,101**	**4,689**
Net increase (decrease) in cash and restricted cash		36,630	(10,092)
Effects of exchange rate changes on cash and restricted cash		—	(25)
Cash and restricted cash, beginning of the period		101,704	90,220
Cash and restricted cash, end of period		**$ 138,334**	**$ 80,103**

Cash and restricted cash		
Asset management		
Cash	$ 2,563	2,602
Total asset management	2,563	2,602
Insurance		
Cash	123,245	65,248
Restricted cash posted as collateral	12,526	12,253
Total insurance	135,771	77,501
Total cash and restricted cash	**$ 138,334**	**$ 80,103**

Supplemental disclosures of cash flow information		
Interest received	$ 20,810	$ 21,339
Interest paid	2,836	1,534
Dividends received	404	442
Income taxes paid	37	2
Issuance of common shares for share based payments	254	290
Issuance of common shares for investment purchases	5,000	—

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

1. Organization

Mount Logan Capital Inc. ("MLC," the "Company" or "we") is incorporated under the laws of Ontario and its common shares are publicly traded on Cboe Canada under the symbol "MLC".

The Company 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's reporting segments include asset management and insurance. The asset management segment reflects the Company's historical operations through its subsidiaries, including ML Management, and the insurance segment represents Ability’s operations and the economic benefits of the investment management agreements with each of Cornhusker Funding 1A LLC, Cornhusker Funding 1B LLC, and Cornhusker Funding 1C LLC. The Company, through its subsidiaries, earns management and incentive fees and servicing fees for providing investment management, monitoring and other services to investment vehicles and advisers. The Company also earns investment income by investing 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, and minority equity stakes in funds and companies. ML Management is registered as an investment adviser with the United States Securities and Exchange Commission under the Investment Advisors Act of 1940, as amended, and is registered to act in an investment advisory role for clients in the United States. The Company's insurance business is operated by Ability, a Nebraska domiciled insurer and reinsurer of long-term care policies and annuity products.

2. Basis of Presentation

The unaudited condensed interim Consolidated Financial Statements ("Interim Consolidated Financial Statements") have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

These Interim Consolidated Financial Statements do not include all the disclosures that are normally included in the annual Consolidated Financial Statements. Accordingly, these Interim Consolidated Financial Statements are to be read in conjunction with the annual Consolidated Financial Statements for the year ended December 31, 2024.

These Interim Consolidated Financial Statements are presented in United States dollars ("USD"), which is also the Company’s functional currency.

These Interim Consolidated Financial Statements were authorized for issue by the board of directors (the "Board") of the Company on May 15, 2025.

The Company presents its Interim Consolidated Statements of Financial Position in order of liquidity rather than on a current and non-current basis.

3. Material Accounting Policies

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those adopted and disclosed in the annual Consolidated Financial Statements for the year ended December 31, 2024.

Critical accounting judgments, estimates, and assumptions

The preparation of the Interim Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. Significant estimates and assumptions include but are not limited to estimating fair values of certain financial instruments, allowance for expected credit losses, impairment of securities, impairment of goodwill and intangible assets, the valuation of investment contract liabilities, insurance contract liabilities and reinsurance assets, determining income taxes and deferred taxes, provisions, and amortization of deferred revenues and expenses associated with the insurance business. Actual results may differ from those estimates, and such differences could be material.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

4. Net gains (losses) from investment activities

Net gains (losses) from investment activities in the Interim Consolidated Statements of Comprehensive Income (Loss) consist primarily of the realized and unrealized gains and losses on investments (including foreign exchange gains and losses attributable to foreign denominated investments and related activities). Unrealized gains or losses result from changes in the fair value of these investments during the period. Upon disposition of an investment, previously recognized unrealized gains or losses are reversed and an offsetting realized gain or loss is recognized in the current period.

The table below summarizes the net gains (losses) from investment activities:

For the three months ended March 31,	**2025**			**2024**		
	Net Realized Gains (Losses)	**Net Unrealized Gains (Losses)**	**Total**	**Net Realized Gains (Losses)**	**Net Unrealized Gains (Losses)**	**Total**
Asset Management						
Equity securities	$ 60	$ (683)	$ (623)	$ —	$ (71)	$ (71)
Net gains (losses) from investment activities — asset management[(1)]	$ 60	$ (683)	$ (623)	$ —	$ (71)	$ (71)
Insurance						
Debt securities: [(2)]						
U.S. government and agency	$ —	$ 143	$ 143	$ —	$ (58)	$ (58)
U.S. state, territories and municipalities	(4)	123	119	(5)	(72)	(77)
Other government and agency	—	(3)	(3)	—	26	26
Corporate	52	3,083	3,135	207	(3,032)	(2,825)
Asset and mortgage- backed securities	(158)	1,300	1,142	88	5,953	6,041
Derivative	—	3,328	3,328	—	(672)	(672)
Mortgage loans [(3)]	—	—	—	—	—	—
Equity securities [(4)]	(246)	29	(217)	(3)	52	49
Other invested assets [(5)]	—	(689)	(689)	—	182	182
Net gains (losses) from investment activities — insurance	$ (356)	$ 7,314	$ 6,958	$ 287	$ 2,379	$ 2,666

(1) Includes $0.2 million of unrealized losses on warrants that were issued with the debenture units (i.e., debt warrants). See Note 12 *Debt Obligations* for further detail.

(2) The insurance segment accounts for its fixed maturity securities (including bonds, structured securities and redeemable preferred stock) at FVTPL by election. This election reduces accounting mismatches between the accounting for these assets and the related insurance contract liabilities. These securities are carried at fair value, with realized and unrealized gains and losses reported in Net gains (losses) from investment activities in the Consolidated Statements of Comprehensive Income (Loss).

(3) Mortgage loans and real estate assets are carried at amortized cost.

(4) Equity securities (including common stock and non-redeemable preferred stock) are measured at FVTPL.

(5) Other invested assets primarily include structured securities and loan receivables are measured at FVTPL.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

5. Net investment income and net insurance finance (income) expenses – insurance

Net investment income for the insurance segment is comprised primarily of interest income and dividend income from common and preferred stock. Insurance finance (income) expenses represent the effects of discount rates and other financial variables on the value of insurance obligations.

An analysis of net investment income and insurance finance (income) expenses by product line is presented below:

For the three months ended March 31,	2025	2024
Debt securities — interest and other income	$ 18,930	$ 20,217
Derivative Income(loss)	(436)	$ —
Mortgage interest	2,826	2,001
Short-term and other investment income	129	41
Equity securities — dividends and other income	362	949
Gross investment income	21,811	23,208
Less:		
Investment expenses	(2,807)	(1,404)
Net investment income	$ 19,004	$ 21,804

An analysis of finance (income) expenses from insurance contracts issued and reinsurance contracts held is presented below:

Three months ended March 31, 2025	Long Term Care Insurance	MYGA	Long Term Care Reinsurance	Total
Finance (income) expenses from insurance contract issued				
Interest accreted	$ 14,217	$ 1,125	$ —	$ 15,342
Effects of changes in interest rates and other financial assumptions	23,283	1,341	—	24,624
Finance (income) expenses from insurance contracts issued	$ 37,500	$ 2,466	$ —	$ 39,966
Finance (income) expenses from reinsurance contracts held				
Interest accreted	—	—	(8,526)	(8,526)
Effect of changes in interest rates and other financial assumptions	—	—	(13,632)	(13,632)
Finance (income) expenses from reinsurance contracts held	$ —	$ —	$ (22,158)	$ (22,158)
Net insurance finance (income) expenses	$ 37,500	$ 2,466	$ (22,158)	$ 17,808

Three Months Ended March 31, 2024	Long Term Care Insurance	MYGA	Long Term Care Reinsurance	Total
Finance (income) expenses from insurance contract issued				
Interest accreted	$ 9,088	$ 986	$ —	$ 10,074
Effects of changes in interest rates and other financial assumptions	(24,017)	(1,436)	—	(25,453)
Finance (income) expenses from insurance contracts issued	$ (14,929)	$ (450)	$ —	$ (15,379)
Finance (income) expenses from reinsurance contracts held				
Interest accreted	—	—	(5,557)	(5,557)
Effect of changes in interest rates and other financial assumptions	—	—	13,684	13,684
Finance (income) expenses from reinsurance contracts held	$ —	$ —	$ 8,127	$ 8,127
Net insurance finance (income) expenses	$ (14,929)	$ (450)	$ 8,127	$ (7,252)

An analysis of net investment income, net insurance finance income (expenses) and insurance service result from insurance contracts issued and reinsurance contracts held is presented below:

For the three months ended March 31,	2025	2024
Summary of the amounts recognized in profit or loss		
Insurance service result	$ (2,197)	$ (3,092)
Net investment income	19,004	21,804
Net insurance finance income (expenses)	(17,808)	7,252
Net insurance and investment result	$ (1,001)	$ 25,964

(in thousands of United States dollars, except per share amounts and where otherwise noted)

6. Investments

Investment in associates

An associate is an entity over which the Company has significant influence, but does not control (or have joint control). Generally, the Company is considered to exert significant influence when it holds, directly or indirectly, between 20% and 50% of the voting power of the investee. Investment in associates are accounted for using the equity method. The financial effects and risks related to this equity method investment are limited to the performance of the associate and the environment in which it operates.

The Company, through its wholly-owned subsidiary, ML Management, currently holds a 24.99% equity stake in Sierra Crest Investment Management, LLC ("SCIM").

The Company received dividends of $0.5 million for the three months ended March 31, 2025 (March 31, 2024 – $0.6 million), which is recorded as a reduction of carrying value.

The Company's associates that are accounted for under the equity method include:

				March 31, 2025				December 31, 2024			
Name	**Type**	**Principal Place of Business**	**Country of Incorporation**	**Carrying Value**	**Fair Value**	**Ownership Interest %**	**Voting Rights %**	**Carrying Value**	**Fair Value**	**Ownership Interest %**	**Voting Rights %**
Sierra Crest Investment Management LLC	Limited Liability Company	United States	United States	$ 5,614	$ 5,614	24.99%	24.99%	$ 5,807	$ 5,807	24.99%	24.99%
Total investment in associates				**$ 5,614**				**$ 5,807**			

Financial assets

The following tables summarize the measurement categories of financial assets held by the Company as at March 31, 2025 and December 31, 2024 :

March 31, 2025	**FVTPL(1)**	**Amortized cost(2)**	**Total(3)**
Financial assets			
Asset management			
Debt securities:			
Corporate	$ —	$ 13,586	$ 13,586
Equity securities	6,404	—	6,404
Total financial assets — asset management (4)	6,404	13,586	19,990
Insurance			
Debt securities:			
U.S. government and agency	8,218	—	8,218
U.S. state, territories and municipalities	5,336	—	5,336
Other government and agency	2,366	—	2,366
Corporate	471,356	—	471,356
Asset and mortgage-backed securities	356,296	—	356,296
Mortgage Loans (5)	—	140,380	140,380
Equity securities	15,513	—	15,513
Other invested assets (6)	20,504	—	20,504
Total financial assets — insurance	879,589	140,380	1,019,969
Total financial assets	**$ 885,993**	**$ 153,966**	**$ 1,039,959**

(1) The FVTPL classification was elected for certain securities backing insurance contract liabilities to substantially reduce any accounting mismatch arising from changes in the fair value of these assets and changes in the value of their related insurance contract liabilities. If this election had not been made and instead the FVOCI classification were elected, there would be an accounting mismatch because changes in insurance contract liabilities are recognized in net income rather than in OCI.

(2) The fair value of items carried at amortized cost in the financial statements are: (i) corporate debt securities - Asset management: $13.1 million and (ii) mortgage loans - Insurance: $142.4 million (or $131.7 million excluding investment properties). These have been valued using level 3 inputs.

(3) The methodologies used in determining the values of investments are described in Note 3 *Material Accounting Policies* of the annual Consolidated Financial Statements for the year ended December 31, 2024.

(4) The MLC US Holdings Credit Facility (as hereinafter defined) is collateralized by assets held by MLC US Holdings, including financial assets totaling $22.5 million as at March 31, 2025.

(5) Includes two investment properties recognized under the cost model at $10.8 million.

(6) Other invested assets primarily include structured securities and loan receivables.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

December 31, 2024	**FVTPL (1)**	**Amortized cost(2)**	**Total(3)**
Financial assets			
Asset management			
Debt securities:			
Corporate	$ —	$ 13,586	$ 13,586
Equity securities	2,276	—	2,276
Total financial assets — asset management (4)	2,276	13,586	15,862
Insurance			
Debt securities:			
U.S. government and agency	8,075	—	8,075
U.S. state, territories and municipalities	5,252	—	5,252
Other government and agency	2,369	—	2,369
Corporate	464,710	—	464,710
Asset and mortgage-backed securities	373,515	—	373,515
Mortgage Loans (5)	—	151,852	151,852
Equity securities	18,576	—	18,576
Other invested assets (6)	21,087	—	21,087
Total financial assets — insurance	893,584	151,852	1,045,436
Total financial assets	**$ 895,860**	**$ 165,438**	**$ 1,061,298**

(1) The FVTPL classification was elected for certain securities backing insurance contract liabilities to substantially reduce any accounting mismatch arising from changes in the fair value of these assets and changes in the value of their related insurance contract liabilities. If this election had not been made and instead the FVOCI classification were elected, there would be an accounting mismatch because changes in insurance contract liabilities are recognized in net income rather than in OCI.

(2) The fair value of items carried at amortized cost in the financial statements are: (i) corporate debt securities - Asset management: $13.2 million and (ii) mortgage loans - Insurance: $153.6 million (or $142.8 million excluding investment properties). These have been valued using level 3 inputs.

(3) The methodologies used in determining the values of invested assets are described in Note 3 *Material Accounting Policies* of the annual Consolidated Financial Statements for the year ended December 31, 2024.

(4) The MLC US Holdings Credit Facility is collateralized by assets held by MLC US Holdings, including financial assets totaling $18.6 million as at December 31, 2024.

(5) Includes two investment properties recognized under the cost model at $10.8 million.

(6) Other invested assets primarily include structured securities and loan receivables.

