

March 14, 2024



MOUNT LOGAN
CAPITAL

Mount Logan Capital Inc. Announces Fourth Quarter and Fiscal 2023 Financial Results

Achieved significant milestones in 2023 including a record year for asset management revenue, completion of Ability's \$250 million reinsurance agreement resulting in total investments in excess of \$1 billion, and the closing of the Ovation transaction during July 2023

Increased Ability's total assets managed by Mount Logan to \$537 million, up 59% versus 2022 while achieving a 9.2% yield on the insurance investment portfolio for fiscal 2023

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

TORONTO, March 14, 2024 (GLOBE NEWSWIRE) -- Mount Logan Capital Inc. (NEO: MLC) (the "Company" or "Mount Logan") announced today its financial results for the fourth quarter and fiscal year ended December 31, 2023. All amounts are stated in United States dollars, unless otherwise indicated. The financial results have been adjusted for the adoption of IFRS 17 Insurance Contracts ("IFRS 17") which became effective January 1, 2023.

Fourth Quarter 2023 Highlights

- **Total revenue for the asset management segment of the Company** of \$3.7 million, an increase of \$1.1 million as compared to the fourth quarter of 2022. The increase is primarily attributable to growth in fees attributable to the inclusion of Ovation management and incentive fees, increase in CLO fees, growth in the Opportunistic Credit Interval Fund, and other sub-advisory activities of Mount Logan. Fourth quarter asset management revenues excludes \$1.3 million of management fees associated with Mount Logan's management of the assets of Ability Insurance Company ("Ability"), a wholly-owned subsidiary of the Company, during the fourth quarter of 2023, which increased by 82% as compared to the fourth quarter 2022 of \$0.7 million.
- **Fee Related Earnings ("FRE") for the asset management segment of the Company** was \$2.6 million for the three months ended December 31, 2023, an increase of \$0.8 million compared to the fourth quarter of 2022 of \$1.8 million primarily driven by the previously mentioned revenue improvements.
- **Total net investment income for the insurance segment** was \$19.3 million for the three months ended December 31, 2023, an increase of \$2.6 million compared to the fourth quarter of 2022 driven by an increase in total insurance investment assets and

improvements in yield across the investment portfolio attributable to deployment of capital in a higher rate environment.

Full Year Milestones

- **Total revenue for the asset management segment of the Company** was \$11.8 million, an increase of \$2.5 million as compared to \$9.3 million in fiscal 2022 largely due to the acquisition of Ovation in the third quarter of 2023, and previously mentioned growth in fees generated across Mount Logan's managed investment vehicles. Fiscal 2023 management revenues excludes the \$4.2 million attributable to managing a significant portion of Ability's assets during fiscal 2023, which increased by 80% as compared to management fees in respect of Ability of \$2.4 million in fiscal 2022.
- **FRE for the asset management segment of the Company** was \$6.3 million, flat as compared to \$6.3 million in fiscal 2022, which reflects the increase of revenues offset by one-time expenses in respect of growth investments, which management expects will decrease in fiscal 2024 for the asset management segment.
- **Achieved 9.2%¹ yield on the insurance investment portfolio** for fiscal 2023, which was up from 6.2% as compared to fiscal 2022, which reflects ongoing portfolio and capital optimization across the insurance solutions portfolio alongside the benefit of higher base rates.
- **Ability's total assets managed by Mount Logan** increased to \$537.1 million for fiscal 2023, up \$200.2 million from fiscal 2022 managed assets of \$336.9 million. The increase in managed assets supported the increased management fees paid by Ability of \$4.2 million to Mount Logan Management LLC, a wholly-owned subsidiary of the Company. Finished fiscal 2023 with \$1.0 billion in total investment assets at Ability, up \$124 million or 14% from fiscal 2022 investment assets of \$884.6 million.
- **Book value of the Insurance segment** ended 2023 at \$66.5 million, an increase of \$2.8 million as compared to \$63.7 million for fiscal 2022.

