



NEWS RELEASE

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

TORONTO, November 9, 2021 – Mount Logan Capital Inc. (NEO: MLC) (“Mount Logan,” “our,” “we,” or the “Company”) announces its financial results for the third quarter ended September 30, 2021. All amounts are stated in United States dollars, unless otherwise indicated.

Third Quarter Highlights:

- Total investment income increased 92% from \$1.4 million for the three months ended June 30, 2021 to \$2.7 million for the three months ended September 30, 2021 and increased 179% for the comparable period in 2020. Management fees and interest income represents 70% of total investment income, generated from our CLO Platform, Alt-CIF Interval Fund, Logan Ridge Finance Corporation and our minority interest in Sierra Crest Investment Management LLC.
- Successfully completed our transaction to become the investment advisor of Logan Ridge Finance Corporation (formerly Capitala Finance Corp.) and acquired a strategic minority interest in Crown Private Credit Partners.
- 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 December 23, 2021 to shareholders of record on November 22, 2021.
- Subsequent to the quarter, we completed our acquisition of Ability Insurance Company providing a new platform for growth for the Company.

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, “We had another active quarter highlighted by strong third quarter results and a positive developments on the M&A front. In regards to our results, Mount Logan’s revenue attributable to management fees and other asset management activities continues to grow. On the M&A side, since quarter end, we completed our acquisition of Ability Insurance Company which represents a monumental step in scaling Mount Logan, expanding the asset management side of our business, and diversifying into insurance solutions. We look forward to the integration of Ability into Mount Logan and continuing to grow our AUM in the fast-growing area of insurance.”

Update on Operations

Acquisition of Ability Insurance Company

On October 29, 2021, the Company completed its previously announced acquisition of 100% of the equity of Ability Insurance Company (“Ability”) for a purchase price of \$20 million (the “Purchase Consideration”) comprised of the issuance of an unsecured promissory note in the amount of \$15 million and \$5 million of common shares (“Shares”) of Mount Logan. An aggregate of 1,579,671 Shares at a price of C\$3.92 per Share, being the 20-day volume-weighted average price as of October 21, 2021, were issued by Mount Logan in satisfaction of the \$5 million of share consideration forming part of the Purchase Consideration.

Mount Logan’s wholly-owned subsidiary, Mount Logan Management LLC (“ML Management”) has now been engaged as an investment adviser for a meaningful portion of Ability’s assets, increasing ML Management’s assets under management (“AUM”).

The acquisition of Ability by Mount Logan combines two products that Mount Logan believes are, and will continue to be, in high demand – insurance solutions and asset management. The stronger capital base and alignment will allow Mount



Logan to scale asset and liability origination for the benefit of Ability's policyholders as well as Mount Logan and its shareholders.

Logan Ridge Finance Corporation

In connection with the July 1, 2021 acquisition by ML Management of certain assets from Capitala Investment Advisors, LLC ("CIA") pursuant to which ML Management became the investment adviser of Logan Ridge Finance Corporation (formerly Capitala Finance Corporation), on October 29, 2021, the Company issued to CIA an aggregate of 1,258,931 Shares at a price of C\$3.93 per Share, being the 15-day volume-weighted average price as of October 21, 2021, in satisfaction of a payment of \$4.0 million representing a portion of the deferred purchase price payable pursuant to the asset purchase agreement with CIA.

Results of Operations – Three months ended September 30, 2021

Total investment income for the three months ended September 30, 2021 was \$2.7 million as compared to \$1.0 million for the three months ended September 30, 2020. In the third quarter, our previously announced transactions generated the following:

- Logan Ridge – \$1.1 million in management fees
- 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 – \$0.4 million in equity earnings

Total expenses for the three months ended September 30, 2021 were \$3.1 million, of which \$0.2 million was a non-cash amortization expense, as compared to total expenses of \$0.9 million for the three months ended September 30, 2020. The Company incurred \$0.5 million in costs related to strategic transactions.

Portfolio and Investment Activity

The carrying value of our portfolio was \$67.5 million as of September 30, 2021 (excluding Cline). The composition of our investment portfolio at September 30, 2021 and December 31, 2020 at carrying value (in each case, excluding Cline) was as follows:

	September 30, 2021		December 31, 2020	
	Carrying value	% of total	Carrying value	% of total
Senior Secured Loans	\$ 33,873	50.2%	\$ 21,761	52.7%
Alt-CIF Related Investment	12,504	18.5%	12,504	30.3%
Minority Stake in Sierra Crest	9,286	13.8%	7,000	17.0%
Equity	11,853	17.5%	—	0.0%
	\$ 67,516	100.0%	\$ 41,265	100.0%

For the three months ended September 30, 2021, the Company recorded \$0.1 million in net realized gains on portfolio dispositions and \$0.3 million in unrealized depreciation on its investment portfolio.