Fair value measurements

The following tables summarize the fair value hierarchy of the Company's financial assets measured at fair value in the financial statements:

	Fair Value Measurements			
March 31, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Asset management				
Equity securities	$ 1,032	$ —	$ 5,372	$ 6,404
Total financial assets — asset management	**1,032**	**—**	**5,372**	**6,404**
Insurance				
Debt securities:				
U.S. government and agency	—	8,218	—	8,218
U.S. state, territories and municipalities	—	5,336	—	5,336
Other government and agency	—	2,366	—	2,366
Corporate	—	216,539	254,817	471,356
Asset and mortgage-backed securities	—	340,973	15,323	356,296
Equity securities	272	10,205	5,036	15,513
Other invested assets	—	—	20,504	20,504
Total financial assets — insurance	**272**	**583,637**	**295,680**	**879,589**
Total financial assets	**$ 1,304**	**$ 583,637**	**$ 301,052**	**$ 885,993**

Insurance derivatives presented in the Consolidated Financial Statements consist of interest rate swaps entered for economic hedging. As at March 31, 2025, the interest rate swaps are in a liability position with a fair value of $1.9 million, valued using level 2 inputs. Refer to Note 18 *Financial Risk Management* for further detail.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Asset management derivatives presented in the Consolidated Financial Statements are comprised of warrants that were issued with the debenture units (i.e., debt warrants). Refer to Notes 11 *Share Capital and Earnings Per Share* and 12 *Debt Obligations* for further detail. As at March 31, 2025, the debt warrants have a fair value of $0.7 million, valued using level 3 inputs.

	Fair Value Measurements			
December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Asset management				
Equity securities	$ 1,777	$ —	$ 499	$ 2,276
Total financial assets — asset management	**1,777**	**—**	**499**	**2,276**
Insurance				
Debt securities:				
U.S. government and agency	—	8,075	—	8,075
U.S. state, territories and municipalities	—	5,252	—	5,252
Other government and agency	—	2,369	—	2,369
Corporate	—	224,219	240,491	464,710
Asset and mortgage-backed securities	—	364,874	8,641	373,515
Equity securities	310	13,165	5,101	18,576
Other invested assets	—	—	21,087	21,087
Total financial assets — insurance	**310**	**617,954**	**275,320**	**893,584**
Total financial assets	**$ 2,087**	**$ 617,954**	**$ 275,819**	**$ 895,860**

The availability of observable inputs can vary depending on the financial asset and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument has recently been issued, whether the instrument is traded on an active exchange or in the secondary market, and current market conditions. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires additional judgment. Accordingly, the degree of judgment exercised by MLC in determining fair value is greatest for instruments categorized as Level 3. The variability and availability of the observable inputs affected by the factors described above may cause transfers between Levels 1, 2, and 3, as discussed further below.

Transfers between Level 1 and Level 2

The Company records transfers of assets between Level 1 and Level 2 at their fair values at the end of each reporting period. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. There were no assets transferred between Level 1 and Level 2 during the three months ended March 31, 2025 and 2024.

Transfers between Level 1 or 2 and Level 3

The Company records transfers of assets between Level 1 or 2 and Level 3 at the end of each reporting period. Assets are transferred into Level 3 when there is a lack of observable valuation inputs.

Conversely, assets are transferred out of Level 3 when valuation inputs become observable. Whether the assets are transferred into Level 1 or 2 will depend on whether the prices are unadjusted and quoted in an active market.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The following is a reconciliation of the Company's investment portfolio for which Level 3 inputs were used in determining fair value:

Three Months Ended March 31, 2025	Balance December 31, 2024	Purchases	Sales and Repayments	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Transfer in (1)	Transfer out (1)	Balance March 31, 2025	Change in Unrealized Gains (Losses) on Level 3 Investments Still Held
Financial assets									
Asset management									
Equity securities	$ 499	$ 5,000	$ —	$ —	$ (127)	$ —	$ —	$ 5,372	$ (127)
Total assets — asset management	**499**	5,000	—	—	**(127)**	—	—	**5,372**	**(127)**
Insurance									
Debt securities:									
Corporate	240,491	20,723	(12,262)	60	805	5,000	—	254,817	(625)
Asset and mortgage-backed securities	8,641	—	(227)	—	56	6,853	—	15,323	32
Equity securities	5,101	—	—	—	(65)	—	—	5,036	(109)
Other invested assets	21,087	104	—	—	(687)	—	—	20,504	(5,889)
Total assets — insurance	**275,320**	**20,827**	**(12,489)**	**60**	**109**	**11,853**	—	**295,680**	**(6,591)**
Total financial assets	**$ 275,819**	**$ 25,827**	**$ (12,489)**	**$ 60**	**$ (18)**	**$ 11,853**	**$ —**	**$ 301,052**	**$ (6,718)**
Financial liabilities									
Asset management									
Derivatives - debt warrants	$ 504	$ —	$ —	$ —	$ 234	$ —	$ —	$ 737	$ 234
Total financial liabilities	**$ 504**	**$ —**	**$ —**	**$ —**	**$ 234**	**$ —**	**$ —**	**$ 737**	**$ 234**

(1) Transfers into Level 3 are due to decrease in the quantity and reliability of broker quotes obtained. Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained. Transfers are assumed to have occurred at the end of the period.

Year ended December 31, 2023	Balance December 31, 2023	Purchases	Sales and Repayments	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Transfer in (1)	Transfer out (1)	Balance March 31, 2024	Change in Unrealized Gains (Losses) on Level 3 Investments Still Held
Financial assets									
Asset management									
Debt securities:									
Corporate	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Equity securities	6,056	—	—	—	(71)	—	—	5,985	(53)
Total assets — asset management	**6,056**	**—**	**—**	**—**	**(71)**	**—**	**—**	**5,985**	**(53)**
Insurance									
Debt securities:									
Corporate	229,225	42,619	(28,733)	125	(14)	22,996	—	266,218	(23)
Asset and mortgage-backed securities	2,240	—	(17)	—	(54)	4,436	—	6,605	(54)
Equity securities	5,264	131	(250)	—	(75)	—	—	5,070	(75)
Other invested assets	31,499	—	(3,981)	—	181	—	—	27,699	156
Total assets — insurance	**268,228**	**42,750**	**(32,981)**	**125**	**38**	**27,432**	**—**	**305,592**	**4**
Total financial assets	**$ 274,284**	**$ 42,750**	**$ (32,981)**	**$ 125**	**$ (33)**	**$ 27,432**	**$ —**	**$ 311,577**	**$ (49)**
Financial liabilities									
Asset management									
Derivatives - debt warrants	$ —	$ 296	$ —	$ —	$ —	$ —	$ —	$ 296	$ —
Total	**$ —**	**$ 296**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 296**	**$ —**

(1) Transfers into Level 3 are due to a decrease in the quantity and reliability of broker quotes obtained. Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained. Transfers are assumed to have occurred at the end of the period.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The valuation techniques and significant unobservable inputs used in Level 3 valuations were as follows:

March 31, 2025		**Quantitative Information about Level 3 Fair Value Measurements**				
Asset Category	**Fair Value**	**Valuation Technique/ Methodology**	**Unobservable Input**	**Range (Weighted Average)**	**Change in Valuation (2) +**	**Change in Valuation (2) -**
Financial assets						
Asset management						
Equity securities	$ 18	Discounted cash flow	Discount rate	22.5% - 27.5% (25.0%)	(1)	1
Equity securities	354	Enterprise Value	Multiple	6.76x - 7.76x (7.26x)	15	(15)
Equity securities	5,000	Recent transaction	Transaction price	NA	NA	NA
Total — asset management	**5,372**					
Insurance						
Debt securities (1):						
Corporate	36,089	Recent transaction	Transaction price	NA	NA	NA
Corporate	218,689	Discounted cash flow	Discount rate	-0.2% - 19.9% (9.9%)	(1,782)	1,555
Corporate	39	Enterprise value	Multiple	0.30x -0.3x (0.3x)	11	(11)
Asset and mortgage-backed securities	41	Recent transaction	Transaction price	NA	NA	NA
Asset and mortgage-backed securities	15,282	Discounted cash flow	Discount rate	4.2% -8.6% (6.8%)	(414)	445
Equity securities	1,964	Recent transaction	Transaction price	NA	NA	NA
Equity securities	141	Discounted cash flow	Discount rate	14.39% -14.39% (14.39%)	(1)	1
Equity securities	2,931	Discounted cash flow	Discount rate	10.4% - 10.4% (10.4%)	-	-
Other invested assets	20,504	Discounted cash flow	Discount rate	0% - 18.6% (10%)	(597)	611
Total — insurance	**295,680**					
Total	**$ 301,052**					
Financial liabilities						
Asset management						
Debt warrants	737	Option pricing model	Volatility	47.7% - 67.7% (50.7%)	129	(78)
Total	**$ 737**					

(1) For debt securities where the recent transaction price does not estimate fair value, the Company determines the fair value utilizing a yield analysis.

(2) Represents a sensitivity analysis to the impact of an increase or decrease in movement of the unobservable input.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

December 31, 2024		Quantitative Information about Level 3 Fair Value Measurements				
Asset Category	**Fair Value**	**Valuation Technique/ Methodology**	**Unobservable Input**	**Range (Weighted Average)**	**Change in Valuation (2) +**	**Change in Valuation (2) -**
Financial assets						
Asset management						
Equity securities	$ 30	Discounted cash flow	Discount rate	22.0% - 27.0% (24.5%)	—	0
Equity securities	469	Enterprise Value	Multiple	5.13x - 6.13x (5.63x)	28	(28)
Total — asset management	**499**					
Insurance						
Debt securities (1):						
Corporate	50,585	Recent transaction	Transaction price	NA	NA	NA
Corporate	188,234	Discounted cash flow	Discount rate	3.6% - 17.5% (10.4%)	(1,523)	1,742
Corporate	1,672	Enterprise value	Multiple	0.30x -8.25x (8.04x)	107	(107)
Asset and mortgage-backed securities	53	Recent transaction	Transaction price	NA	NA	NA
Asset and mortgage-backed securities	8,588	Discounted cash flow	Discount rate	5.7% -9.3% (8%)	(99)	99
Equity securities	2,042	Recent transaction	Transaction price	NA	NA	NA
Equity securities	141	Discounted cash flow	Discount rate	14.37% -14.37% (14.37%)	2	(1)
Equity securities	2,918	Discounted cash flow	Discount rate	10.1% - 10.1% (10.1%)	(3)	3
Other invested assets	21,087	Discounted cash flow	Discount rate	8.4% - 19.3% (10.6%)	(615)	628
Total — insurance	**275,320**					
Total	**$ 275,819**					

(1) For debt securities where the recent transaction price does not estimate fair value, the Company determines the fair value utilizing a yield analysis.

(2) Represents a sensitivity analysis to the impact of an increase or decrease in movement of the unobservable input.

The Company typically determines the fair value of its performing Level 3 debt investments utilizing a yield analysis. In a yield analysis, a price is ascribed for each investment based upon an assessment of current and expected market yields for similar investments and risk profiles. Additional consideration is given to the expected life, portfolio company performance since close, and other terms and risks associated with an investment. Among other factors, a determinant of risk is the amount of leverage used by the portfolio company relative to the total enterprise value of the company, and the rights and remedies of the Company's investment within each portfolio company's capital structure.

Significant unobservable inputs include an illiquidity spread as well as a credit spread, both of which increase the discount rate. These rates are initially set at a level such that the loan valuation equals the initial purchase cost of the loan and are subsequently adjusted at each valuation date to reflect management's current assessment of market conditions as well as of loan-specific credit and illiquidity risk. Discount rates are subject to adjustment based on both management's current assessment of market conditions and the economic performance of individual investments. The significant unobservable inputs used in the fair value measurement of the Company's Level 3 debt securities primarily include current market yields, including relevant market indices, but may also include quotes from brokers, dealers, and pricing services as indicated by comparable investments.

Allowance for expected credit losses

An allowance for ECL is established when debt instruments held at amortized cost becomes impaired. ECLs represent the difference between all contractual cash flows that are due to the Company and all cash flows the Company expects to receive, discounted at the original effective interest rate. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount, which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The following table summarizes the characterization of ECL allowances of the Company:

As at March 31, 2025	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Asset management				
Gross carrying value at amortized cost	$ 13,586	$ —	$ —	$ 13,586
Allowance for credit losses	—	—	—	—
Net carrying value at amortized cost - asset management	**13,586**	**—**	**—**	**13,586**
Insurance				
Gross carrying value at amortized cost	94,906	—	47,546	142,452
Allowance for credit losses	(987)	—	(1,085)	(2,072)
Net carrying value at amortized cost - insurance	**93,919**	**—**	**46,461**	**140,380**
Total	**$ 107,505**	$ —	$ 46,461	**$ 153,966**

As at December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Asset management				
Gross carrying value at amortized cost	$ 13,586	$ —	$ —	$ 13,586
Allowance for credit losses	—	—	—	—
Net carrying value at amortized cost - asset management	**13,586**	**—**	**—**	**13,586**
Insurance				
Gross carrying value at amortized cost	106,159	—	47,460	153,619
Allowance for credit losses	(1,221)	—	(546)	(1,767)
Net carrying value at amortized cost - insurance	**104,938**	**—**	**46,914**	**151,852**
Total	**$ 118,524**	$ —	$ 46,914	**$ 165,438**

Financial assets classified at amortized cost are categorized into Stage 1 if assets are performing instruments that have not experienced a significant increase in credit risk since initial recognition, Stage 2 if assets are performing instruments that have experienced a significant increase in credit risk since initial recognition, and Stage 3 if assets are performing instruments that have been impaired since initial recognition.

The Company recognized a $2.1 million allowance for credit losses as at March 31, 2025 (December 31, 2024 – $1.8 million).

7. Revenue from service contracts

The Company provides investment management and related services to third-party investment funds and other arrangements.

The Company's management and service contracts generally impose single performance obligations, each consisting of a series of similar related services to each customer.

The Company's performance obligations within service arrangements are generally satisfied over time as the customer simultaneously receives and consumes the benefits of the services rendered, and are measured using an output method. Fees typically include variable consideration and the related revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is subsequently resolved.

Asset-based fees vary with asset values of accounts under management, subject to market conditions and investor behaviors beyond the Company's control. Fees related to services provided are generally recognized as services are rendered, which is when it becomes highly probable that no significant reversal of cumulative revenue recognized will occur. The Company has determined that its service contracts have no significant financing components as fees are collected quarterly.

The following tables summarize the Company's revenue from service contracts:

	Three Months Ended March 31,	
	2025	**2024**
Management fees	$ 3,240	$ 2,591
Incentive fees	(312)	903
Servicing fees (expense)	(298)	(556)

The Company's wholly-owned subsidiary, MLC US Holdings LLC (“MLC US Holdings”) and SCIM have an existing services agreement (the "SCIM Services Agreement") under which, in exchange for administrative services, SCIM pays the Company, on a quarterly basis, an amount equal to the aggregate base management and incentive fees received by SCIM from ACIF in respect of such quarter, net of the Retained Benefits (refer to Note 10 *Related Party Transactions* for further detail). In addition, SCIM is reimbursed by MLC US Holdings quarterly for certain expenses it incurs in connection with the investment advisory services provided to ACIF. Pursuant to this arrangement, the Company receives the net economic benefit derived by SCIM under the ACIF advisory agreement, subject to the holdback of the

Retained Benefits and expense reimbursements. For the three months ended March 31, 2025, the Retained Benefits and expense reimbursements exceeded the net economic benefit derived by SCIM and therefore this fee was a net expense to the Company.