Subsequent Events

- **The Company is pleased to announce that Nikita Klassen has been appointed** by the Company's board of directors as the new Chief Financial Officer and Corporate Secretary of the Company, effective March 31, 2024., Ms. Klassen currently serves as the Senior Controller of the Company and has over 14 years of experience in the financial services industry, including roles as Director, Accounting Policy at Silicon Valley Bank; Vice President, SEC Reporting and Accounting Policy at Galaxy Digital (TSX: GLXY); and Director, Global Accounting Policy and Advisory at American Express (NYSE: AXP). Ms. Klassen has also previously provided audit and consulting services in various roles over a 6 year career at PricewaterhouseCoopers LLP. Ms. Klassen holds a Bachelor of Commerce (Hons) degree from the Asper School of Business at the University of Manitoba and is a Chartered Professional Accountant (Canada).
- **Chief Financial Officer and Corporate Secretary Jason Roos communicated his plans to resign** from his roles at Mount Logan, as well as his other roles at BC Partners Advisors L.P. effective March 31, 2024. Mr. Roos' decision is not related to any disagreement relating to the Company's accounting, strategy, management, operations, policies, regulatory matters, or practices (financial or otherwise). Mr. Roos will continue to support the executive team in an advisory capacity for an extended period of time.
- **Declared a shareholder distribution in the amount of C\$0.02 per common share** for the year ended December 31, 2023, payable on April 2, 2024 to shareholders of

record at the close of business on March 25, 2024. This cash dividend marks the eighteenth consecutive quarter of the Company issuing a C\$0.02 distribution to its shareholders. This dividend is designated by the Company as an eligible dividend for the purpose of the *Income Tax Act* (Canada) and any similar provincial or territorial legislation. An enhanced dividend tax credit applies to eligible dividends paid to Canadian residents.

- **Announced the completion of a \$18.8 million capital raise and opportunistic refinancing, representing an important milestone for the business as it simplifies Mount Logan's capital structure at an attractive fixed-rate over the next 8 years.** \$13.6 million of the net proceeds of the offering were used to repay all existing indebtedness at Lind Bridge L.P., a wholly owned subsidiary of Mount Logan, which had previously been raised to support direct growth investment into Ability. The balance of the proceeds of the offering will be used for general corporate purposes, primarily supporting the Company's working capital position, and paying outstanding transaction fees and expenses.
- **Ability amended its reinsurance agreement**, effective, January 10, 2024, with Atlantic Coast Life Insurance Company and with Sentinel Security Life Insurance Company pursuant to which Ability will assume a 20% quota share coinsurance of premium of multi-year guaranteed annuity ("MYGA") policies issued and approved on or after October 1, 2023.

Management Commentary

- **Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan** stated, "As we close out 2023, we are seeing strong earnings momentum across both the asset management and insurance solutions segments of the Company. Top line performance for the asset management segment of the Company and net investment income for the insurance segment of the Company saw impressive growth throughout the year, and we believe is a leading indicator of our expectations for 2024."

Selected Financial Highlights

- **Total Capital of the Company**, consisting of both debt borrowings and equity, as at December 31, 2023, was \$129.5 million, an increase of \$10.5 million from December 31, 2022. Total capital consists of debt obligations and total shareholders' equity.
- **Basic Earnings per share ("EPS")** was \$(0.69) for the fiscal year ended December 31, 2023, a decrease of \$(2.87) from \$2.18 for the 2022 fiscal year. The decrease in EPS resulted primarily from a decrease in the net insurance finance income in 2023 fiscal year compared to the 2022 fiscal year. The decrease in net insurance finance income in the 2023 fiscal year was attributable to changes in risk-adjusted market interest rates.
- **Adjusted basic EPS** was \$(0.44) for the 2023 fiscal year, a decrease of \$(2.74) from \$2.30 for the 2022 fiscal year.

