

August 9, 2023



MOUNT LOGAN
CAPITAL

Mount Logan Capital Inc. Announces Second Quarter 2023 Financial Results

Successfully Closes Two Strategic Acquisitions, Increases MYGA Volumes by \$66m Quarter-over-Quarter, and Increases Insurance Net Investment Income Quarter-over-Quarter and Year-over-Year

Declares Quarterly Distribution of C\$0.02 Per Common Share in the Third Quarter of 2023, Marking the Sixteenth Consecutive Quarter of a Shareholder Distribution

TORONTO, Aug. 09, 2023 (GLOBE NEWSWIRE) -- Mount Logan Capital Inc. (NEO: MLC) (the “Company” or “Mount Logan”) announced today its financial results for the quarter ended June 30, 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. 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.

Second Quarter 2023 Highlights

- **On May 2, 2023, and then subsequent to quarter-end on July 5, 2023, completed two-step transaction with Ovation Partners LP (“Ovation”) for the management of Ovation’s Alternative Income platform.** The Alternative Income platform is focused on investments in commercial lending, real estate lending, consumer finance and litigation finance. Concurrent with the initial closing on May 2, 2023, a wholly owned subsidiary of Mount Logan upsized its existing credit facility by \$4.5 million. Mount Logan Management LLC, a wholly-owned subsidiary of Mount Logan (“ML Management”) began earning revenues from this acquisition immediately following the initial close. Upon final closing on July 5, 2023 ML Management became the adviser of the Ovation’s alternative income platform.
- **Purchased a minority stake in a large, Canadian alternative asset manager on June 30, 2023,** which specializes in global fixed-income and alternative credit strategies. Through its investment, Mount Logan gains access to the team’s expertise in investment grade credit and high yield investing.
- **Total net investment income for the insurance segment of the Company** was \$21.3 million, an increase of \$1.1 million as compared to the first quarter of 2023 and an increase of \$9.5 million as compared to \$11.8 million for the second quarter of 2022. The increase is primarily due to the increase in interest rates and the increase in Ability’s investment portfolio as additional multi-year guaranteed annuity (“MYGA”) policies were reinsured.

- **Investment contract liabilities, including MYGA products**, had a carrying value¹ of \$158.7 million as of quarter ended June 30, 2023, an increase of \$46.1 million when compared to a carrying value¹ of \$112.6 million as of the quarter ended March 31, 2023. The increase of investment contract liabilities primarily through premium growth through the reinsurance of MYGA helps increase the Company's total working capital and contributes to higher total assets in the insurance segment.
- **Fee Related Earnings ("FRE") for the asset management segment of the Company** was \$1.5 million for the three months ended June 30, 2023, an increase of \$0.1 million as compared to \$1.4 million in the corresponding period in the prior year.
- **The Company announced the appointment of David Allen and Buckley Ratchford as directors of the Company.** Mr. Allen is a Senior Advisor to Grant Thornton, a global tax, audit, accounting and advisory firm and a Senior Advisor and Board member of CBRE Investment Management, a real estate investment management firm. Mr. Allen has over 25 years of experience in deal origination, financings, mergers and acquisitions, valuations and restructurings. Mr. Ratchford has over two decades of experience as a private investor and is currently the Principal at Jackson Square LLC, an active investment vehicle for investments in private credit, private equity, venture capital and distressed investments. Mr. Ratchford is also a former business partner at Goldman, Sachs & Co. and the founder and former Managing Partner of Wingspan Management Investment.

Subsequent Events

- **Announced the completion of the previously announced transaction with Ovation** on July 5, 2023 the Company completed the transactions under its membership interest and asset purchase agreement (the "Ovation Purchase Agreement") with Ovation Partners , LP (the "Ovation Advisor"), a Texas-based specialty-finance focused asset manager, pursuant to which the Company acquired (collectively, the "Ovation Acquisition") all of the membership interests of Ovation and certain assets from the Ovation Advisor, pursuant to which ML Management has become the investment advisor to the platform. Ovation's platform is focused on investments in commercial lending, real estate lending, consumer finance and litigation finance. As partial consideration for the acquisition, MLC issued an aggregate of 3,186,398 common shares at a deemed price of C\$2.8314 per share. In connection with the acquisition of Ovation, a subsidiary of ML Management assumed the line of credit of Ovation, having an outstanding balance of \$1.8 million as of July 5 ,2023.
- **Declared a shareholder distribution in the amount of C\$0.02 per common share** for the third quarter of 2023, payable on August 31, 2023, to shareholders of record at the close of business on August 22, 2023. This cash dividend marks the sixteenth 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.