The Company, through ML Management, has an existing investment advisory agreement with Opportunistic Credit Interval Fund ("OCIF"), a closed-end, diversified management investment company, pursuant to which ML Management provides certain investment advisory services to OCIF for a fee consisting of two components – a 1.25% annual base management fee based upon gross assets and an incentive fee tied to performance.

ML Management agreed to waive its management fees (excluding any incentive fee) and to pay or absorb the ordinary operating expenses of OCIF to the extent that its management fees plus the OCIF's ordinary annual operating expenses exceed 2.5% per annum of OCIF's average daily net assets attributable to Class I shares until August 30, 2023. This waiver has been extended until February 1, 2026.

Management fees earned from MLC's consolidated entities are eliminated in consolidation.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

8. Insurance service results

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line is included in the following tables:

Three months ended March 31, 2025	**Long Term Care Insurance**	**MYGA**	**Long Term Care Reinsurance**	**Total**
Insurance revenue				
Amounts relating to changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation	$ 22,802	$ 178	$ —	$ 22,980
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	374	35	—	409
- CSM recognized in profit or loss for the services provided	—	—	—	—
Insurance acquisition cash flows recovery	—	—	—	—
Total insurance revenue	**23,176**	**213**	**—**	**23,389**
Insurance service expenses				
Incurred claims and other directly attributable expenses	(23,618)	(472)	—	(24,090)
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversal of those losses	(1,779)	335	—	(1,444)
Insurance acquisition cash flows amortization	—	—	—	—
Total insurance service expenses	**(25,397)**	**(137)**	**—**	**(25,534)**
Net income (expenses) from reinsurance contracts held				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	—	—	(26,205)	(26,205)
- Changes in the risk adjustment recognized for the risk expired	—	—	(4)	(4)
- CSM recognized for the services received	—	—	(1,247)	(1,247)
Other incurred directly attributable expenses	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Claims recovered	—	—	26,688	26,688
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	—	—	716	716
Changes that relate to past service - adjustment to incurred claims	—	—	—	—
Total net expenses from reinsurance contracts held	—	—	**(52)**	**(52)**
Total insurance service result	**$ (2,221)**	**$ 76**	**$ (52)**	**$ (2,197)**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Three months ended March 31, 2024	Long Term Care Insurance	MYGA	Long Term Care Reinsurance	Total
Insurance revenue				
Amounts relating to changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation	$ 22,085	$ 162	$ —	$ 22,247
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	442	52	—	494
- CSM recognized in profit or loss for the services provided	—	—	—	—
Insurance acquisition cash flows recovery	—	—	—	—
Total insurance revenue	**22,527**	**214**	**—**	**22,741**
Insurance service expenses				
Incurred claims and other directly attributable expenses	(21,389)	(613)	—	(22,002)
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversal of those losses	4,512	(7,694)	—	(3,182)
Insurance acquisition cash flows amortization	—	—	—	—
Total insurance service expenses	**(16,877)**	**(8,307)**	**—**	**(25,184)**
Net income (expenses) from reinsurance contracts held				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	—	—	(25,518)	(25,518)
- Changes in the risk adjustment recognized for the risk expired	—	—	(57)	(57)
- CSM recognized for the services received	—	—	(1,182)	(1,182)
Other incurred directly attributable expenses	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Claims recovered	—	—	24,737	24,737
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	—	—	1,190	1,190
Changes that relate to past service - adjustment to incurred claims	—	—	—	—
Changes in Risk of Non-Performance	—	—	181	181
Total net expenses from reinsurance contracts held	**—**	**—**	**(649)**	**(649)**
Total insurance service result	**$ 5,650**	**$ (8,093)**	**$ (649)**	**$ (3,092)**

9. Goodwill and intangible assets

The following table is a summary of goodwill and intangible assets:

	Balance December 31, 2024	Additions	Amortization Expense	Impairment	Balance March 31, 2025
Asset management					
Intangible assets — indefinite life					
Investment management contracts	$ 19,204	$ —	$ —	$ —	$ 19,204
Intangible assets — definite life					
Investment management contracts	5,597	—	(737)	—	4,860
Total intangible assets — asset management	24,801	—	(737)	—	24,064
Insurance					
Goodwill	55,015	—	—	—	55,015
Intangible assets — indefinite life					
State insurance licenses	2,444	—	—	—	2,444
Total intangible assets — insurance	2,444	—	—	—	2,444
Total goodwill and intangible assets — insurance	$ 57,459	$ —	$ —	$ —	$ 57,459

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Balance December 31, 2023	Additions	Amortization Expense	Balance March 31, 2024
Asset management				
Intangible assets — indefinite life				
Investment management contracts	$ 19,204	$ —	$ —	$ 19,204
Intangible assets — definite life				
Investment management contracts	9,575	—	(346)	9,229
Total intangible assets — asset management	28,779	—	(346)	28,433
Insurance				
Goodwill	55,015	—	—	55,015
Intangible assets — indefinite life				
State insurance licenses	2,444	—	—	2,444
Total intangible assets — insurance	2,444	—	—	2,444
Total goodwill and intangible assets — insurance	$ 57,459	$ —	$ —	$ 57,459

Asset Management

Intangible assets related to the Company's acquisitions of management agreements are initially recorded at their fair value at the acquisition date and subsequently at cost less accumulated amortization and/or accumulated impairment losses.

Amortization is recorded using either the straight-line method or another systematic basis that reflects the pattern in which future economic benefits are expected to be consumed over the remaining useful life of the intangible asset. The useful life is based on the estimated periods that the Company expects to collect management fees, which range from 4 to 7 years. Amortization expense is recognized in the Consolidated Statements of Comprehensive Income (Loss) in amortization of intangible assets. The indefinite useful life assessment for certain investment management contracts is based on the ability to renew these contracts indefinitely. In addition, there are no legal, regulatory or contractual provisions that limit the useful lives of these intangible assets. An intangible asset with an indefinite useful life is not amortized but is subject to an annual impairment test which is performed more frequently if there is an indication that the asset may not be recoverable.

On July 25, 2024, Ovation Fund Management II LLC ("OFM II"), a wholly owned subsidiary of the Company, announced the determination to dissolve and wind up the Ovation Alternative Income Fund LP ("OAIF") - a fund from which the Company collects management and incentive fees under an investment management agreement ("IMA"). The remaining useful life of the IMA was reassessed and revised from 9 years down to 4 years in line with the expected wind down time frame of the fund as at December 31, 2024. The Company will continue to earn management fees and potentially incentive fees under the IMA until all assets are sold or liquidated out of OAIF. However, the fee stream will decrease as the fund's net asset value ("NAV") and net income decreases. Given the expected decrease in NAV from anticipated asset exit dates, the decrease in aggregate fees expected over the remaining useful life of the IMA indicated the intangible asset was impaired. As such, the IMA was written down to its recoverable amount of $4.4 million at that time. No further impairment indicators have arisen for the three months ended March 31, 2025.

The remaining useful life of the OAIF IMA reflects the period over which future economic benefits will be received by the Company under the IMA. The amortization method follows the percentage of NAV decline in OAIF to better reflect the pattern in which the IMA's future economic benefits are expected to be consumed.

There were no changes in estimated useful lives of intangible assets for the three months ended March 31, 2025 and 2024.

There were no write-downs of intangible assets for the three months ended March 31, 2025 (March 31, 2024 – $nil).

Insurance

The insurance segment holds intangible assets consisting of state insurance licenses, which were recognized upon acquisition at fair value and recorded in intangible assets in the Consolidated Statements of Financial Position. The state insurance licenses have subsequently been measured and reported at cost less any accumulated impairment losses. The indefinite lived intangible assets are not subject to amortization but are subject to an annual impairment test which is performed more frequently if there is an indication that the carrying amount is not recoverable.

Goodwill represents the excess of acquisition cost over the fair value of net tangible and intangible assets acquired in connection with an acquisition. Goodwill is assessed for impairment annually in the fourth quarter of each fiscal year or more frequently if circumstances indicate impairment may have incurred.

10. Related party transactions

Servicing Agreement

On November 20, 2018, the Company entered into a servicing agreement (the "Servicing Agreement") with BC Partners Advisors L.P. ("BC Partners"). Under the terms of the Servicing Agreement, BC Partners as servicing agent (the "Servicing Agent") performs (or oversees, or arranges for, the performance of) the administrative services necessary for the operation of the Company, including, without limitation, office facilities, equipment, bookkeeping and recordkeeping services and such other services the Servicing Agent, subject to review by the Board, shall from time to time deem necessary or useful to perform its obligations under this Servicing

Agreement. The Servicing Agent is authorized to enter into sub-administration agreements as determined to be necessary in order to carry out the administrative services.

Unless earlier terminated as described below, the Servicing Agreement will remain in effect from year-to-year if approved annually by (i) the vote of the Board and (ii) the vote of a majority of the Company's directors who are not parties to the Servicing Agreement or a "related party" of the Servicing Agent, or of any of its affiliates, as defined in the Multilateral Instrument 61-101 under Canadian securities law. The Servicing Agreement may be terminated at any time, without the payment of any penalty, upon 60 days' written notice by the vote of the Board or by the Servicing Agent.

The Company reimburses BC Partners for an allocable portion of compensation paid to the Company's Chief Financial Officer, associated management personnel (based on a percentage of time such individuals devote, on an estimated basis, to the business affairs of the Company), and out-of-pocket expenses. While the Servicing Agent performs certain administrative functions for the Company, the management functions of the Company are wholly performed by the Company's management team. For the three months ended March 31, 2025, the Company incurred administrative fees of $1.1 million (March 31, 2024 – $0.9 million). As at March 31, 2025, administration fees payable to BC Partners was $1.4 million (December 31, 2024–$1.2 million).

Transactions with Affiliates - servicing fees

The Company, through MLC US Holdings, a wholly-owned subsidiary of the Company, provides certain administrative services to SCIM in respect of the management of an investment fund ("ACIF") in exchange for a servicing fee. Servicing fees are determined quarterly based on an amount equal to the aggregate base management fee and incentive fees received by SCIM from ACIF in respect of such quarter, net of debt servicing expense, a quarterly fee to be retained by SCIM comprised of a specified amount, and an allocable portion of the compensation of SCIM's investment professionals in connection with their performance of investment advisory services for ACIF (collectively, the "Retained Benefits"). In addition, SCIM is reimbursed by MLC US Holdings quarterly for certain expenses it incurs in connection with the investment advisory services provided to ACIF. Pursuant to this arrangement, the Company receives the net economic benefit derived by SCIM under the ACIF advisory agreement, subject to the holdback of the Retained Benefits and expense reimbursements. For the three months ended March 31, 2025, the Company incurred servicing fees of $0.3 million (March 31, 2024 – $0.6 million).

Potential Conflicts of Interest

The Company's senior management team is comprised of substantially the same personnel as the senior management team of BC Partners, and such personnel may serve in similar or other capacities for BC Partners or to future investment vehicles affiliated with BC Partners. As a result, such personnel provide investment advisory services to the Company and certain investment vehicles considered affiliates of BC Partners.

Compensation of Key Management Personnel

The Company's key management personnel are those personnel who have the authority and responsibility for planning, directing and controlling the activities of the Company. Directors (both executive and non-executive) are considered key personnel. Certain directors and officers of the Company are affiliated with BC Partners. For the three months ended March 31, 2025, the Chief Executive Officer ("CEO") and Co-presidents will receive no cash salary or bonuses of any kind. Instead, their compensation will be 100% equity-based compensation granted pursuant to the Company's security-based compensation arrangements that vests over time for services rendered. The CEO and Co-presidents had a total of 599,576 Restricted Share Units ("RSUs"), inclusive of Dividend Equivalent Units ("DEUs") outstanding as at March 31, 2025 (December 31, 2024 - 659,557), which vest over two to three years. There were 4,792 DEUs declared to the CEO and Co-presidents during the three months ended March 31, 2025 (March 31, 2024 - 1,133) though not issued until April 10, 2025 consistent with the dividend payment date. See Note 11 *Share Capital and Earnings Per Share* for more information. No person or employee of the Servicing Agent or its affiliates that serves as a director of the Company receives any compensation from the Company for his or her services as a director.

Common shares held by directors and officers of the Company who are affiliated with BC Partners as at March 31, 2025 were 837,003 (December 31, 2024 – 804,679).

Other Transactions with BC Partners or its Affiliates

The Servicing Agent may, from time to time, pay amounts owed by the Company to third-party providers of goods or services, and the Company will subsequently reimburse the Servicing Agent for such amounts paid on its behalf. Amounts payable to the Servicing Agent are settled in the normal course of business without any formal payment terms. As at March 31, 2025, operating expenses reimbursable to BC Partners for amounts paid on behalf of the Company was $5.4 million (December 31, 2024 – $7.4 million).

The Company may, from time to time, enter into transactions in the normal course of operations with entities that are considered affiliates of BC Partners. As at March 31, 2025, the Company held investments with affiliates of BC Partners totaling $25.2 million (December 31, 2024 – $21.2 million), and the insurance segment held investments in affiliates of BC Partners totaling $20.8 million (December 31, 2024 – $21.4 million).

11. Share capital and earnings per share

Authorized share capital

The Company is authorized to issue an unlimited number of common shares, without par value, for unlimited consideration. The common shares are not redeemable or convertible. Dividends are declared by the Board at its discretion. Historically, the Board has declared dividends on a quarterly basis and the amount can vary from quarter to quarter.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The Company is authorized to issue an unlimited number of preference shares, without par value, in series, for unlimited consideration.

Share issuance

As at March 31, 2025, there were 28,666,080 common shares issued and outstanding (December 31, 2024 – 25,895,612). There were no preference shares outstanding as at March 31, 2025 (December 31, 2024 – nil). During the three months ended March 31, 2025, the Company issued 60,082 shares (net of tax) in respect of vested RSUs (inclusive of DEUs), 17,315 shares in satisfaction of debt obligations owed in connection with the provision of certain consulting services, and 2,693,071 common shares for the minority investment in Runway Growth Capital LLC ("Runway"). There were no other transactions with shareholders for the three months ended March 31, 2025 and 2024.