Liquidity and Capital Resources

At September 30, 2021, we had cash and restricted cash of \$4.0 million, total assets of \$103.2 million and shareholders' equity of \$48.5 million. Our net asset value per common share was \$2.51. On August 20, 2021, the Company, through its wholly-owned subsidiary, MLC US Holdings LLC, entered into a credit agreement with a large US-based asset manager, as administrative agent and collateral agent for the lenders, in respect of a term loan for an initial amount of up to \$25.0 million.



Our consolidated interim financial statements for the nine months ended September 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 December 23, 2021 to shareholders of record on November 22, 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 Friday, November 12, 2021 at 11:30 a.m. Eastern Time to discuss our third 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 and insurance solutions company that is focused on public and private debt securities in the North American market and the reinsurance of annuity products. 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 September 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", "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, the benefits of the acquisition of Ability to the Company; the use by the Company of Ability as a platform to grow its business; the continued market demand for insurance solutions and asset management; the ability of Mount Logan to scale asset and liability origination following completion of the acquisition of Ability; Mount Logan's plans to decrease Ability's long-term care exposure and replace and grow assets by focusing the business on the reinsurance of annuity products; the continued growth of the Company's revenue attributable to management fees and other asset management activities; the growth of the Company's AUM; 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; and 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 Ability may not generate recurring asset management fees 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 integrating 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 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.



MOUNT LOGAN
CAPITAL

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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)

	September 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Investments	\$ 62,257	\$ 38,219
Investment in associates	9,286	7,000
Cash	2,140	6,658
Restricted cash	1,841	17,620
Receivable for investments sold	—	15,840
Deferred tax assets	3,494	1,716
Intangible assets	22,259	3,496
Other assets	1,944	436
Total assets	\$ 103,221	\$ 90,985
LIABILITIES		
Debt	\$ 35,561	\$ 39,412
Seller note	4,000	—
Payable for investments purchased	5,750	988
Due to affiliates	2,235	403
Payable for equity units purchased	548	1,536
Contingent value rights	4,162	3,954
Other liabilities	2,452	1,514
Total liabilities	54,708	47,807
SHAREHOLDERS' EQUITY		
Share capital	99,091	93,480
Warrants	1,129	1,086
Contributed surplus	7,240	7,240
Deficit	(37,089)	(36,770)
Cumulative translation adjustment	(21,858)	(21,858)
Total shareholders' equity	48,513	43,178
Total liabilities and shareholders' equity	\$ 103,221	\$ 90,985
Common shares issued and outstanding	19,351,593	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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
REVENUE				
Interest income	\$ 795	\$ 763	\$ 2,254	\$ 2,400
Dividend income	15	208	152	579
Management fee and other income	1,902	—	3,052	—
Total revenue	2,712	971	5,458	2,979
EXPENSES				
Administration fees	278	188	822	468
Transaction costs	500	—	1,005	—
Amortization of intangible assets	202	—	588	—
Interest and other credit facility expenses	965	414	1,517	1,582
Professional fees	564	115	1,387	543
Compensation	59	57	183	167
Other expenses	544	102	755	346
Total expenses	3,112	876	6,257	3,106
Net income (loss)	(400)	95	(799)	(127)
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain on investments	108	(41)	315	69
Net realized gain on foreign currency	17	(42)	26	(46)
Net change in unrealized appreciation (depreciation) on investments	300	1,261	445	(952)
Net change in unrealized gain on foreign currency	48	(3)	48	20
Total net realized and unrealized gain (loss)	473	1,175	834	(909)
Gain (loss) and comprehensive gain (loss) before income tax	73	1,270	35	(1,036)
Income tax recovered (expense)	406	—	509	—
Income (loss) and comprehensive income (loss)	\$ 479	\$ 1,270	\$ 544	\$ (1,036)
Income (loss) per share – basic	\$ 0.03	\$ 0.12	\$ 0.03	\$ (0.10)
Income (loss) per share – diluted	\$ 0.02	\$ 0.12	\$ 0.03	\$ (0.10)