Management Commentary

- **Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan** stated, "As we close out the first half of 2023, we are beginning to see strong earnings momentum across both the asset management and insurance solutions segments of the Company. Both revenue for the asset management segment and net investment income for the insurance solutions segment grew quarter-over-quarter and year-over-

year. Ability further progressed on its reinsurance activities of fixed annuities, helping grow total assets of the platform. As we discuss each quarter, we remain active in evaluating strategic investments for the platform and we closed a minority investment in a large private fixed income asset manager prior to quarter-end as well as completed the final closing of the Ovation transaction shortly after quarter-end, both of which will drive incremental fee-related earnings for the business in the future and add further depth and diversification of our specialized credit investment strategies. I am grateful to our team for their tireless work and commitment to the platform and am excited for the opportunity to update our shareholders on additional progress on increasing fee-related earnings, growing assets at the insurance company and integrating our recent acquisitions.”

Selected Financial Highlights

- **Total revenue for the asset management segment of the Company** was \$3.0 million for the three months ended June 30, 2023, an increase of \$1.1 million as compared with \$1.9 million for the three months ended March 31, 2023, and an increase of \$0.8 million as compared with \$2.2 million for the three months ended June 30, 2022. The increase in revenue was largely driven by increased management and servicing fees, and equity investment earnings. Management fees increased \$0.91 million for the three months ended June 30, 2023, from the corresponding period in the prior year, resulting from the first phase of the completion of the Ovation acquisition in the second quarter of 2023, which entitled the Company to receive the associated management and incentive fees.
- **Total revenue for the insurance segment of the Company** for the three months ended June 30, 2023, of \$9.7 million, a decrease of \$0.5 million as compared to \$10.2 million for the three months ended March 31, 2023 and an increase of \$30.7 million as compared to \$(21.0) million for the three months ended June 30, 2022. The increase year-over-year is primarily due to the increase in risk-adjusted yields and the increase in Ability's investment portfolio.
- **Reported net (loss) income** available to holders of common shares for the three months ended June 30, 2023, was \$(0.7) million. This compares to reported net income (loss) of \$(29.5) million for the three months ended March 31, 2023. This increase resulted primarily from an increase in net insurance finance income due to risk-adjusted interest rate changes.
- **Adjusted net (loss) income** available to holders of common shares for the three months ended June 30, 2023, was \$1.1 million. This compares to reported adjusted net income of \$(28.8) million for the three months ended March 31, 2023. Adjusted net income (loss) in the current and prior year periods excludes transaction costs, acquisition-related costs (including integration costs), and amortization of acquisition-related intangible assets for the asset management segment and certain market-related impacts and experience-related items for the insurance segment. This increase resulted primarily from an increase in net insurance finance income due to interest rate changes.
- **Total Capital** as of June 30, 2023, was \$91.9 million, a decrease of \$25.7 million from December 31, 2022. Total capital consists of debt obligations and total shareholders' equity.
- **Basic Earnings per share (“EPS”)** was \$(0.03) for the three months ended June 30, 2023, an increase of \$1.30 from \$(1.33) for the three months ended March 31, 2023. The increase in EPS across basic and adjusted presentation, as discussed below,

resulted primarily from a change in net insurance finance expense driven by an increase in market interest rates in the quarter.

- **Adjusted basic EPS** was \$0.05 for the quarter ended June 30, 2023, an increase of \$1.35 from \$(1.30) for the three months ended March 31, 2023.