Dividends

The following table reflects the distributions declared on the common shares of the Company during the three months ended March 31, 2025 and 2024:

			Dividend Amount per Share		Total Dividend Amount	
Declaration Date	**Record Date**	**Payment Date**	**CAD**	**USD (1)**	**CAD**	**USD (1)**
March 13, 2025	April 3, 2025	April 10, 2025	$ 0.020	$ 0.014	$ 573	$ 399
					$ 573	**$ 399**
March 13, 2024	March 25, 2024	April 2, 2024	$ 0.020	$ 0.015	$ 516	$ 383
					$ 516	**$ 383**

(1) Dividends are issued and paid in CAD. For reporting purposes, amounts recorded in equity are translated to USD using the daily exchange rate on the date of declaration.

The dividends were designated as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation.

Stock option plan and performance and restricted share unit plan

On May 30, 2019, the Company's shareholders approved (i) a stock option plan (the "Option Plan") and (ii) a performance and restricted share unit ("RSU") plan (the "RSU Plan"), which were each re-approved by shareholders of the Company on June 7, 2024.

On June 7, 2024, shareholders of the Company approved certain amendments to the Option Plan to, among other things, increase the rolling limit thereunder from 10% to 15% of the common shares then issued and outstanding.

The Option Plan provides that the administrators may, from time to time, at their discretion, grant to directors, officers, employees and certain other service providers of the Company or its subsidiaries, in connection with their employment or position, options to purchase common shares of the Company. The aggregate number of common shares that are issuable under the Option Plan upon the exercise of options which have been granted and are outstanding, together with common shares that are issuable pursuant to outstanding awards and grants under any other share compensation arrangement of the Company (including the RSU Plan), shall not at any time exceed 15% of the common shares then issued and outstanding. The purchase price for any common shares underlying an option shall not be less than the fair market value of a common share on the date the option is granted, being the closing price of the common shares listed on Cboe Canada on the last trading day before the date of grant. Options granted under the Option Plan have a maximum term of 10 years from the date of grant.

There were no options or awards outstanding under the Option Plan as at March 31, 2025 (December 31, 2024 – nil).

On June 7, 2024, the shareholders approved certain amendments to the RSU Plan to, among other things, increase the rolling limit thereunder from 10% to 15% of the common shares then issued and outstanding.

The aggregate number of common shares that are issuable under the RSU Plan to pay awards which have been granted and are outstanding under the RSU Plan, together with common shares that are issuable pursuant to outstanding awards or grants under any other share compensation arrangement of the Company (including the Option Plan), shall not exceed at any time 15% of the common shares then issued and outstanding.

Under the RSU Plan, RSUs of MLC were granted on February 15, 2022 to certain key employees and directors, on August 30, 2024 to certain key employees and service providers, and on January 15, 2025 to directors, being the "grant dates". RSU grants are made in the form of equity-settled awards that typically vest one-third annually beginning one year after the grant date (unless approved otherwise by the Board to vest based on specified terms over a specified period), whereby one RSU will vest in exchange for one common share. The grant date fair value of each equity-settled RSU unit granted is calculated based on the closing price per common share on Cboe Canada on the date of grant. A total of 1,985,108 RSUs (inclusive of DEUs) were outstanding as at March 31, 2025 (December 31, 2024 –1,432,952), of which 1,322,812 RSUs (excluding DEUs) were granted at a price of C$2.00 per RSU on their grant date and 652,135 RSUs (excluding DEUs) were granted at a price of C$2.60 per RSU on their grant date. No adjustments were made to the measurement of fair value for expected dividends given the participants are entitled to receive dividend equivalent units (DEU's) during the vesting period. For the three months ended March 31, 2025, 15,852 DEUs were declared (March 31, 2024 – 2,108 declared) though not issued until April 10, 2025 consistent with the dividend payment date. DEUs are granted on issued RSUs based on the amount of cash dividend that would have been paid to the participant, if the RSU had been recorded in the participant's account at the record date for the cash dividend, as a common share. For the three months ended March 31, 2025, nil RSUs (inclusive of DEUs) were forfeited (March 31, 2024 – 5,503) and 60,082 common shares (net of shares withheld for tax) were issued in respect of vested RSUs (inclusive of DEUs) (March 31, 2024 - 64,004). For the three months ended March 31, 2025, $0.4 million total expense was recognized for equity based compensation (March 31, 2024 - close to $nil).

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Warrants

On October 19, 2018, the Company (formerly Marret Resource Corp.) announced the completion of a plan of arrangement under the provisions of the *Business Corporations Act* (Ontario) pursuant to which, among other things, each common share in the capital of the Company was exchanged for one common share in the capital of the company created pursuant to the arrangement and pursuant to which the Company changed its name to Mount Logan Capital Inc. (the "Arrangement"). Upon closing of the Arrangement and in accordance with the terms of the Arrangement, the Company issued to shareholders who made an election to acquire warrants under the Arrangement warrants to acquire an aggregate of 20,468,128 common shares of the Company (the "Arrangement Warrants"). As at March 31, 2025 and December 31, 2024, the Company had 20,468,128 Arrangement Warrants outstanding, which are exercisable at any time up to October 19, 2025. As a result of a share consolidation completed on December 3, 2019, every eight (8) Arrangement Warrants entitled the holder to receive, upon exercise, one common share of the Company at a price of C$6.16 per common share. Accordingly, an aggregate of up to 2,558,516 common shares are issuable upon the exercise of the 20,468,128 outstanding Arrangement Warrants as at March 31, 2025 and December 31, 2024.

Separately on January 26, 2024, the Company issued 50 common share purchase warrants for each of the 18,752 debenture units that were issued on a non-brokered private placement (refer to Note 12 *Debt Obligations* for further detail). Each of the debt warrants is exercisable to acquire one common share of MLC at a price of C$2.75 per share for a period of eight (8) years, from the issuance thereof, provided that the warrants are not permitted to be exercised within the first twelve (12) months from the issuance thereof. Accordingly, an aggregate of up to 937,600 common shares are issuable upon the exercise of the 937,600 outstanding debt warrants as at March 31, 2025 (December 31, 2024 - 937,600).

Earnings per share

Basic earnings per share is calculated by dividing net income or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated in the same manner, with further adjustments made to reflect the dilutive impact of instruments convertible into the Company's common shares.

The following table sets forth the computation of basic and diluted income (loss) per common share for the three months ended March 31, 2025 and 2024:

	Three Months Ended	
	March 31, 2025	**March 31, 2024**
Basic earnings per share		
Net income (loss)	$ (13,323)	$ 13,092
Weighted-average number of common shares outstanding	27,759,728	25,745,692
Basic earnings per share	$ (0.48)	$ 0.51
Diluted earnings per share		
Net income (loss)	$ (13,323)	$ 13,092
Weighted-average number of common shares outstanding	27,759,728	25,745,692
Effect of dilutive financial instruments		
Warrants potentially exercisable (1)	—	—
Common shares potentially issuable (2)	—	203,545
Weighted-average number of diluted common shares outstanding	27,759,728	25,949,237
Diluted earnings per share	$ (0.48)	$ 0.50

(1) For the three months ended March 31, 2025 and 2024, both the Arrangement Warrants and debt warrants are excluded from the calculation of diluted earnings per share given the exercise price on both sets of warrants is greater than the average market price of the Company's common shares (i.e., they were "out of the money"), and they also would have been anti-dilutive.

(2) For the three months ended March 31, 2025, RSUs granted were anti-dilutive and are excluded from the calculation of diluted earnings per share.

12. Debt obligations

Asset management

MLC US Holdings Credit Facility

On August 20, 2021, MLC US Holdings entered into a credit facility with a large US-based asset manager, as administrative agent and collateral agent for the lenders, whereby MLC US Holdings may borrow up to $25.0 million by December 31, 2021 (the "MLC US Holdings Credit Facility"). On September 19, 2022, MLC US Holdings entered into an amendment to its existing credit agreement to increase the term loan available thereunder by $4.5 million. The primary use of the proceeds from the amendment was to seed OCIF, an interval fund managed by ML Management. On May 2, 2023, MLC US Holdings entered into an amendment to the MLC US Holdings Credit Facility to increase the term loan available thereunder by an additional $4.5 million. The primary use of the proceeds from the amendment was to finance the acquisition of Ovation on July 5, 2023, and other related fees and expenses. On December 17, 2024, MLC US Holdings entered into an amendment to its existing credit agreement to upsize the facility thereunder by approximately $13.0 million to support key business initiatives as well as for general corporate purposes and paying related transaction fees and expenses. The MLC US Holdings Credit Facility matures on August 20, 2027.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Amounts drawn under the MLC US Holdings Credit Facility initially bore interest at LIBOR plus a spread of 7.50%. The benchmark, LIBOR, was replaced by the secured overnight financing rate ("SOFR") upon the transition from LIBOR on May 2, 2023. Upon the most recent amendment to the MLC US Holdings Credit Facility, the credit facility bears interest based on a pricing step-down mechanism as the business continues to perform, which is expected to reduce the Company's cost of debt over time. Payments of principal and interest are made on each payment date, with the remaining principal outstanding and accrued but unpaid interest payable on August 20, 2027. The MLC US Holdings Credit Facility is collateralized by assets held by MLC US Holdings. MLC is a guarantor of the MLC US Holdings Credit Facility.

The most recent amendment to the MLC US Holdings Credit Facility represents a substantial modification that resulted in the modified credit facility being recognized as a new financial liability. There was no gain or loss on extinguishment of the existing facility, however unamortized transaction costs and all costs and fees incurred in relation to the modification were recognized in profit or loss as interest and other credit facility expenses.

The MLC US Holdings Credit Facility contains affirmative and negative covenants, events of default and other customary provisions, including periodic financial reporting requirements.

Seller Notes

On July 1, 2021, MLC completed the Capitala Acquisition through in part the issuance of an unsecured promissory note of $4.0 million, which bears no interest and is payable by July 1, 2025. The repayment amount on the maturity date will be adjusted to reflect the performance of the investment portfolio of Logan Ridge specified at closing and shall not be less than $nil or more than $6.0 million.

On October 29, 2021, MLC completed the Ability Acquisition through in part the issuance of an unsecured promissory note of $15.0 million, which bears interest at 5% per annum and is payable by October 29, 2031.

Promissory Note

On January 29, 2024, the Company raised $18.8 million of debt through the issuance of 18,752 debenture units ("Debenture Units") on a non-brokered private placement basis (the "Debenture Unit Offering"). Each Debenture Unit consists of: (i) one 8.85% paid-in-kind unsecured debenture of the Company in the principal amount of $1,000 maturing on the date that is eight (8) years from the issuance thereof, and (ii) 50 common share purchase warrants of the Company, each of which is exercisable to acquire one common share of MLC at a price of C$2.75 per share for a period of eight (8) years, from the issuance thereof, provided that the warrants are not permitted to be exercised within the first twelve (12) months from the issuance thereof.

Debt obligations consisted of the following as at March 31, 2025 and December 31, 2024:

As at March 31, 2025	**Maturity date**	**Stated interest Rate**	**Effective interest rate**	**Extension options**	**Total facility**	**Outstanding balance (2)**
Seller note — Capitala Acquisition	July 2025	—	—	N/A	$ 4,000	$ 4,000
MLC US Holdings Credit Facility (1)	August 2027	SOFR +7.50%	12.09%	N/A	40,000	39,500
Seller note — Ability Acquisition	October 2031	5.0%	5.0%	N/A	15,000	15,000
Debenture Units (3)	January 2032	8.5%	8.9%	N/A	18,752	20,258
Total debt					**$ 77,752**	**$ 78,758**

SOFR - Secured Overnight Financing Rate

(1) The MLC US Holdings Credit Facility is secured by all assets and interests in assets and proceeds owned and acquired by MLC US Holdings.

(2) The fair value of financial liabilities carried at amortized cost in the financial statements are: (i) MLC US Holdings Credit Facility: $39.6 million, (ii) Seller note - Ability Acquisition: $11.1 million, (iii) Debenture Units: $20.1 million and (iv) Seller note - Capitala Acquisition $0.5 million. These have been valued using level 3 inputs. The remaining carrying values of financial liabilities measured at amortized cost approximate their fair values.

(3) The debt warrants issued with the Debenture Units are separated embedded derivatives recognized at FVTPL with a fair value of $0.7 million as at March 31, 2025.

As at December 31, 2024	**Maturity date**	**Stated interest Rate**	**Effective interest rate**	**Extension options**	**Total facility**	**Outstanding balance (3)**
Seller note — Capitala Acquisition	July 2025	—	—	N/A	4,000	4,000
MLC US Holdings Credit Facility (1)	August 2027	SOFR +7.50%	12.37%	N/A	40,000	40,000
Seller note — Ability Acquisition	October 2031	5.0%	5.0%	N/A	15,000	15,000
Debenture Units (3)	January 2032	8.5%	8.9%	N/A	18,752	19,821
Total debt					**$ 77,752**	**$ 78,821**

SOFR - Secured Overnight Financing Rate

(1) The MLC US Holdings Credit Facility is secured by all assets and interests in assets and proceeds owned and acquired by MLC US Holdings.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(2) The fair value of financial liabilities carried at amortized cost in the financial statements are: (i) MLC US Holdings Credit Facility: $40.1 million, (ii) Seller note - Ability Acquisition: $11.0 million, (iii) Debenture Units: $18.7 million and (iv) Seller note - Capitala Acquisition $1.5 million. These have been valued using level 3 inputs. The remaining carrying values of financial liabilities measured at amortized cost approximate their fair values.

(3) The debt warrants issued with the Debenture Units are separated embedded derivatives recognized at FVTPL with a fair value of $0.5 million as at December 31, 2024.

The scheduled principal repayments are as follows:

As at		**March 31, 2025**
2025		5,500
2026		2,000
2027		39,000
2028		12,000
2029 and thereafter		20,258
		78,758
Transaction costs (net of amortization)		(357)
Total debt	**$**	**78,401**

For the three months ended March 31, 2025, interest expense, including the amortization of debt issuance costs and PIK interest, was $1.9 million (March 31, 2024 – $6.0 million).

Insurance

Surplus Note

Ability has the following surplus notes outstanding as at March 31, 2025 and December 31, 2024:

As at March 31, 2025	**Date Issued**	**Date of Maturity**	**Interest Rate**	**Par Value**	**Carrying Value of Note**	**Interest and/or Principal Paid during current year** [1]
Sentinel Security Life Insurance Company	2/25/2013	June 2028	5.00%	$ 2,250	$ 2,250	$ —
Pavonia Life Insurance Company of Michigan	8/30/2023	December 2032	10.00%	12,000	12,000	300
Atlantic Coast Life Insurance Company	3/31/2025	March 2033	6% plus SOFR	3,000	3,000	—
Total Surplus Notes				**$ 17,250**	**$ 17,250**	**$ 300**

As at December 31, 2024	**Date Issued**	**Date of Maturity**	**Interest Rate**	**Par Value**	**Carrying Value of Note**	**Interest and/or Principal Paid during current year** [2]
Sentinel Security Life Insurance Company	2/25/2013	June 2028	5.00%	$ 2,250	$ 2,250	$ 113
Pavonia Life Insurance Company of Michigan	8/30/2023	December 2032	10.00%	12,000	12,000	1,200
Total Surplus Notes				**$ 14,250**	**$ 14,250**	**$ 1,313**

(1) Reflects interest and/or principal paid for the three months ended March 31, 2025.

