

August 12, 2021



MOUNT LOGAN
C A P I T A L

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

TORONTO, Aug. 12, 2021 (GLOBE NEWSWIRE) -- Mount Logan Capital Inc. (NEO: MLC) ("Mount Logan," "our," "we," or the "Company") announces its financial results for the second quarter ended June 30, 2021. All amounts are stated in United States dollars, unless otherwise indicated.

Second Quarter Highlights:

- Total investment income increased 6% from \$1.3 million for the three months ended March 31, 2021 to \$1.4 million for the three months ended June 30, 2021 and by 53% for the comparable period in 2020. 59% of total investment income was generated by the management fees and interest income from our acquisitions of the CLO Platform, Alt-CIF Interval Fund and our minority interest in Sierra Crest.
- Successfully completed our transaction to become the investment advisor of Capitala Finance Corp. and our strategic minority interest in Crown Private Credit Partners.
- Announced our acquisition of Ability Insurance Company providing a new platform for growth.
- As of June 30, 2021, the carrying value of the Company's portfolio was \$51.6 million¹.
- Total shareholders' equity as of June 30, 2021 was \$43.2 million.
- The Board of Directors of the Company (the "Board") declared a cash dividend in the amount of CAD\$0.02 per common share to be paid on September 24, 2021 to shareholders of record on August 24, 2021.

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, "We had an active quarter highlighted by strong second quarter results and a number of positive developments on the M&A front. In regards to our results, Mount Logan's revenue continues to grow and shift towards being attributable to management fees and other asset management activities. On the M&A side, during the quarter, we announced our proposed acquisition of Ability Insurance Company and our transaction to become the investment adviser of Capitala Finance Corp., and we increased our minority interest stake in Sierra Crest. Each of these transactions fit closely into our core thesis of increasing revenue attributable to recurring management fees and growing AUM that is long term or permanent in nature. Since quarter end, we were pleased to complete our transaction with Capitala (now Logan Ridge Finance Corporation) on schedule and announced a strategic minority

investment in Crown Private Credit Partners Inc., a highly complementary business that partners us with two leading chartered banks and serves as a growth platform for Mount Logan to expand its reach in the Canadian private credit market. We look forward to making continued progress on our transition into an asset management oriented business model and closing on our acquisition of Ability in the fourth quarter.”

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

Update on Operations

Announcement of Agreement to Acquire Ability Insurance Company

On May 19, 2021, the Company announced that it had entered into a non-binding agreement for the acquisition of 100% of the equity of Ability Insurance Company (“Ability”) for a purchase price of \$20 million to be satisfied through the issuance of an unsecured promissory note in the amount of \$15 million and \$5 million of common shares of Mount Logan. Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies with approximately \$900 million of invested statutory assets as of December 31, 2020. Mount Logan’s wholly-owned subsidiary, Mount Logan Management LLC (“ML Management”) is proposed to manage a meaningful portion of Ability’s assets, significantly increasing ML Management’s assets under management. The Nebraska Department of Insurance provided final regulatory approval of the acquisition on July 23, 2021 and the acquisition is slated to close in the fourth quarter of 2021.

Increase in Ownership of Sierra Crest

On June 9, 2021, the Company, following the merger of Portman Ridge Finance Corporation and Harvest Capital Credit Corporation, contributed additional capital to Sierra Crest Investment Management LLC (“Sierra Crest”) to increase its ownership interest from 21.4% to 24.99%.

BDC Transaction

On July 1, 2021, the Company, through ML Management, completed its transaction whereby ML Management became the investment advisor of Capitala Finance Corp., which was renamed Logan Ridge Finance Corporation (“Logan Ridge” or “LRFC”). Logan Ridge is the Company’s flagship business development company focused on U.S. middle-market credit investing. As the investment adviser of Logan Ridge, ML Management is entitled to 1.75% annual base management fee on gross assets as well as an incentive fee tied to performance. In addition, Mount Logan expects to focus on opportunities to scale the vehicle through strategic transactions.

Minority Investment in Canadian Private Credit Manager

On July 12, 2021, the Company acquired a minority stake in Crown Private Credit Partners Inc. (“CPCP”), a Canadian private alternative corporate financing business that was partially divested from Crown Capital Partners Inc. CPCP will serve as a strategic partner for the Company to expand the Company’s reach in the Canadian private credit market. CPCP’s focus on the Canadian middle-market is highly complementary with the Company’s business, and we will work together with CPCP’s management to grow the platform and co-develop new attractive investment opportunities for Canadian investors.