Results of Operations by Segment

(\$ in Thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Reported Results					
Asset management					
Revenue	\$ 2,996	\$ 1,926	\$ 2,022	\$ 4,922	\$ 4,555
Expenses	6,133	5,840	2,778	11,973	5,512
Net income (loss) - asset management	(3,137)	(3,914)	(756)	(7,051)	(957)
Insurance					
Revenue ⁽⁴⁾	9,667	10,186	(20,955)	19,853	(35,756)
Expenses	7,433	35,459	(28,062)	42,892	(66,072)
Net income (loss) - insurance	2,234	(25,273)	7,107	(23,039)	30,316
Income before income taxes	(903)	(29,187)	\$ 6,351	(30,090)	29,359
Provision for income taxes	248	(265)	\$ (260)	(17)	(344)
Net income (loss)	\$ (655)	\$ (29,452)	\$ 6,091	\$ (30,107)	\$ 29,015
Basic EPS	\$ (0.03)	\$ (1.33)	\$ 0.27	\$ (1.36)	\$ 1.31
Diluted EPS	\$ (0.03)	\$ (1.33)	\$ 0.27	\$ (1.36)	\$ 1.30
Adjusting Items					
Asset management					
Transaction costs ⁽¹⁾	(1,278)	(158)	—	(1,436)	—
Acquisition integration costs ⁽²⁾	(375)	(375)	(625)	(750)	(1,000)
Non-cash items ⁽³⁾	(140)	(140)	(199)	(280)	(398)
Impact of adjusting items on expenses	(1,793)	(673)	(824)	(2,466)	(1,398)
Adjusted Results					
Asset management					
Revenue	\$ 2,996	\$ 1,926	\$ 2,022	\$ 4,922	\$ 4,555
Expenses	4,340	5,167	1,954	9,507	4,114
Net income (loss) - asset management	(1,344)	(3,241)	68	(4,585)	441
Income before income taxes	890	(28,514)	7,175	(27,624)	30,757

Provision for income taxes		248	(265)	(260)	(17)	(344)
Net income (loss)	\$	1,138	\$ (28,779)	\$ 6,915	\$ (27,641)	\$ 30,413
Basic EPS	\$	0.05	\$ (1.30)	\$ 0.31	\$ (1.25)	\$ 1.37
Diluted EPS	\$	0.05	\$ (1.30)	\$ 0.31	\$ (1.25)	\$ 1.37

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

(2) 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.

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

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

Asset Management

Total Revenue – Asset Management

(\$ in Thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Management and servicing fees	\$ 2,146	\$ 1,241	\$ 3,383	\$ 2,626
Equity investment earning	452	305	920	813
Interest income	271	330	539	640
Dividend income	109	155	165	276
Net gains (losses) from investment activities	18	(9)	(85)	200
Total revenue — asset management	\$ 2,996	\$ 2,022	\$ 4,922	\$ 4,555

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)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022

Net income (loss) and comprehensive income (loss)	(655)	6,091	(30,107)	29,015
Adjustment to net income (loss) and comprehensive income (loss):				
Total revenue - insurance ⁽¹⁾	(9,667)	20,955	(19,853)	35,756
Total expenses - insurance	7,433	(28,062)	42,892	(66,072)
Net income - asset management ⁽²⁾	(2,889)	(1,016)	(7,068)	(1,301)
<i>Adjustments to non-fee generating asset management business and other recurring revenue stream:</i>				
Management fee from Ability	969	527	1,792	1,009
Interest income	—	(59)	—	(101)
Dividend income	(109)	(155)	(165)	(276)
Net gains (losses) from investment activities	(18)	10	85	(198)
Administration fees	313	233	487	440
Transaction costs	1,278	—	1,436	—
Amortization of intangible assets	140	199	280	398
Interest and other credit facility expenses	1,403	766	2,657	1,527
General, administrative and other	422	930	3,378	1,835
Fee Related Earnings	\$ 1,509	\$ 1,435	\$ 2,882	\$ 3,333

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

(2) Represents net for asset income management operating segment.