(2) Reflects interest and/or principal paid for the year ended December 31, 2024.

The fair value of financial liabilities carried at amortized cost in the financial statements are Pavonia Life Insurance Company of Michigan: $12.2 million (December 31, 2024 – $12.2 million). This has been valued using level 3 inputs. The remaining carrying values of financial liabilities measured at amortized cost approximate their fair values.

The surplus notes are subordinated in right of payment of all indebtedness, policy claims, and other creditor claims. The note issued to Sentinel Security Life Insurance Company had an initial maturity date of June 12, 2023; however, in the second quarter of 2023, Ability renewed the note, extending the date of maturity to June 12, 2028. On August 30, 2023, Ability, completed a private offering of US$12 million aggregate principal amount of 10% Surplus Notes due December 2032. On March 31, 2025, Ability, completed another private offering for an aggregate US$3 million principal amount of 6%+SOFR Surplus Notes with interest and principal due and payable on March 31, 2033. Payments of interest or principal shall be paid only if Ability has the required levels of statutory surplus and upon prior authorization by the Director of the Nebraska Department of Insurance.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The following table shows the reconciliation of debt obligations for the Company:

As at		March 31, 2025		December 31, 2024
Asset management				
Balance at the beginning of the period	$	78,427	$	62,030
Cashflows:				
Proceeds from borrowings		—		31,603
Repayments of borrowings		(500)		(17,413)
Financing costs paid and deferred		—		(270)
Non-cash changes:				
Amortization of deferred financing costs		37		1,294
PIK interest		437		1,677
Transaction costs capitalized through the Debenture Units' initial fair value		—		(198)
Initial warrant value issued with Debenture Units (recognized at FVTPL)		—		(296)
Balance at the end of the period - asset management	**$**	**78,401**	**$**	**78,427**
Insurance				
Balance at the beginning of the period	$	14,250	$	14,250
Cashflows:				
Proceeds from borrowings		3,000		—
Balance at the end of the period - insurance	**$**	**17,250**	**$**	**14,250**

13. Insurance contract liabilities and reinsurance contract assets

(a) Insurance contract liabilities and reinsurance assets

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered) settled after the reporting date:

As at		March 31, 2025		December 31, 2024
Insurance contract liabilities by portfolio:				
Long Term Care Insurance	$	959,448	$	936,712
MYGA		110,177		111,701
Total insurance contract liabilities[(1)]	**$**	**1,069,625**	**$**	**1,048,413**
Reinsurance contract assets by portfolio:				
Long Term Care Reinsurance	$	598,272	$	582,863
Modco investments[(2)]		(189,780)		(190,771)
Net Reinsurance contract assets[(1)]	**$**	**408,492**	**$**	**392,092**

(1) Reconciliations for insurance contract liabilities and reinsurance contract assets for Long Term Care Insurance, Long Term Care Reinsurance and MYGA portfolios are shown in Note 13e and 13f.

(2) Under the modified coinsurance agreement with Vista Life, the funds withheld assets are held with legal right of offset to the related reinsurance contract assets. See Note 3 *Material Accounting Policies* of the annual Consolidated Financial Statements for the year ended December 31, 2024 for further details.

Effective June 30, 2024, the Company, through Ability, terminated the reinsurance agreements with Atlantic Coast Life Insurance Company and Sentinel Security Life Insurance Company, with respect to new business.

(b) Discount rates

The bottom-up approach was used to derive the discount rate for the Company's insurance contracts. Under this approach, the discount rate is determined as the risk free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk free yield and the relevant liability cash flows (known as an illiquidity premium). The risk free yield was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Observable market information is available for up to 30 years. For the unobservable period, the ultimate rate was assumed to be the last observable point.

The yield curves that were used to discount the estimates of future cash flows are as follows:

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Q1 2025					Q1 2024				
Product	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Long Term Care Insurance	5.98%	5.92%	6.21%	6.68%	6.60%	6.92%	6.18%	6.20%	6.53%	6.29%
Long Term Care Reinsurance	5.98%	5.92%	6.21%	6.68%	6.60%	6.92%	6.18%	6.20%	6.53%	6.29%
MYGA	3.98%	3.92%	4.21%	4.68%	4.60%	4.92%	4.18%	4.20%	4.53%	4.29%

(c) Significant insurance contract liability valuation assumptions

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.

Where estimates of expenses related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis such as activity based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. Expenses of an administrative policy maintenance nature are typically allocated to groups of contracts based on the number of contracts in force within groups. Claims settlement related expenses are allocated based on the amount of claims expected for all groups.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Significant methods and assumptions used are discussed below.

Mortality

Mortality relates to the occurrence of death and is a key assumption for long term care insurance. Mortality assumptions are based on the Company's internal experience as well as past and emerging industry experience. Assumptions are differentiated by sex, underwriting class and policy type. The table below shows assumptions made for future mortality:

Product	Mortality Table(s)
LTC	1994 GAM (Male/Female)
MYGA	IAM 2012 (Male/Female, Smoker/Non-Smoker)

Morbidity

Morbidity relates to the occurrence of accidents and sickness for insured risks and is a key assumption for long term care insurance. Morbidity assumptions are based on the Company's internal experience as well as past and emerging industry experience and are established for each type of morbidity risk and geographic market. Morbidity assumptions are based on the 2009 Milliman Long Term Care Guidelines with adjustments for actual experience. Future morbidity improvement of 0.75% per year is assumed for 12 years starting in 2025.

Lapse

Long term care policies are terminated or enter non-forfeiture status due to non-payment of premiums. MYGA policies are surrendered when a policyholder elects to end their policy prior to maturity in exchange for a cash surrender, and typically includes additional surrender charges or market value adjustment. Surrender charges are a reduction of the amount paid to the customer, whereas, the market value adjustment can be either a positive or negative adjustment to the amount paid to the customer. Policy termination and lapse assumptions are primarily based on the Company's recent experience adjusted for expected future conditions.

The table below shows average lapse and surrender rates used:

	Q1 2025	Q1 2024
Long Term Care Insurance	0.6%	0.6%
Long Term Care Reinsurance	0.6%	0.6%
Multi Year Guaranteed Annuities	1.0%	1.0%

Expenses

The Group projects estimates of future expenses relating to fulfilment of contracts in the scope of IFRS 17 using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of insurance contracts including an allocation of fixed and variable overheads.

The expense inflation assumption is based on Oneland's retail price inflation swap curve adjusted to the Group's own experience and is considered to be a non-financial risk. The Company has not changed its methods used to project expenses in 2025.

Possible increases in expense assumptions increase the estimates of future cash outflows, thereby reducing the CSM within the LRC.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(d) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The Risk Adjustment ("RA") technique used for the Long Term Care and MYGA blocks involves shocking key assumptions and taking the difference of this shocked run and the Best Estimate Liability ("BEL"). The shocks used to calculate the RA were designed to be in line with a 70% Value at Risk ("VaR") confidence level on a direct basis. The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2025.

(e) Insurance contract liability reconciliations

The following tables present reconciliations of the changes in insurance contract liability in accordance with IFRS 17.

The tables below show an analysis by remaining coverage and incurred claims for Long Term Care Insurance:

	Three months ended March 31, 2025			
	LRC		LIC	Total
Long Term Care Insurance	**Excluding loss component**	**Loss component**		
Opening insurance contract liabilities	$ 716,195	$ 220,517	$ —	$ 936,712
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2025	**716,195**	**220,517**	**—**	**936,712**
Insurance revenue	**(23,176)**	**—**	**—**	**(23,176)**
Insurance service expenses				—
Incurred claims and other directly attributable expenses	—	(5,189)	28,807	23,618
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	1,779	—	1,779
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**(3,410)**	**28,807**	**25,397**
Insurance service result	**(23,176)**	**(3,410)**	**28,807**	**2,221**
Finance (income) expenses from insurance contracts issued	35,493	2,007	—	37,500
Total amounts recognized in comprehensive income	**12,317**	**(1,403)**	**28,807**	**39,721**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums received	11,822	—	—	11,822
Claims and other directly attributable expenses paid	—	—	(28,807)	(28,807)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**11,822**	**—**	**(28,807)**	**(16,985)**
Net balance as at March 31, 2025	**740,334**	**219,114**	**—**	**959,448**
Closing insurance contract liabilities	740,334	219,114	—	959,448
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2025	**$ 740,334**	**$ 219,114**	**$ —**	**$ 959,448**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2024			
	LRC		LIC	Total
Long Term Care Insurance	Excluding loss component	Loss component		
Opening insurance contract liabilities	$ 760,682	$ 259,560	$ —	$ 1,020,242
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**760,682**	**259,560**	**—**	**1,020,242**
Insurance revenue	**(22,527)**	**—**	**—**	**(22,527)**
Insurance service expenses				—
Incurred claims and other directly attributable expenses	—	(5,836)	27,225	21,389
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	(4,512)	—	(4,512)
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**(10,348)**	**27,225**	**16,877**
Insurance service result	**(22,527)**	**(10,348)**	**27,225**	**(5,650)**
Finance (income) expenses from insurance contracts issued	(16,816)	1,887	—	(14,929)
Total amounts recognized in comprehensive income	**(39,343)**	**(8,461)**	**27,225**	**(20,579)**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums received	11,978	—	—	11,978
Claims and other directly attributable expenses paid	—	—	(27,225)	(27,225)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**11,978**	**—**	**(27,225)**	**(15,247)**
Net balance as at March 31, 2024	**733,317**	**251,099**	**—**	**984,416**
Closing insurance contract liabilities	733,317	251,099	—	984,416
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 733,317**	**$ 251,099**	**$ —**	**$ 984,416**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The table below shows an analysis by remaining coverage and incurred claims for MYGA:

	Three months ended March 31, 2025			
	LRC		LIC	Total
MYGA	Excluding loss component	Loss component		
Opening insurance contract liabilities	$ 91,157	$ 20,544	$ —	$ 111,701
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2025	**91,157**	**20,544**	**—**	**111,701**
Insurance revenue	**(213)**	—	—	**(213)**
Insurance service expenses				
Incurred claims and other directly attributable expenses	—	(48)	520	472
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	(335)	—	(335)
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**(383)**	**520**	**137**
Insurance service result	**(213)**	**(383)**	**520**	**(76)**
Finance (income) expenses from insurance contracts issued	2,266	200	—	2,466
Total amounts recognized in comprehensive income	**2,053**	**(183)**	**520**	**2,390**
Investment components	(3,607)	—	3,607	—
Other changes	—	—	—	—
Cash flows				
Premiums received	213	—	—	213
Claims and other directly attributable expenses paid	—	—	(4,127)	(4,127)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**213**	**-**	**(4,127)**	**(3,914)**
Net balance as at March 31, 2025	**89,816**	**20,361**	**—**	**110,177**
Closing insurance contract liabilities	89,816	20,361	—	110,177
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2025	**$ 89,816**	**$ 20,361**	**$ —**	**$ 110,177**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2024			
	LRC		LIC	Total
MYGA	Excluding loss component	Loss component		
Opening insurance contract liabilities	$ 76,867	$ 9,947	$ —	$ 86,814
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**76,867**	**9,947**	**—**	**86,814**
Insurance revenue	**(214)**	—	—	**(214)**
Insurance service expenses				
Incurred claims and other directly attributable expenses	—	(41)	654	613
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	7,694	—	7,694
Insurance acquisitions cash flows amortization	—	—	—	—
Insurance service expenses	**—**	**7,653**	**654**	**8,307**
Insurance service result	**(214)**	**7,653**	**654**	**8,093**
Finance (income) expenses from insurance contracts issued	(621)	171	—	(450)
Total amounts recognized in comprehensive income	**(835)**	**7,824**	**654**	**7,643**
Investment components	(856)	—	856	—
Other changes	—	—	—	—
Cash flows				
Premiums received	9,225	—	—	9,225
Claims and other directly attributable expenses paid	—	—	(1,510)	(1,510)
Insurance acquisition cash flows	(416)	—	—	(416)
Total cash flows	**8,809**	**—**	**(1,510)**	**7,299**
Net balance as at March 31, 2024	**83,985**	**17,771**	**—**	**101,756**
Closing insurance contract liabilities	83,985	17,771	—	101,756
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 83,985**	**$ 17,771**	**$ —**	**$ 101,756**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The tables below show an analysis by measurement component for Long Term Care Insurance:

	Three months ended March 31, 2025			
Long Term Care Insurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 731,677	$ 205,035	$ —	$ 936,712
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2025	**731,677**	**205,035**	**—**	**936,712**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(457)	—	(457)
Experience adjustments	899	—	—	899
	899	**(457)**	**—**	**442**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	3,606	(1,827)	—	1,779
Contracts initially recognized in the period	—	—	—	—
	3,606	**(1,827)**	**—**	**1,779**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	**4,505**	**(2,284)**	**—**	2,221
Finance (income) expenses from insurance contracts issued	27,694	9,806	—	37,500
Total amounts recognized in comprehensive income	**32,199**	**7,522**	**—**	**39,721**
Other changes	—	—	—	—
Cash flows				
Premiums received	11,822	—	—	11,822
Claims and other directly attributable expenses paid	(28,807)	—	—	(28,807)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**(16,985)**	**—**	**—**	**(16,985)**
Net balance as at March 31, 2025	**746,891**	**212,557**	**—**	**959,448**
Closing insurance contract liabilities	746,891	212,557	-	959,448
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2025	**$ 746,891**	**$ 212,557**	**$ —**	**$ 959,448**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2024			
Long Term Care Insurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 774,576	$ 245,666	$ —	$ 1,020,242
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**774,576**	**245,666**	**—**	**1,020,242**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(557)	—	(557)
Experience adjustments	(581)	—	—	(581)
	(581)	**(557)**	**—**	**(1,138)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	326	(4,838)	—	(4,512)
Contracts initially recognized in the period	—	—	—	—
	326	**(4,838)**	**—**	**(4,512)**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	**(255)**	**(5,395)**	**—**	**(5,650)**
Finance (income) expenses from insurance contracts issued	(10,668)	(4,261)	—	(14,929)
Total amounts recognized in comprehensive income	**(10,923)**	**(9,656)**	**—**	**(20,579)**
Other changes	—	—	—	—
Cash flows				
Premiums received	11,978	—	—	11,978
Claims and other directly attributable expenses paid	(27,225)	—	—	(27,225)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**(15,247)**	**—**	**—**	**(15,247)**
Net balance as at March 31, 2024	**748,406**	**236,010**	**—**	**984,416**
Closing insurance contract liabilities	748,406	236,010	—	984,416
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 748,406**	**$ 236,010**	**$ —**	**$ 984,416**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The table below shows an analysis by measurement component for MYGA:

	Three months ended March 31, 2025			
MYGA	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 111,373	$ 328	$ —	$ 111,701
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2025	**111,373**	**328**	**—**	**111,701**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(43)	—	(43)
Experience adjustments	302	—	—	302
	302	**(43)**	**—**	**259**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	(314)	(21)	—	(335)
Contracts initially recognized in the period	—	—	—	—
	(314)	**(21)**	**—**	**(335)**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	(12)	(64)	—	(76)
Finance (income) expenses from insurance contracts issued	2,450	16	—	2,466
Total amounts recognized in comprehensive income	**2,438**	**(48)**	**—**	**2,390**
Other changes	—	—	—	—
Cash flows				
Premiums received	213	—	—	213
Claims and other directly attributable expenses paid	(4,127)	—	—	(4,127)
Insurance acquisition cash flows	—	—	—	—
Total cash flows	**(3,914)**	**—**	**—**	**(3,914)**
Net balance as at March 31, 2025	**109,897**	**280**	**—**	**110,177**
Closing insurance contract liabilities	109,897	280	—	110,177
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2025	**$ 109,897**	**$ 280**	**$ —**	**$ 110,177**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2024			
MYGA	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liabilities	$ 86,723	$ 91	$ —	$ 86,814
Opening insurance contract assets	—	—	—	—
Net balance as at January 1, 2024	**86,723**	**91**	**—**	**86,814**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	—	—
Change in the risk adjustment for non-financial risk for the risk expired	—	(65)	—	(65)
Experience adjustments	464	—	—	464
	464	**(65)**	**—**	**399**
Changes that relate to future service				
Changes in estimates that adjust the CSM	—	—	—	—
Changes in estimates that result in onerous contract losses or reversal of losses	5,936	294	—	6,230
Contracts initially recognized in the period	1,409	55	—	1,464
	7,345	**349**	**—**	**7,694**
Changes that relate to past service				
Changes that relate to past service - adjustments to the LIC	—	—	—	—
Insurance service result	7,809	284	—	8,093
Finance (income) expenses from insurance contracts issued	(442)	(8)	—	(450)
Total amounts recognized in comprehensive income	**7,367**	**276**	**-**	**7,643**
Other changes	—	—	—	—
Cash flows				
Premiums received	9,225	—	—	9,225
Claims and other directly attributable expenses paid	(1,510)	—	—	(1,510)
Insurance acquisition cash flows	(416)	—	—	(416)
Total cash flows	**7,299**	**-**	**—**	**7,299**
Net balance as at March 31, 2024	**101,389**	**367**	**—**	**101,756**
Closing insurance contract liabilities	101,389	367	—	101,756
Closing insurance contract assets	—	—	—	—
Net balance as at March 31, 2024	**$ 101,389**	**$ 367**	**$ —**	**$ 101,756**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(f) Reinsurance contract held asset reconciliations

The following tables present reconciliations of the changes in reinsurance contract assets in accordance with IFRS 17. All reinsurance contracts held relate to the Long Term Care business.

The tables below show an analysis by remaining coverage and incurred claims for Long Term Care Reinsurance:

	Three months ended March 31, 2025			
	LRC		LIC	Total
Long Term Care Reinsurance	**Excluding loss-recovery component**	**Loss component**		
Opening reinsurance contract liabilities	$ —	$ —	$ —	$ —
Opening reinsurance contract assets	384,629	198,234	—	582,863
Net balance as at January 1, 2025	**384,629**	**198,234**	**—**	**582,863**
Net income (expenses) from reinsurance contracts held				
Reinsurance expenses	(27,456)	—	—	(27,456)
Other incurred directly attributable expenses	—	—	—	—
Claims recovered	—	(5,687)	32,375	26,688
Changes that relate to past service - adjustments to incurred claims	—	—	—	—
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	—	716	—	716
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Net income (expenses) from reinsurance contracts held	**(27,456)**	**(4,971)**	**32,375**	**(52)**
Finance income (expenses) from reinsurance contracts held	20,059	2,099	—	22,158
Total amounts recognized in comprehensive income	**(7,397)**	**(2,872)**	**32,375**	**22,106**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	25,678	—	—	25,678
Recoveries from reinsurance	—	—	(32,375)	(32,375)
Total cash flows	**25,678**	**—**	(32,375)	**(6,697)**
Net balance as at March 31, 2025	**402,910**	**195,362**	**—**	**598,272**
Closing reinsurance contract assets	402,910	195,362	—	598,272
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2025	**$ 402,910**	**$ 195,362**	**$ —**	**$ 598,272**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2024			
	LRC		LIC	Total
Long Term Care Reinsurance	**Excluding loss-recovery component**	**Loss component**		
Opening reinsurance contract liabilities	$ —	$ —	$ —	$ —
Opening reinsurance contract assets	403,200	231,240	—	634,440
Net balance as at January 1, 2024	**403,200**	**231,240**	**—**	**634,440**
Net income (expenses) from reinsurance contracts held				
Reinsurance expenses	(26,757)	—	—	(26,757)
Other incurred directly attributable expenses	—	—	—	—
Claims recovered	—	(6,309)	31,046	24,737
Changes that relate to past service - adjustments to incurred claims	—	1,190	—	1,190
Changes that relate to future service - changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	181	—	—	181
Net income (expenses) from reinsurance contracts held	**(26,576)**	**(5,119)**	**31,046**	**(649)**
Finance income (expenses) from reinsurance contracts held	(10,085)	1,958	-	(8,127)
Total amounts recognized in comprehensive income	**(36,661)**	**(3,161)**	**31,046**	**(8,776)**
Investment components	—	—	—	—
Other changes	—	—	—	—
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	22,283	—	—	22,283
Recoveries from reinsurance	—	—	(31,046)	(31,046)
Total cash flows	**22,283**	**—**	**(31,046)**	**(8,763)**
Net balance as at March 31, 2024	**388,822**	**228,079**	**—**	**616,901**
Closing reinsurance contract assets	388,822	228,079	—	616,901
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2024	**$ 388,822**	**$ 228,079**	**$ —**	**$ 616,901**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The tables below show an analysis by measurement component for Long Term Care Reinsurance:

	Three months ended March 31, 2025			
Long Term Care Reinsurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening reinsurance contract assets	$ 417,512	$ 126,281	$ 39,070	$ 582,863
Opening reinsurance contract liabilities	—	—	—	—
Net balance as at January 1, 2025	**417,512**	**126,281**	**39,070**	**582,863**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(1,247)	(1,247)
Change in the risk adjustment for non-financial risk for the risk expired	—	(56)	—	(56)
Experience adjustments	535	—	—	535
	535	**(56)**	**(1,247)**	**(768)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	(13,924)	46	702	(13,176)
Contracts initially recognized in the period	—	—	—	—
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	13,938	(46)	—	13,892
	14	**—**	**702**	**716**
Changes that relate to past service - adjustments to the incurred claims	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	—	—	—	—
Net income (expenses) from reinsurance contracts held	**549**	**(56)**	**(545)**	**(52)**
Finance income (expenses) from reinsurance contracts held	15,792	6,011	355	22,158
Total amounts recognized in comprehensive income	**16,341**	**5,955**	**(190)**	**22,106**
Other changes	—	—	—	—
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	25,678	—	—	25,678
Recoveries from reinsurance	(32,375)	—	—	(32,375)
Total cash flows	**(6,697)**	**—**	**—**	**(6,697)**
Net balance as at March 31, 2025	**427,156**	**132,236**	**38,880**	**598,272**
Closing reinsurance contract assets	427,156	132,236	38,880	598,272
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2025	**$ 427,156**	**$ 132,236**	**$ 38,880**	**$ 598,272**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	Three months ended March 31, 2024			
Long Term Care Reinsurance	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening reinsurance contract assets	$ 439,505	$ 162,347	$ 32,588	$ 634,440
Opening reinsurance contract liabilities	—	—	—	—
Net balance as at January 1, 2024	**439,505**	**162,347**	**32,588**	**634,440**
Changes that relate to current service				
CSM recognized in profit or loss for the services provided	—	—	(1,182)	(1,182)
Change in the risk adjustment for non-financial risk for the risk expired	—	(138)	—	(138)
Experience adjustments	(700)	—	—	(700)
	(700)	**(138)**	**(1,182)**	**(2,020)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	(5,736)	(773)	6,509	—
Contracts initially recognized in the period	—	—	—	—
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	1,107	83	—	1,190
	(4,629)	**(690)**	**6,509**	**1,190**
Changes that relate to past service - adjustments to the incurred claims	—	—	—	—
Effect of changes in the risk of reinsurers non-performance	181	—	—	181
Net income (expenses) from reinsurance contracts held	**(5,148)**	**(828)**	**5,327**	**(649)**
Finance income (expenses) from reinsurance contracts held	(4,916)	(3,448)	237	(8,127)
Total amounts recognized in comprehensive income	**(10,064)**	**(4,276)**	**5,564**	**(8,776)**
Other changes	—	—	—	—
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	22,283	—	—	22,283
Recoveries from reinsurance	(31,046)	—	—	(31,046)
Total cash flows	**(8,763)**	**—**	**—**	**(8,763)**
Net balance as at March 31, 2024	**420,678**	**158,071**	**38,152**	**616,901**
Closing reinsurance contract assets	420,678	158,071	38,152	616,901
Closing reinsurance contract liabilities	—	—	—	—
Net balance as at March 31, 2024	**$ 420,678**	**$ 158,071**	**$ 38,152**	**$ 616,901**

(g) Impact of contracts recognized during the year

The following table present the impact of insurance and reinsurance contracts initially recognized in the period, which are within the MYGA portfolio. For the three months ended March 31, 2025, no new MYGA policies were assumed, hence there was no initial recognition impact for that period.

	Three months ended March 31, 2024		
MYGA	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	—	484	484
- Claims and other directly attributable expenses	—	11,408	11,408
Estimates of the present value of future cash outflows	**—**	**11,892**	**11,892**
Estimates of the present value of future cash inflows	—	(10,483)	(10,483)
Risk adjustment for non-financial risk	—	55	55
CSM	—	—	—
Increase in insurance contract liabilities from contracts recognized in the period	**$ —**	**$ 1,464**	**$ 1,464**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(h) Expected recognition of the CSM

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	Reinsurance contracts held	
Number of years until expected to be recognized	**Long Term Care Reinsurance**	**Total CSM for reinsurance contracts held**
As at March 31, 2025		
1	$ (4,666)	$ (4,666)
2	(4,176)	(4,176)
3	(3,723)	(3,723)
4	(3,307)	(3,307)
5	(2,927)	(2,927)
6-10	(10,102)	(10,102)
>10	(9,979)	(9,979)
Total	**$ (38,880)**	**$ (38,880)**

	Reinsurance contracts held	
Number of years until expected to be recognized	**Long Term Care Reinsurance**	**Total CSM for reinsurance contracts held**
As at March 31, 2024		
1	$ (4,433)	(4,433)
2	(3,992)	(3,992)
3	(3,585)	(3,585)
4	(3,212)	(3,212)
5	(2,866)	(2,866)
6-10	(10,074)	(10,074)
>10	(9,990)	(9,990)
Total	**$ (38,152)**	**$ (38,152)**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

(i) Insurance contracts contractual obligations

Insurance contracts give rise to obligations fixed by agreement. As at March 31, 2025 and December 31, 2024, the Company's contractual obligations and commitments relating to insurance contracts are as follows.

Long Term Care Insurance

As at March 31, 2025	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (1)	(67,702)	(149,631)	(165,270)	(1,565,927)	(1,948,530)

As at December 31, 2024	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (1)	(66,406)	(146,829)	(163,687)	(1,585,499)	(1,962,421)

MYGA

As at March 31, 2025	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (2)	(7,919)	(57,602)	(48,776)	(8,742)	(123,039)

As at December 31, 2024	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Insurance contract liabilities (2)	(5,816)	(47,487)	(62,431)	(11,484)	(127,218)

(1) Insurance contract liability cash flows for Long term care insurance include estimates related to the timing and payment of disability claims, lapse rates, commissions and premium taxes offset by contractual future premiums on in-force contract and also includes explicit risk adjustment for non-financial risk. These estimated cash flows are based on the best estimate assumptions and an explicit risk adjustments for non-financial risk, which were used in the determination of insurance contract liabilities. Due to the use of assumptions, actual cash flows may differ from these estimates.

(2) Insurance contract liability cash flows for MYGA include expected cash flows of fixed annuity products and an explicit risk adjustment for non-financial risk. Due to the use of assumptions, actual cash flows may differ from these estimates.

14. Investment contract liabilities

Investment contract liabilities are contractual obligations that are measured at amortized cost and do not contain significant insurance risk. Investment contract liabilities include MYGA annuity products that provide guaranteed income payments for a contractually determined period.

The following table presents the carrying and fair values of investment contract liabilities.

As at March 31, 2025	Amortized Cost (1)	Fair Value (2)
U.S. fixed annuity products	$ 222,074	$ 226,013
Investment contract liabilities	$ 222,074	$ 226,013

As at December 31, 2024	Amortized Cost (1)	Fair Value (2)
U.S. fixed annuity products	$ 227,041	$ 229,799
Investment contract liabilities	$ 227,041	$ 229,799

(1) Carrying value of fixed annuity products is the contract value of the annuities which includes premium paid by policyholders and interest accretion less any withdrawals.

(2) Fair value of fixed annuity products is determined by projecting cash flows according to the contract terms and discounting the cash flows at current market rates. As at March 31, 2025 and December 31, 2024, fair value of all investment contract liabilities was determined using Level 2 valuation techniques.

The changes in investment contract liabilities measured at amortized cost was a result of the following business activities.

	Three months ended March 31, 2025
Beginning balance	$ 227,041
Policy deposits	—
Interest	2,610
Withdrawals	(7,577)
Balance as at March 31, 2025	**$ 222,074**

(in thousands of United States dollars, except per share amounts and where otherwise noted)

		Three months ended March 31, 2024
Beginning balance	$	169,314
Policy deposits		32,503
Interest		2,279
Withdrawals		(504)
Balance as at March 31, 2024	**$**	**203,592**

Investment contracts contractual obligations

As at March 31, 2025 and December 31, 2024, the Company's contractual obligations and commitments relating to the investment contracts are as follows.