Results of Operations – Three months ended June 30, 2021

Total investment income for the three months ended June 30, 2021 was \$1.4 million as compared to \$0.9 million for the three months ended June 30, 2020. In the second quarter, our previously announced transactions generated the following:

- CLO Platform – \$0.3 million in management fees
- Alt-CIF Interval Fund – \$0.3 million in interest income and servicing fees
- Minority Stake in Sierra Crest – \$0.3 million in equity earnings

Total expenses for the three months ended June 30, 2021 were \$1.8 million, of which \$0.2 million was a non-cash amortization expense, as compared to total expenses of \$1.0 million for the three months ended June 30, 2020. The Company incurred \$0.4 million in costs related to strategic transactions currently in progress.

Portfolio and Investment Activity

The carrying value of our portfolio was \$51.6 million as of June 30, 2021 (excluding Cline). The composition of our investment portfolio at June 30, 2021 and December 31, 2020 at carrying value (in each case, excluding Cline) was as follows:

	June 30, 2021		December 31, 2020	
	Carrying value	% of total	Carrying value	% of total
Senior Secured Loans	\$ 18,306	43.5%	\$ 21,761	52.7%
Alt-CIF Related Investment	12,504	29.7%	12,504	30.3%
Minority Stake in Sierra Crest	9,567	22.8%	7,000	17.0%
Equity	1,684	4.0%	—	0.0%
	\$ 42,061	100.0%	\$ 41,265	100.0%

For the three months ended June 30, 2021, the Company recorded \$51,000 in net realized gains on portfolio dispositions and \$25,000 in unrealized depreciation on its investment portfolio.

Liquidity and Capital Resources

At June 30, 2021, we had cash and restricted cash of \$9.5 million, total assets of \$73.8 million and shareholders' equity of \$43.2 million. Our net asset value per common share was \$2.51. As of June 30, 2021, we had \$15.3 million of debt outstanding. On May 7, 2021, the Company, through its wholly-owned subsidiary, Great Lakes Senior MLC I LLC ("MLC I"), entered into a leverage facility (the "Facility") with a large US-domiciled financial institution, as administrative agent, to arrange for lenders to advance to MLC I on a revolving basis up to \$60.0 million. The Facility is temporary in nature and expected to be terminated in connection with a transaction to extend the life of one of the CLOs managed by ML Management.

Our consolidated interim financial statements for the six months ended June 30, 2021 and related management's discussion and analysis will be available on the Company's website at www.mountlogancapital.ca and on SEDAR (www.sedar.com).

Dividend Declaration

The Board has declared a cash dividend in the amount of CAD\$0.02 per common share to be paid on September 24, 2021 to shareholders of record on August 24, 2021. This dividend is designated by the Company as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to eligible dividends paid to Canadian residents.

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

Conference Call

We will hold a conference call on Monday, August 16, 2021 at 9:30 a.m. Eastern Time to discuss our second quarter 2021 financial results. Shareholders, prospective shareholders, and analysts are welcome to listen to the call. To join the call, please use the dial-in information below and ask to be joined into the "Mount Logan Capital" call. A recording of the conference call will be available on our Company's website www.mountlogancapital.ca in the Investor Relations section under Events.

Dial-in Toll Free: 1-833-756-0867

International Dial-in
Toll Free: 1-412-317-5756

About Mount Logan Capital Inc.

Mount Logan Capital Inc. is an alternative asset management company that is focused on investing in public and private debt securities in the North American market. The Company actively sources, evaluates, underwrites, manages, monitors and primarily invests in loans, debt securities, and other credit-oriented instruments that present attractive risk-adjusted returns and present low risk of principal impairment through the credit cycle.

Non-IFRS Financial Measures

This news release makes reference to certain non-IFRS financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS financial measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this news release may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company has included herein certain non-IFRS supplemental measures of key performance, including, but not limited to, net asset value ("NAV") per share. We utilize this measure in managing our business, including performance measurement. We believe that providing this performance measure on a supplemental basis is helpful to investors in assessing the overall performance of the Company's business. However, this measure is not recognized under IFRS. The definitions and calculations of the non-IFRS measures used in this news release are described in greater detail in the Company's management discussion and analysis for the three months ended June 30, 2021. The Company believes that securities analysts,