Insurance

Total Revenue – Insurance

(\$ in Thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Insurance service result	\$ (8,728)	\$ (5,638)	\$ (13,689)	\$ (11,755)
Net investment income	21,349	11,979	41,571	22,831
Net gains (losses) from investment activities	1,568	(49,469)	4,177	(86,570)
Realized and unrealized gains (losses) on embedded derivative — funds withheld	(4,679)	20,329	(12,363)	37,061
Other income	157	1,844	157	2,677
Total revenue — net of insurance services expenses and net expenses from reinsurance	\$ 9,667	\$ (20,955)	\$ 19,853	\$ (35,756)

Liquidity and Capital Resources

As of June 30, 2023, the asset management segment of the Company had \$58.5 million (par value) of borrowings outstanding, of which \$26.9 million had a fixed rate and \$31.6 million had a floating rate. This balance was comprised of \$31.6 million of outstanding borrowings under a credit facility of a wholly-owned subsidiary of the Company, \$15.0 million of seller notes due 2031 relating to the acquisition of Ability, \$7.9 million borrowed by Lind Bridge L.P., a limited partnership of which the Company is, directly and indirectly, the sole limited partner and sole general partner, which is due 2029, and \$4.0 million of seller notes from the acquisition of certain assets from Capitala Investment Advisors, LLC due 2025. Additionally, in the quarter ended June 30, 2023, the insurance segment of the Company had \$2.25 million (par value) of surplus debentures from Sentinel Security Life Insurance Company, which was extended in the quarter and now matures in the second quarter of 2028. 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 June 30, 2023, and December 31, 2022, the total liquid assets of the Company were as follows:

(\$ in Thousands)

As at		June 30, 2023		December 31, 2022
Cash and cash equivalents	\$	110,176	\$	65,898
Investments		682,273		692,693
Management fee receivable		2,292		1,390
Receivable for investments sold		-		1,249
Accrued investment income		17,511		15,883
Total liquid assets	\$	812,252	\$	777,113

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 of June 30, 2023, the Company has working capital of \$235.3 million, reflecting current assets of \$248.3 million, offset by current liabilities of \$13.0 million, as compared with working capital of \$179.6 million as at March 31, 2023, reflecting current assets of \$199.7 million, offset by current liabilities of \$20.1 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.

Interest Rate Risk

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 holds a debt obligation subject to variable interest rates, which partially mitigates it to cash flow interest rate risk.

The following table summarizes the potential annualized impact on net income of hypothetical base rate changes in interest rates on our debt investments and debt

obligations assuming a parallel shift in the yield curve, with all other variables remaining constant.

(\$ in Thousands)

As at		June 30, 2023	December 31, 2022
50 basis point increase ⁽¹⁾	\$	(2,503)	\$ (2,843)
50 basis point decrease ⁽¹⁾		2,503	2,843

(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.

Conference Call

The Company will hold a conference call on Friday, August 11, 2023, at 11:00 a.m. Eastern Time to discuss the second quarter 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: 663664

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 transition of Ovation personnel to Mount Logan; 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 including through the Company's minority investments, 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 the Company may not be successful in continuing to integrate the business of Ability without significant use of the Company's resources and management's attention; the risk that Ability may require a significant investment of capital and other resources in order to expand and grow the business; the Company does not have a record of operating an insurance solutions business and is subject to all the risks and uncertainties associated with a broadening of the Company's business; the risk that the expected synergies of the acquisition of Ovation may not be realized as expected; the risk that the Company may not be successful in integrating the business of Ovation without significant use of the Company's resources and management's attention 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.