March 31, 2025

Payments due by period		Less than 1 year		1 to 3 years		3 to 5 years		Over 5 years		Total
Investment contract liabilities	$	7,234	$	109,688	$	121,898	$	20,082	$	258,902

December 31, 2024

Payments due by period		Less than 1 year		1 to 3 years		3 to 5 years		Over 5 years		Total
Investment contract liabilities	$	—	$	93,586	$	150,153	$	23,808	$	267,547

15. Income taxes

Current tax is the amount of income tax recoverable (payable) in respect of the taxable loss (profit) for a period. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting and tax purposes. Deferred income tax assets and liabilities are measured at the tax rates expected to apply when temporary differences reverse. Current and deferred taxes are offset only when they are levied by the same tax authority, on the same entity or group of entities, and when there is a legal right to offset.

Income earned through the Company's foreign subsidiaries is generally taxed in the foreign country in which they operate. Canada also taxes the income earned through the Company's controlled foreign subsidiaries and a deduction is allowed for certain foreign taxes paid on such income.

Tax reconciliation

The effective income tax rate reflected in the Consolidated Statements of Comprehensive Income (Loss) varies from the Canadian tax rate of 26.50 percent for the three months ended March 31, 2025 (March 31, 2024 – 26.50 percent) for the items outlined in the following table.

For the three months ended March 31,		2025		2024
Income (loss) before income taxes	$	(13,684)	$	13,148
Combined Canadian federal and provincial statutory tax rate		26.50%		26.50%
Income tax expense at Canadian statutory tax rate		(3,626)		3,484
Increase (decrease) resulting from:				
Permanent differences in tax rate on income not subject to tax in Canada		826		(48)
Deferred tax asset not recognized		3,156		(6,765)
Effect of tax rate of foreign jurisdictions		289		(747)
Foreign Accrual Property Income impact		(1,015)		4,244
Other		9		(112)
Income tax expense (recovery)	**$**	**(361)**	**$**	**56**

The following table presents a summary of the Company's income tax expense (recovery).

For the three months ended March 31,		2025		2024
Current tax				
Current tax on profits for the year	$	(3)	$	166
Total current tax		(3)		166
Deferred tax				
Origination and reversal of timing difference		(358)		(110)
Total deferred tax		(358)		(110)
Total income tax (recovery)	$	(361)	$	56

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Deferred tax asset – asset management

As at		March 31, 2025		December 31, 2024
Expenditure pools not yet deducted (1)	$	50,704	$	50,621
Non-capital losses available (2)		29,702		26,657
Net capital losses available (3)		21,518		21,483
Other (4) (5)		37,611		29,927
Gross deductible temporary differences		139,536		128,688
Deferred tax asset, gross		36,840		34,305
Deferred tax asset not recognized		(33,526)		(31,348)
Deferred tax asset, net	**$**	**3,315**	**$**	**2,957**

(1) The Company has $50,704 of scientific research and experimental development expenditure pools available for deduction against future income. These expenditure pools have no expiry date.

(2) The Company has $29,702 of non-capital losses available to offset future taxable income. These losses expire between 2032 and 2043.

(3) The Company has $21,518 of net capital losses available to offset future capital gains for which no benefit has been recorded. These losses have no expiry date.

(4) The Company has $22,357 of foreign accrual property losses available to offset future foreign accrual property income for which no benefit has been recorded. These losses start to expire in 2041.

(5) The Company has $2,230 of temporary differences for which no benefit has been recorded. These temporary differences have no expiry date.

Deferred tax asset – insurance

The insurance segment has unrecorded deferred tax assets of $11.1 million. These unrecorded deferred tax assets are made up of temporary differences that do not have an expiry date and $36.5 million of non-capital losses that will begin to expire in 2037.

As at		March 31, 2025		December 31, 2024
Insurance reserves	$	(12,643)	$	(19,536)
Deferred acquisition costs		35,229		35,137
Net operating loss carryforward		36,522		35,169
Capital loss carryforward		1,268		1,268
Investments		51,319		60,142
Other		(58,765)		(62,891)
Gross deductible temporary differences		52,931		49,289
Deferred tax asset, gross		11,115		10,351
Deferred tax asset not recognized		(11,115)		(10,351)
Deferred tax asset, net	$	—	$	—

Deferred acquisition costs ("DAC") consist of commissions and other costs that are directly related to the successful renewal of long-term care contracts for tax purposes only.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022 (“IRA”) which is generally effective for years beginning after December 31, 2022. Notably, the bill created a 15% corporate alternative minimum tax (“CAMT”) on corporations with three-year average financial statement income over $1 billion. The Internal Revenue Service has issued limited preliminary guidance. The Company has made certain interpretations and assumptions to comply with CAMT. The Company’s financial statement income is below $1 billion, therefore it is not expected the Company would have a CAMT liability. If CAMT is paid in the future, the amount would be indefinitely available as a credit carryforward that would reduce tax in future years and would be treated as a temporary item reflected within deferred taxes.

The Company has reviewed and made an assessment of the potential exposure to Pillar Two income taxes. The review was generally based on the most recent information available from tax filings, country-by-country reporting and financial statements, and takes into account known changes in the group and its operations. Based on the review and assessment the Company has concluded that they do not have any potential exposure to Pillar Two income taxes.

16. Segment reporting

MLC operates through two reportable segments: asset management and insurance.

The Company defines operating segments by type of product and business line. The Chief Executive Officer analyzes the results of each reportable segment, which are based on their performance as defined by the Company's management structure. Each reportable segment is responsible for managing its operating results, developing products, defining strategies for services and distribution based on the profile and needs of its business and market. The Company's revenues from external customers are primarily attributed to the United States, and non-current assets are also primarily located in the United States.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The asset management business consists of management and other fees, and interest and dividend income from investments. Management and other fees are comprised of fees received as the investment manager to the funds managed and servicing fees for providing certain administrative services to SCIM in respect of the management of ACIF. Interest and dividend income are comprised of revenue received from investments held. Corporate and overhead expenses that are not directly attributable to either the asset management or insurance segment have been reflected within the "Corporate" column in the tables below.

The insurance business is operated by Ability. Ability's insurance business consists of premium revenue from long term care insurance policies and assumed MYGA premiums, as well as investment income generated from Ability's investment portfolio.

Financial information for the reportable segments is presented in the following tables:

For the three months ended March 31, 2025	Asset Management [(1)]	Insurance	Corporate [(1)]	Intercompany Adjustments [(2)]	Total
Revenue					
Management and incentive fee	$ 4,095	$ —	$ —	$ (1,167)	$ 2,928
Equity investment earning	282	—	—	—	282
Insurance service result	—	(2,197)	—	—	(2,197)
Net investment income	311	17,837	—	1,162	19,310
Net gains (losses) from investment activities	(623)	6,958	—	—	6,335
Realized and unrealized gains (losses) on embedded derivative — funds withheld	—	(4,783)	—	—	(4,783)
Other income	299	—	—	—	299
Total revenue	4,364	17,815	—	(5)	22,174
Less:					
Administration and servicing fees	733	—	504	—	1,237
Transaction costs	20	—	4,525	—	4,545
Amortization and impairment of intangible assets	737	—	—	—	737
Interest and other credit facility expenses	1,235	—	622	—	1,857
Net insurance finance (income) expenses	—	17,808	—	—	17,808
Increase (decrease) in investment contract liabilities	—	1,957	—	—	1,957
(Increase) decrease in reinsurance contract assets	—	966	—	—	966
General, administrative and other	2,723	2,554	1,479	(5)	6,751
Income tax expense	(361)	—	—	—	(361)
Net income (loss)	$ (723)	$ (5,470)	$ (7,130)	$ —	$ (13,323)
Total assets	$ 123,093	$ 1,642,989	$ —	$ (62,239)	$ 1,703,843
Total liabilities	$ 57,907	$ 1,563,145	$ 39,995	$ (6,105)	$ 1,654,942

(1) Adjustments are made for allocation of corporate expenses for the asset management segment.

(2) Adjustments are made for the intercompany transactions between MLC and Ability.

For the three months ended March 31, 2024	Asset Management [(1)]	Insurance	Corporate [(1)]	Intercompany Adjustments [(2)]	Total
Revenue					
Management and incentive fee	$ 4,923	$ —	$ —	$ (1,429)	$ 3,494
Equity investment earning	224	—	—	—	224
Insurance service result	—	(3,092)	—	—	(3,092)
Net investment income	383	20,375	—	1,429	22,187
Net gains (losses) from investment activities	(71)	2,666	—	—	2,595
Realized and unrealized gains (losses) on embedded derivative — funds withheld	—	(3,829)	—	—	(3,829)
Other income	—	6	—	—	6
Total revenue	5,459	16,126	—	—	21,585
Less:					
Administration and servicing fees	1,057	—	366	—	1,423
Transaction costs	369	—	(118)	—	251
Amortization and impairment of intangible assets	346	—	—	—	346
Interest and other credit facility expenses	1,107	—	595	—	1,702
Net insurance finance (income) expenses	—	(7,252)	—	—	(7,252)
Increase (decrease) in investment contract liabilities	—	2,279	—	—	2,279
(Increase) decrease in reinsurance contract assets	—	3,556	—	—	3,556
General, administrative and other	3,005	2,239	888	—	6,132
Income tax expense	56	—	—	—	56
Net income (loss)	$ (481)	$ 15,304	$ (1,731)	$ —	$ 13,092
Total assets	$ 122,069	$ 1,626,005	$ —	$ (58,020)	$ 1,690,054
Total liabilities	$ 43,887	$ 1,547,754	$ 37,848	$ (4,386)	$ 1,625,103

(1) Adjustments are made for allocation of corporate expenses for the asset management segment.

(2) Adjustments are made for the intercompany transactions between MLC and Ability.

17. Commitments and contingencies

Investment commitments

In the normal course of business, the Company may enter into commitments to fund investments, which are not reflected in the Consolidated Financial Statements. There were $40.6 million of outstanding investment commitments as at March 31, 2025 (December 31, 2024 – $10.1 million).

In connection with the Capitala Acquisition, ML Management issued a promissory note to CIA for $4.0 million, which pursuant to the terms in the agreement, may increase to $6.0 million, based on the maturity date asset values of a predefined list of assets held by Logan Ridge. Refer to Note 12 *Debt Obligations* for the expected cash outflow on this liability based on the fair value as at March 31, 2025.

Contingent liabilities and litigation

The Company may be subject to lawsuits in the normal course of business. Insurance in particular is a highly regulated industry and lawsuits related to claim payments should be expected in the normal course of business. In the asset management business certain types of investment vehicles, especially those offered to individual investors, may subject the Company to a variety of risks, including new and greater levels of public and regulatory scrutiny, regulation, risk of litigation and reputation risk, which could materially and adversely affect the Company. Other potential lawsuits include allegations of mis-selling in the insurance segment, among others. The Company considers this risk to be less likely given that Ability no longer directly writes insurance policies.

Ability at different times may receive notifications of the insolvency of various insurance companies. It is expected that such insolvencies would result in a Guaranty Fund Assessment against Ability at some future date. At this time, the Company is unable to estimate the possible amounts, if any, of such assessments as no data is available from the National Organization of Life and Health Guaranty Associations in the United States. Accordingly, the Company is unable to determine the impact, if any, that such assessments may have on its financial position or results of operations.

Ability is subject to lawsuits and regulatory actions in the normal course of business that do not arise from or directly relate to claims on insurance policies. This category of business litigation typically involves, among other things, allegations of underwriting errors or misconduct and litigation related to regulatory activity. These nonclaims litigation matters are considered when determining general expense accruals are necessary. As at March 31, 2025, there were no litigation related expense accruals. Potential legal and regulatory actions are subject to inherent uncertainties, and future events could change management's assessment of the probability or estimated amount of potential losses from pending or threatened legal and regulatory matters. A future adverse ruling by the courts in any pending cases could have a material adverse impact on the financial condition of Ability. Based on management's best assessment at this time, Ability is adequately reserved for these cases as at March 31, 2025.

18. Financial risk management

In the normal course of business, the Company is exposed to a variety of financial risks. The Company seeks to minimize the potential adverse effects of these risks to the Company's performance through management's professional experience in portfolio management and by monitoring the Company's investment positions and market events, and periodically using derivatives to hedge certain risk exposures. To assist in managing risks, the Company maintains a governance structure that oversees the investment activities and monitors compliance with the Company's stated investment strategies, internal guidelines, and securities regulations.

Credit and counterparty risk

Credit and counterparty risk is the potential for loss due to the failure of a borrower or counterparty to repay a loan or honor another predetermined financial obligation. Credit risk arises predominantly with respect to loans, derivatives and other credit instruments. The objective of credit risk management is to ensure that all material credit risks to which the Company is exposed are identified, measured, managed, monitored and reported. The Company's credit risk policy is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the Company's credit standards and by obtaining collateral through security on assets of the obligors.

All credit risk exposures are subject to regular monitoring. The frequency of review increases in accordance with the likelihood and size of potential credit losses. In addition, regular portfolio and sector reviews are carried out, including scenario analysis based on current, emerging or prospective risks.

The Company's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the Consolidated Statements of Financial Position.

Market risk

Market risk is the potential for adverse changes in the value of the Company's assets and liabilities resulting from market variables such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Market risk includes currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds certain debt investments with fixed interest rates that exposes it to fair value interest rate risk. The Company also holds debt investments with variable interest rates that exposes it to cash flow interest rate risk and is partially mitigated with those debt investments subject to an interest rate floor. The Company also has obligations to policyholders and other debt obligations that exposes it to interest rate risk. The fair value of these obligations may change if base rate changes in interest rates occur.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Interest rate sensitivity

The following table summarizes the potential impact on net income of hypothetical base rate changes in interest rates on our debt investments, debt obligations, investment contract liabilities, insurance contract liabilities and interest rate swaps assuming a parallel shift in the yield curve, with all other variables remaining constant.

As at		March 31, 2025		December 31, 2024
50 basis point increase [1]	$	(8,836)	$	7,559
50 basis point decrease [1]		5,913		(18,939)

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

Actual results may differ significantly from these sensitivity analyses. 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.

During the first quarter of 2024, the Company entered into interest rate swaps to economically hedge fair value interest rate risk on floating rate debt investments. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Derivatives are initially measured at fair value with subsequent changes therein recognized in the Consolidated Statements of Comprehensive Income (Loss). The Company's derivative instruments are disclosed below:

As at March 31, 2025		Notional		Derivative assets		Derivative liabilities
Interest rate swaps	$	187,000	$	—	$	1,864
Total	**$**	**187,000**	**$**	**—**	**$**	**1,864**

As at December 31, 2024		Notional		Derivative assets		Derivative liabilities
Interest rate swaps	$	187,000		—	$	5,192
Total	**$**	**187,000**	**$**	**—**	**$**	**5,192**

The interest rate swaps are recorded on the Consolidated Statement of Financial Position as "Derivatives" within the insurance segment with the mark-to-market changes in fair value being recorded as part of "Net gains (losses) from investment activities" within the insurance segment on the Consolidated Statement of Comprehensive Income.