Results of Operations by Segment

(\$ in Thousands)

Years ended December 31	2023	2022	2021
Reported Results ⁽¹⁾			
<i>Asset management</i>			

Revenue	\$	11,831	\$	9,345	\$	8,772
Expenses		26,680		13,044		11,515
Net income (loss) – asset management		(14,849)		(3,699)		(2,743)
Insurance						
Revenue ⁽²⁾		69,143		(27,818)		2,807
Expenses		70,087		(80,268)		(30,810)
Net income (loss) – insurance		(944)		52,450		33,617
Income before income taxes		(15,793)		48,751		30,874
Provision for income taxes		(663)		(430)		(2,144)
Net income (loss)	\$	(16,456)	\$	48,321	\$	28,730
Basic EPS	\$	(0.69)	\$	2.18	\$	1.55
Diluted EPS	\$	(0.69)	\$	2.15	\$	1.54
Adjusting Items						
Asset management						
Transaction costs ⁽³⁾		(3,721)		(185)		(1,977)
Acquisition integration costs ⁽⁴⁾		(1,125)		(1,875)		(1,448)
Non-cash items ⁽⁵⁾		(972)		(559)		(787)
Impact of adjusting items on expenses		(5,818)		(2,619)		(4,212)
Adjusted Results						
Asset management						
Revenue	\$	11,831	\$	9,345	\$	8,772
Expenses		20,862		10,425		7,303
Net income (loss) – asset management		(9,031)		(1,080)		1,469
Income before income taxes		(9,975)		51,370		35,086
Provision for income taxes		(663)		(430)		(2,144)
Net income (loss)	\$	(10,638)	\$	50,940	\$	32,942
Basic EPS	\$	(0.44)	\$	2.30	\$	1.77
Diluted EPS	\$	(0.44)	\$	2.27	\$	1.77

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

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

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

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

(5) Non-cash items include amortization of acquisition-related intangible assets and impairment of goodwill, if any.

Asset Management

Total Revenue – Asset Management

(\$ in Thousands)

Years ended December 31	2023	2022
Management fee	\$ 9,225	\$ 5,200
Equity investment earning	1,124	1,922
Interest income	1,087	1,225
Dividend income	584	276
Net gains (losses) from investment activities	(189)	722
Total revenue – asset management	\$ 11,831	\$ 9,345

Fee Related Earnings (“FRE”)

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

(\$ in Thousands)

	Year Ended December 31,	
	2023	2022
Net income (loss) and comprehensive income (loss)	(16,456)	48,321
Adjustment to net income (loss) and comprehensive income (loss):		
Total revenue – insurance ⁽¹⁾	(69,143)	27,818
Total expenses – insurance	70,087	(80,268)
Net income – asset management ⁽²⁾	(15,512)	(4,129)
<i>Adjustments to non-fee generating asset management business and other recurring revenue stream:</i>		
Management fee from Ability	4,247	2,356
Interest income	—	(138)
Dividend income	(584)	(276)
Net gains (losses) from investment activities	189	(722)
Administration and servicing fees	1,036	782
Transaction costs	3,721	185
Amortization of intangible assets	972	559
Interest and other credit facility expenses	5,977	3,564
General, administrative and other	6,204	4,108
Fee Related Earnings	\$ 6,250	\$ 6,289

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

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

Insurance

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

Total Revenue – Insurance

(\$ in Thousands)

Years ended December 31	2023	2022
Insurance service result	\$ (23,374)	\$ (17,744)
Net investment income	87,105	55,058
Net gains (losses) from investment activities	29,105	(107,581)
Realized and unrealized gains (losses) on embedded derivative – funds withheld	(31,403)	38,575
Other income	7,710	3,874
Total revenue – net of insurance services expenses and net expenses from reinsurance	\$ 69,143	\$ (27,818)

Liquidity and Capital Resources

As of December 31, 2023, the asset management segment of the Company had \$65.5 million (par value) of borrowings outstanding, of which \$27.5 million had a fixed rate and \$38 million had a floating rate. As of December 31, 2023, the insurance segment had \$14.3 million (par value) of borrowings outstanding. Liquid assets, including high-quality assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets liquidity and funding requirements. As of December 31, 2023 and December 31, 2022, the total liquid assets of the Company were as follows:

(\$ in Thousands)

As at	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 90,220	\$ 65,898
Investments	643,578	692,693
Management fee receivable	2,599	1,385
Receivable for investments sold	6,511	1,249
Accrued interest and dividend receivable	19,340	16,157
Total liquid assets	\$ 762,248	\$ 777,382