investors and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions "seeks", "expects", "believes", "estimates", "will", "could", "intends", "target" and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of the Company regarding future results or events and are based on information currently available to them. Certain material factors and assumptions were applied in providing these forward-looking statements. The forward-looking statements discussed in this release include, but are not limited to, statements relating to the Company's continued transition to an asset management oriented business model and the entering into of further strategic transactions to diversify the Company's business and further grow recurring management fee and other income that is long term and permanent in nature, statements regarding the ability of the Company to capitalize on opportunities in the asset management industry, the recurring asset management fees to be derived from Logan Ridge, the use by the Company of Logan Ridge as a platform to grow its asset management business and the ability to scale the business of Logan Ridge through strategic transactions, statements relating to the completion of the acquisition of Ability and the timing and final terms thereof, statements relating to AUM and fee income associated with the acquisition of Ability that would be attributable to the Company, statements relating to the future growth of CPCP and any change in earnings potential for the Company as a result of any growth of CPCP, the temporary nature of the Facility and the timing of the termination and repayment of the Facility, the expected extension of the life of the CLO managed by ML Management, the distribution to the holders of CVRs of proceeds received by the Company in respect of its investment in Cline, the Company's business strategy, model, approach and future activities, portfolio composition and size, asset management activities and related income, capital raising activities, future credit opportunities of the Company, portfolio realizations, the protection of stakeholder value and the expansion of the Company's loan portfolio. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including that the Company has a limited operating history with respect to an asset management oriented business model, there are a number of conditions to the completion of the acquisition of Ability and accordingly the acquisition may not be completed on the terms contemplated or at all, if the acquisition of Ability is completed the risk that Ability may not generate recurring asset management fees or strategically benefit the Company as expected, the risk that the expected synergies by combining the business of Mount Logan with the business of Ability may not be realized as expected, the risk that the Company may not be successful in integrating the business of Ability without significant use of the Company's resources and management's attention, , ML Management may cease to be the investment adviser for Logan Ridge and may not enter into further asset management agreements in order to scale and grow its business, the risk that Logan Ridge does not scale and grow its business in a way that provides a significant benefit to the Company, the Company has only a minority interest in Sierra Crest and does not have the ability to affect the control over Sierra Crest or direct the management or policies of Sierra Crest, the risk that Sierra Crest may cease to be the investment adviser to its existing portfolio companies

and may not enter into further asset management agreements in order to scale and grow its business, the risk that CPCP does not scale and grow its business in a way that provides a significant benefit to the Company it may take longer than expected to extend the life of the CLO managed by ML Management which could prevent the Company from terminating and repaying the Facility prior to maturity, , and the matters discussed under "Risks Factors" in the most recently filed annual information form and management discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.

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

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MOUNT LOGAN CAPITAL INC.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

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

	June 30, 2021	December 31, 2020
	(unaudited)	
ASSETS		
Investments	\$ 46,178	\$ 38,219
Investment in associates	9,567	7,000
Cash	4,315	6,658
Restricted cash	5,136	17,620
Receivable for investments sold	1,988	15,840

Deferred tax assets	2,338	1,716
Intangible assets, net	3,254	3,496
Other assets	1,055	436
Total assets	\$ 73,831	\$ 90,985

LIABILITIES

Debt	\$ 14,963	\$ 39,412
Payable for investments purchased	4,898	988
Due to affiliates	2,777	403
Payable for equity units purchased	2,134	1,536
Contingent value rights	4,255	3,954
Other liabilities	1,638	1,514
Total liabilities	30,665	47,807

SHAREHOLDERS' EQUITY

Share capital	93,957	93,480
Warrants	1,086	1,086
Contributed surplus	7,240	7,240
Deficit	(37,259)	(36,770)
Cumulative translation adjustment	(21,858)	(21,858)
Total shareholders' equity	43,166	43,178
Total liabilities and shareholders' equity	\$ 73,831	\$ 90,985
Common shares issued and outstanding	17,186,593	16,963,379
Net asset value per share	\$ 2.51	\$ 2.55

MOUNT LOGAN CAPITAL INC.

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands of United States dollars, except number of shares and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
REVENUE				
Interest income	\$ 807	\$ 772	\$ 1,459	\$ 1,637
Dividend income	25	156	137	371
Management fee and other income	584	—	1,150	—
Total revenue	1,416	928	2,746	2,008
EXPENSES				
Administration fees	302	132	544	280
Transaction costs	389	—	505	—
Amortization of intangible assets	196	—	386	—

Interest and other credit facility expenses	237	520	552	1,168
Professional fees	559	213	823	428
Compensation	63	54	124	110
Other expenses	71	130	211	244
Total expenses	1,817	1,049	3,145	2,230
Net income (loss)	(401)	(121)	(399)	(222)
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain on investments	49	69	207	110
Net realized gain on foreign currency	2	(5)	9	(4)
Net change in unrealized appreciation (depreciation) on investments	(25)	53	145	(2,213)
Net change in unrealized gain on foreign currency	—	(9)	—	23
Total net realized and unrealized gain (loss)	26	108	361	(2,084)
Gain (loss) and comprehensive gain (loss) before income tax	(375)	(13)	(38)	(2,306)
Income tax recovered (expense)	171	—	103	—
Income (loss) and comprehensive income (loss)	\$ (204)	\$ (13)	\$ 65	\$ (2,306)
Weighted average shares outstanding – basic and diluted	17,096,822	10,604,998	17,030,834	10,604,998
Income (loss) per share – basic and diluted	\$ (0.01)	\$ (0.00)	\$ 0.00	\$ (0.22)



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Source: Mount Logan Capital Inc.