Restricted cash posted as collateral consists of cash deposited at a bank that is pledged as collateral in connection with the interest rate swaps. The below table represents the cash posted as collateral associated with open derivative positions:

As at		March 31, 2025		December 31, 2024
Restricted cash posted as collateral	$	12,526	$	15,716
Total	**$**	**12,526**	**$**	**15,716**

Liquidity and funding risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities as they fall due or can only do so on terms that are materially disadvantageous. Prudent liquidity risk management includes maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities. The Company may borrow funds to make investments to the extent it determines that additional capital would allow it to take advantage of additional investment opportunities or if the market for debt financing presents attractively priced debt financing opportunities. The Company also has the ability to raise additional liquidity through the issuance of common shares, issuance of debt, and through the sale of its portfolio investments. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational and financing costs.

Liquid assets

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.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

As at		March 31, 2025		December 31, 2024
Cash and cash equivalents	$	125,808	$	85,988
Restricted cash posted as collateral		12,526		15,716
Investments		609,514		639,932
Management fee receivable		2,927		3,268
Receivable for investments sold		23		17,045
Accrued interest and dividend receivable		20,959		20,489
Total liquid assets	**$**	**771,757**	**$**	**782,438**

The liquid assets held by the Company's insurance company, Ability, are subject to restrictions which prevent the Company from transferring these assets to other entities within the group without insurance regulatory approvals. These assets are not restricted for use within the insurance company.

Contractual maturities of assets and liabilities and off-balance sheet commitments

The tables below show the remaining contractual maturities of on-balance sheet assets and liabilities and off-balance sheet commitments. The contractual maturity of financial assets and liabilities is an input to, but is not necessarily consistent with, the expected maturity of assets and liabilities that is used in the management of liquidity and funding risk. The Company forecasts asset and liability cash flows, under both normal market conditions and a number of stress scenarios, to manage liquidity and funding risk. Stress scenarios include assumptions for loan repayments, and credit commitment and facility drawdowns. Stress scenarios also consider the time horizon over which liquid assets can be monetized and related haircuts and collateral requirements that may result from both market volatility and credit rating downgrades, among other assumptions.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

The following table summarizes the Company's contractual maturities of financial assets and liabilities and off-balance sheet commitments. Additional information regarding Ability's insurance contract liabilities is included in Note 13 *Insurance Contract Liabilities and Reinsurance Contract Assets*.

						March 31, 2025
	Less than 1 year	1-3 years	3-5 years	Over 5 years	No specified maturity	Total
On-Balance Sheet Financial Instruments						
Assets						
Asset Management:						
Cash	$ —	$ —	$ —	$ —	$ 2,563	$ 2,563
Investments	—	—	—	13,586	12,019	25,605
Intangible assets	—	—	—	—	24,064	24,064
Other assets	3,129	—	—	—	5,493	8,622
Insurance:						
Cash	123,245	—	—	—	—	123,245
Restricted cash posted as collateral	—	—	—	—	12,526	12,526
Investments	91,596	187,284	183,787	547,968	9,334	1,019,969
Guaranty funds on deposit	—	—	—	—	67	67
Other assets	18,967	—	—	—	2,264	21,231
Total assets	236,937	187,284	183,787	561,554	68,330	1,237,892
Liabilities and equity						
Asset Management:						
Due to affiliates	—	—	—	—	8,994	8,994
Debt obligations	4,000	3,238	41,905	29,258	—	78,401
Derivatives - debt warrants	—	—	—	—	737	737
Accrued expenses and other liabilities	9,770	—	—	—	—	9,770
Insurance:						
Debt obligations	—	—	2,250	15,000	—	17,250
Funds held under reinsurance contracts	—	—	—	238,371	—	238,371
Derivatives	—	108	193	1,563	—	1,864
Accrued expenses and other liabilities	7,856	—	—	—	—	7,856
Total liabilities	21,626	3,346	44,348	284,192	9,731	363,243
Total equity	—	—	—	—	48,901	48,901
Total liabilities and equity	**$ 21,626**	**$ 3,346**	**$ 44,348**	**$ 284,192**	**$ 58,632**	**$ 412,144**
Off-Balance Sheet Commitments						
Asset Management:						
Commitments to extend credit (1)	$ —	$ —	$ —	$ 1,414	$ —	$ 1,414
Insurance:						
Commitments to extend credit (1)	2,658	15,113	18,095	3,309	—	39,175
Total Off-Balance Sheet Commitments	**$ 2,658**	**$ 15,113**	**$ 18,095**	**$ 4,723**	**$ —**	**$ 40,589**

(1) In the normal course of business the Company may enter into commitments to fund investments which are not reflected in the Consolidated Financial Statements. There were $40.6 million of outstanding investment commitments as at March 31, 2025.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

	December 31, 2024					
	Less than 1 year	**1-3 years**	**3-5 years**	**Over 5 years**	**No specified maturity**	**Total**
On-Balance Sheet Financial Instruments						
Assets						
Asset Management:						
Cash	$ —	$ —	$ —	$ —	$ 8,933	$ 8,933
Investments	—	—	—	13,586	8,082	21,668
Intangible assets	—	—	—	—	24,801	24,801
Other assets	3,321	—	—	—	4,866	8,187
Insurance:						
Cash	77,055	—	—	—	—	77,055
Restricted cash posted as collateral	—	—	—	—	15,716	15,716
Investments	117,754	148,516	187,021	579,886	12,259	1,045,436
Guaranty funds on deposit	—	—	—	—	99	99
Other assets	38,084	—	—	—	—	38,084
Total assets	236,214	148,516	187,021	593,472	74,756	1,239,979
Liabilities and equity						
Asset Management:						
Due to affiliates	—	—	—	—	10,470	10,470
Debt obligations	4,000	3,701	41,905	28,821	—	78,427
Derivatives - debt warrants	—	—	—	—	504	504
Accrued expenses and other liabilities	5,097	—	—	—	—	5,097
Insurance:						
Debt obligations	—	—	2,250	12,000	—	14,250
Funds held under reinsurance contracts	—	—	—	239,918	—	239,918
Insurance contract liabilities	—	377	817	3,998	—	5,192
Accrued expenses and other liabilities	2,995	—	—	—	—	2,995
Total liabilities	12,092	4,078	44,972	284,737	10,974	356,853
Total equity	—	—	—	—	57,223	57,223
Total liabilities and equity	**$ 12,092**	**$ 4,078**	**$ 44,972**	**$ 284,737**	**$ 68,197**	**$ 414,076**
Off-Balance Sheet Commitments						
Asset Management:						
Commitments to extend credit (1)	$ —	$ —	$ —	$ 1,414	$ —	$ 1,414
Insurance:						
Commitments to extend credit (1)	750	4,650	1,892	1,350	—	8,642
Total Off-Balance Sheet Commitments	**$ 750**	**$ 4,650**	**$ 1,892**	**$ 2,764**	**$ —**	**$ 10,056**

(1) In the normal course of business the Company may enter into commitments to fund investments which are not reflected in the Consolidated Financial Statements. There were $1.4 million of outstanding investment commitments for asset management as at December 31, 2024.

(in thousands of United States dollars, except per share amounts and where otherwise noted)

Valuation risk

MLC invests, and plans to continue to invest, primarily in illiquid debt of private companies. The majority of the insurance segment's investments are liquid, have readily available market prices, falling under level 1 or level 2 of the fair value hierarchy. Most of the MLC's, and a portion of the insurance segment's, investments will not have a readily available market price, and the Company values these investments at fair value as determined in good faith by management and independent third-party valuation firm(s), in accordance with the Company's valuation policy. There is no single standard for determining fair value. As a result, determining fair value requires judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments the Company makes. If the Company was required to liquidate a portfolio investment in a forced or liquidation sale, it may realize amounts that are different from the amounts presented and such differences could be material.

Price declines in the medium- and large-sized corporate debt market may adversely affect the fair value of the Company's portfolio, reducing the net asset value of the Company through increased net unrealized depreciation.

Concentration risk

Concentration risk arises because of the concentration of exposures within the same category, whether it is geographic location, product type, industry sector or counterparty type.

The following is a summary of the Company's investment concentration risk:

	March 31, 2025		December 31, 2024	
	Fair value	**% of total**	**Fair value**	**% of total**
Asset management				
United States	$ 25,233	99%	$ 21,169	98%
Canada	372	1%	499	2%
	25,605	100%	21,668	100%
Insurance				
United States	752,279	73%	767,564	73%
Canada	7,487	1%	7,654	1%
Other	260,203	26%	270,218	26%
	1,019,969	100%	1,045,436	100%
	$ 1,045,574		**$ 1,067,104**	

The insurance segment's insurance contract liabilities are originated entirely in the United States.

Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the Company's functional currency, the United States dollar, will fluctuate due to changes in currency exchange rates and adversely impact the Company's reported income, cash flows or fair values of its investment holdings. The Company may reduce its currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts.

As at March 31, 2025 and December 31, 2024, the Company had exposure to the Canadian dollar through its holding of investments and other assets and liabilities denominated in Canadian dollars. The amount by which the net assets of the Company would have increased or decreased, as at March 31, 2025, had the prevailing exchange rates been lowered or raised by $0.01 was $554 (December 31, 2024 – $8,310). In practice, actual results may differ from this sensitivity analysis.

The table below summarizes the currencies that the Company had significant net exposure on its financial assets and liabilities:

As at	Currency exposure	Non-USD denominated investments	Non-USD denominated assets	Non-USD denominated liabilities	Net exposure	As a % of net equity
March 31, 2025	CAD	$ 944	$ 65	$ (399)	$ 610	1.2%
December 31, 2024	CAD	1,442	79	—	1,521	2.7%

As at March 31, 2025 and December 31, 2024, the majority of the Company's net assets were denominated in U.S. dollars.

Reinsurance Risk

In the normal course of business, Ability limits the amount of loss on any one policy by reinsuring certain levels of risk with other insurers. In addition, the Company accepts reinsurance from other reinsurers. Reinsurance ceded does not discharge Ability's liability as the primary insurer. Failure of reinsurers to honor their obligations could result in losses to Ability; consequently, allowances are established for any amounts deemed uncollectible after considering the benefit of collateral held. Ability continually monitors the financial health and solvency of its reinsurance partners and the quality of the collateral held in the Front Street Re and Vista Life portfolios.

Certain concentrations of credit risk related to reinsurance recoverables exist with the insurance organizations listed in the table below:

(in thousands of United States dollars, except per share amounts and where otherwise noted)

As at March 31, 2025	A.M Best Credit Rating	Reinsurance Contract Assets	Funds withheld payable	Net reinsurance credit exposure
Medico Insurance Company	A-	$ 4,429	$ —	$ 4,429
Front Street Re	Not Rated	403,744	238,371	165,373
Vista Life and Casualty Reinsurance Co (1)	Not Rated	320	—	320
Total		**$ 408,492**	**$ 238,371**	**$ 170,121**

As at December 31, 2024	A.M Best Credit Rating	Reinsurance Contract Assets	Funds withheld payable	Net reinsurance credit exposure
Medico Insurance Company	A-	$ 4,378	$ —	$ 4,378
Front Street Re	Not Rated	395,976	239,918	156,058
Vista Life and Casualty Reinsurance Co (1)	Not Rated	—	—	—
Total		**$ 400,354**	**$ 239,918**	**$ 160,436**

(1) Under the modified coinsurance agreement with Vista Life, the funds' withheld assets are held with the legal right of offset to the related reinsurance contract assets. As at December 31, 2024, the reinsurance contract asset was $182.5 million and the fair value of assets held in the designated Vista Life portfolios was $190.8 million, therefore, there was no credit exposure to report in the table above.

As at March 31, 2025, the insurance segment's exposure to credit risk was mitigated by collateral held as security under funds withheld and modified coinsurance agreements. Net exposure after considering offsetting agreements and the benefit of the fair value of collateral held was $170.1 million as at March 31, 2025 (December 31, 2024 - $160.4 million). Refer to Note 13 *Insurance Contract Liabilities and Reinsurance Contract Assets* for additional information.

19. Capital management and requirements

The Company's equity consists of capital and debt. In order to maintain or adjust the capital structure, the Company actively manages its equity as capital and may adjust the amount of debt borrowings, dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. The Company's capital management framework takes into account the requirements of the Company as a whole as well as the needs and requirements of each of its subsidiaries. The Company's officers and senior management are responsible for managing the Company's capital and do so through quarterly portfolio management meetings and regular review of financial information.

As at March 31, 2025, the Company was in compliance with all financial covenants in its debt facilities. These include restrictions on the distribution capacity from MLC US Holdings to MLC.

Regulatory capital requirements for Ability are determined in accordance with statutory requirements of the Nebraska Department of Insurance. The RBC requirement is a statutory minimum level of capital that is based on multiple factors including: an insurance company's size, and the inherent riskiness of its financial assets, liabilities and operations. That is, the company must hold capital in proportion to its risk. The minimum RBC ratio for Ability is 200% and Ability must have a ratio in excess of 300% to be able to reinsurer new business. Ability's RBC ratio is tested annually at the end of Ability's financial year and estimated on a quarterly basis. When calculated as at December 31, 2024 it was in excess of the minimum requirement. From time to time during a particular financial year, Ability may take steps to increase its RBC ratio to ensure it remains above the minimum requirement or exceeds the ratio required to write new business, which steps may include, among other things, securing additional funding. Ability's minimum capital requirements do not require a minimum level of cash to be held. Ability does not have to include cash as part of its regulatory capital provided the minimum capital requirements are satisfied.

20. Current environment updates

Uncertainty with respect to the economic effects of rising interest rates in response to inflation, the war between Russia and Ukraine and other geopolitical events has introduced significant volatility in the financial markets, and the effect of the volatility could materially impact the Company's market risks, including those discussed in Note 18 *Financial Risk Management* above.

All of these impacts could negatively affect the Company's financial outlook, results and operations.

21. Subsequent events

Management of the Company has evaluated subsequent events through the date these financial statements were issued. Based upon this evaluation, management has determined there were no items requiring adjustment of the financial statements. Management does note the following:

On May 15, 2025, the Board declared a cash dividend in the amount of C$0.02 per common share to be paid on June 2, 2025 to shareholders of record on May 27, 2025.

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