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

As at December 31, 2023, the Company has working capital of \$183.4 million, reflecting current assets of \$230.8 million, offset by current liabilities of \$47.4 million, as compared

with working capital of \$164.7 million as at December 31, 2022, reflecting current assets of \$197.4 million, offset by current liabilities of \$32.7 million. The increase in working capital is primarily driven by increased cash in the insurance segment as a result of premium growth through the reinsurance of MYGA. The cash reported and generated through insurance activities in the insurance segment cannot be used at the Issuer level for working capital purposes without insurance regulatory approvals.

Interest Rate Risk

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

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

(\$ in Thousands)

As at	December 31, 2023	December 31, 2022 ⁽²⁾
50 basis point increase ⁽¹⁾	\$ 20,186	\$ 17,842
50 basis point decrease ⁽¹⁾	(21,860)	(19,495)

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

(2) Interest rate sensitivity as at December 31, 2022 have been amended to reflect the addition of investment contract liabilities and insurance contract liabilities to the sensitivity calculation.

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

Conference Call

The Company will hold a conference call on Friday, March 15, 2024 at 10:00 a.m. Eastern Time to discuss the fourth quarter and fiscal 2023 financial results. Shareholders, prospective shareholders, and analysts are welcome to listen to the call. To join the call, please use the dial-in information below. A recording of the conference call will be available on our Company's website www.mountlogancapital.ca in the 'Investor Relations' section under "Events".

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

International Dial-in: 1-404-975-4839

Access Code: 493580

About Mount Logan Capital Inc.

Mount Logan Capital Inc. is an alternative asset management and insurance solutions company that is focused on public and private debt securities in the North American market and the reinsurance of annuity products, primarily through its wholly-owned subsidiaries

Mount Logan Management LLC (“ML Management”) and Ability Insurance Company (“Ability”), respectively. The Company also actively sources, evaluates, underwrites, manages, monitors and primarily invests in loans, debt securities, and other credit-oriented instruments that present attractive risk-adjusted returns and present low risk of principal impairment through the credit cycle.

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

Non-IFRS Financial Measures

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

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions “seeks”, “expects”, “believes”, “estimates”, “will”, “target” and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of the Company regarding future results or events and are based on information currently available to it. Certain material factors and assumptions were applied in providing these forward-looking statements. The forward-looking statements discussed in this release include, but are not limited to, statements relating to the Company’s continued transition to an asset management and insurance platform business and the entering into of further strategic transactions to diversify the Company’s business and further grow recurring management fee and other income and increasing Ability’s assets; the Company’s plans to focus Ability’s business on the reinsurance of annuity products; the potential benefits of combining Mount Logan’s and Ovation’s platform including an increase in fee-related earnings as a result of the acquisition; the decrease in expenses in the asset management segment; the historical growth in the asset management segment and insurance segment being an indicator for future growth; the growth and scalability of the Company’s business the Company’s business strategy, model, approach and future activities; portfolio composition and size, asset management activities and related income, capital raising activities, future credit opportunities of the Company, portfolio realizations, the protection of stakeholder value; the expansion of the Company’s loan portfolio; the risk that changes to IFRS, including the adoption of IFRS 17, could have a material impact on the Company’s

financial results and access to capital; and the expansion of Mount Logan's capabilities. All forward-looking statements in this press release are qualified by these cautionary statements. The Company believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, the Company can give no assurance that the actual results or developments will be realized by certain specified dates or at all. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including that the Company has a limited operating history with respect to an asset management oriented business model; Ability may not generate recurring asset management fees, increase its assets or strategically benefit the Company as expected; the expected synergies by combining the business of Mount Logan with the business of Ability may not be realized as expected; the risk that Ability may require a significant investment of capital and other resources in order to expand and grow the business; the Company does not have a record of operating an insurance solutions business and is subject to all the risks and uncertainties associated with a broadening of the Company's business; the risk that the expected synergies of the acquisition of Ovation may not be realized as expected and the matters discussed under "Risks Factors" in the most recently filed annual information form and management discussion and analysis for the Company. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.