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

As at	June 30, 2023	December 31, 2022
ASSETS		
<i>Asset Management:</i>		
Cash	\$ 4,342	\$ 1,525
Restricted cash	54	53
Due from affiliates	—	12
Investments	28,360	30,605
Intangible assets	21,221	21,501
Other assets	6,790	4,792
Total assets — asset management	60,767	58,488
<i>Insurance:</i>		

Cash and cash equivalents	105,834	64,373
Investments in financial assets	919,724	884,627
Reinsurance contract assets	461,908	455,115
Intangible assets	2,444	2,444
Goodwill	55,015	55,015
Other assets	23,176	24,178
Total assets — insurance	1,568,101	1,485,752
Total assets	\$ 1,628,868	\$ 1,544,240
LIABILITIES		
Asset Management		
Due to affiliates	\$ 8,809	\$ 1,110
Debt obligations	57,082	53,172
Contingent value rights	299	3,003
Accrued expenses and other liabilities	2,527	2,583
Total liabilities — asset management	68,717	59,868
Insurance		
Debt obligations	2,250	2,250
Insurance contract liabilities	1,126,617	1,073,251
Investment contract liabilities	158,670	89,358
Funds held under reinsurance contracts	237,451	231,839
Accrued expenses and other liabilities	2,903	25,404
Total liabilities — insurance	1,527,891	1,422,102
Total liabilities	1,596,608	1,481,970
EQUITY		
Common shares	108,809	108,055
Warrants	1,129	1,129
Contributed surplus	7,240	7,240
Surplus (Deficit)	(63,060)	(32,296)
Cumulative translation adjustment	(21,858)	(21,858)
Total equity	32,260	62,270
Total liabilities and equity	\$ 1,628,868	\$ 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)

	Three months ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
REVENUE				
Asset management				
Management fee	\$ 2,146	\$ 1,241	\$ 3,383	\$ 2,626
Equity investment earning	452	305	920	813

Interest income	271	330	539	640
Dividend income	109	155	165	276
Net gains (losses) from investment activities	18	(9)	(85)	200
Total revenue — asset management	2,996	2,022	4,922	4,555
Insurance				
Insurance revenue	22,015	23,859	43,820	47,651
Insurance service expenses	(22,702)	(24,864)	(44,388)	(48,184)
Net expenses from reinsurance contracts held	(8,041)	(4,633)	(13,121)	(11,222)
Insurance service result	(8,728)	(5,638)	(13,689)	(11,755)
Net investment income	21,349	11,979	41,571	22,831
Net gains (losses) from investment activities	1,568	(49,469)	4,177	(86,570)
Realized and unrealized gains (losses) on embedded derivative — funds withheld	(4,679)	20,329	(12,363)	37,061
Other income	157	1,844	157	2,677
Total revenue, net of insurance service expenses and net expenses from reinsurance contracts held — insurance	9,667	(20,955)	19,853	(35,756)
Total revenue	12,663	(18,933)	24,775	(31,201)
EXPENSES				
Asset management				
Administration and servicing fees	897	23	1,388	222
Transaction costs	1,278	—	1,436	—
Amortization of intangible assets	140	199	280	398
Interest and other credit facility expenses	1,403	766	2,657	1,527
General, administrative and other	2,415	1,790	6,212	3,365
Total expenses — asset management	6,133	2,778	11,973	5,512
Insurance				
Net insurance finance (income) expenses	(1,294)	(32,297)	23,190	(72,744)
Increase (decrease) in investment contract liabilities	1,002	564	2,414	564
(Increase) decrease in reinsurance assets	4,046	—	9,571	—
General, administrative and other	3,679	3,671	7,717	6,108
Total expenses — insurance	7,433	(28,062)	42,892	(66,072)
Total expenses	13,566	(25,284)	54,865	(60,560)
Income (loss) before taxes	(903)	6,351	(30,090)	29,359
Income tax (expense) benefit — asset management	248	(260)	(17)	(344)
Net income (loss) and comprehensive income (loss)	\$ (655)	\$ 6,091	\$ (30,107)	\$ 29,015
Earnings per share				
Basic	\$ (0.03)	\$ 0.27	\$ (1.36)	\$ 1.31
Diluted	\$ (0.03)	\$ 0.27	\$ (1.36)	\$ 1.30
Dividends per common share — USD	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
Dividends per common share — CAD	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02

¹Carrying value of fixed annuity products is amortized at a rate that exactly discounts the projected actual cash flows to the net carrying amount of the liability at the date of issue.



Source: Mount Logan Capital Inc.