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

Contacts:

Mount Logan Capital Inc.

365 Bay Street, Suite 800
Toronto, ON M5H 2V1
info@mountlogancapital.ca

Jason Roos
Chief Financial Officer
Jason.Roos@mountlogancapital.ca

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

As at	December 31, 2023	December 31, 2022
ASSETS		
Asset Management:		
Cash	\$ 990	\$ 1,525
Restricted cash	—	53
Due from affiliates	—	12
Investments	26,709	30,605
Intangible assets	28,779	21,501
Other assets	6,593	4,792
Total assets — asset management	63,071	58,488
Insurance:		
Cash and cash equivalents	89,230	64,373
Investments	1,008,637	884,627
Reinsurance contract assets	442,673	455,115
Intangible assets	2,444	2,444
Goodwill	55,015	55,015
Other assets	27,508	24,178
Total assets — insurance	1,625,507	1,485,752
Total assets	\$ 1,688,578	\$ 1,544,240
LIABILITIES		
Asset Management		
Due to affiliates	\$ 12,113	\$ 1,110
Debt obligations	62,030	53,172
Contingent value rights	-	3,003
Accrued expenses and other liabilities	3,494	2,583
Total liabilities — asset management	77,637	59,868
Insurance		
Debt obligations	14,250	2,250
Insurance contract liabilities	1,107,056	1,073,251
Investment contract liabilities	169,314	89,358
Funds held under reinsurance contracts	238,253	231,839
Accrued expenses and other liabilities	30,116	25,404
Total liabilities — insurance	1,558,989	1,422,102
Total liabilities	1,636,626	1,481,970
EQUITY		
Common shares	115,607	108,055
Warrants	1,129	1,129
Contributed surplus	7,240	7,240
Surplus (Deficit)	(50,166)	(32,296)
Cumulative translation adjustment	(21,858)	(21,858)
Total equity	51,952	62,270
Total liabilities and equity	\$ 1,688,578	\$ 1,544,240

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

	Years Ended	
	December 31, 2023	December 31, 2022
REVENUE		
<i>Asset management</i>		
Management fee	\$ 9,225	\$ 5,200
Equity investment earning	1,124	1,922
Interest income	1,087	1,225
Dividend income	584	276
Net gains (losses) from investment activities	(189)	722
Total revenue — asset management	11,831	9,345
<i>Insurance</i>		
Insurance revenue	87,806	95,514
Insurance service expenses	(78,155)	(119,777)
Net expenses from reinsurance contracts held	(33,025)	6,519
Insurance service results	(23,374)	(17,744)
Net investment income	87,105	55,058
Net gains (losses) from investment activities	29,105	(107,581)
Realized and unrealized gains (losses) on embedded derivative — funds withheld	(31,403)	38,575
Other income	7,710	3,874
Total revenue, net of insurance service expenses and net expenses from reinsurance contracts held — insurance	69,143	(27,818)
Total revenue	80,974	(18,473)
EXPENSES		
<i>Asset management</i>		
Administration and servicing fees	2,943	1,231
Transaction costs	3,721	185
Amortization of intangible assets	972	559
Interest and other credit facility expenses	5,977	3,564
General, administrative and other	13,067	7,505
Total expenses — asset management	26,680	13,044
<i>Insurance</i>		
Net insurance finance (income) expenses	28,871	(100,027)
Increase (decrease) in investment contract liabilities	6,316	1,274
(Increase) decrease in reinsurance contract assets	20,238	5,685
General, administrative and other	14,662	12,800
Total expenses — insurance	70,087	(80,268)
Total expenses	96,767	(67,224)
Income (loss) before taxes	(15,793)	48,751

Income tax (expense) benefit — asset management	(663)	(430)
Net income (loss) and comprehensive income (loss)	\$ (16,456)	\$ 48,321

¹ The yield is calculated based on the net investment income divided by the average of investments in financial assets for the current and prior period, and then is annualized.



Source: Mount Logan Capital Inc.