



NEWS RELEASE

Mount Logan Capital Inc. Reports 2021 Annual Results; Declares Shareholder Distribution

TORONTO, March 22, 2022 – Mount Logan Capital Inc. (NEO: MLC) (“Mount Logan,” “our,” “we,” or the “Company”) announces its financial results for the fourth quarter and year ended December 31, 2021. All amounts are stated in United States dollars, unless otherwise indicated.

Highlights:

- In the fourth quarter, Mount Logan completed its acquisition of Ability Insurance Company (“Ability”), a Nebraska domiciled insurer and reinsurer of long-term care policies.
- Total revenue for the year ended December 31, 2021 was \$11.6 million, an increase from \$3.5 million or 231% for the year ended December 31, 2020.
- Net income for the year ended December 31, 2021 was \$28.7 million, an increase from \$(2.8) million for the year ended December 31, 2020.
- Shareholders' equity as at December 31, 2021 of \$85.3 million, an increase from \$43.2 million or 98% as at December 31, 2020;
- Basic earnings per share for the year ended December 31, 2021 was \$1.55¹, an increase from \$(0.24) for the year ended December 31, 2020.
- Aggregate dividend of CAD\$0.08 per common share declared and paid during the year ended December 31, 2021, consistent with prior year.

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, “2021 was another eventful year and we are very pleased with the performance the Company and our strategic transactions that expanded Mount Logan into an asset management and insurance platform. The Company successfully diversified its business from interest income to recurring management fees that we expect to continue growing over the course of 2022. Our integration of Ability has been progressing rapidly since close and we expect to grow via ramping the reinsurance of fixed annuities over the next year. We look forward to making continued progress in 2022 as we continue to assess strategic transactions that will grow our asset management and insurance business.”

Update on Operations

Ability

On October 29, 2021, the Company completed the acquisition of 100% of the equity of Ability. Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies that is unique 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. As part of the acquisition, the Company invested \$10.0 million of capital into Ability to strengthen Ability's balance sheet and launch a platform for the reinsurance of annuities, which is expected to reinsure over \$150.0 million of fixed annuities in 2022.

¹ Reflects the non-cash change in insurance contract liabilities and reinsurance assets.



CLO Reset

In December 2021, the Company completed the reset of its 2018-1 collateralized loan obligation ("CLO") which extended the life of the CLO increasing the runway of fee generation for ML Management. Furthermore, in connection with the reset, Mount Logan divested a material portion of the loan portfolio on its balance sheet into the CLO and a subsidiary of the Company fully repaid and terminated its \$60.0 million revolving warehouse facility.

Result of Operations by Segment

The Company considers its business within two operating segments: asset management and insurance.

	Q4 2021	Q3 2021	Change (%)	YTD 2021	YTD 2020	Change (%)
Total revenue						
Asset management	\$ 2,480	\$ 3,185	-22%	\$ 8,772	\$ 3,499	151%
Insurance	2,807	—	NM	2,807	—	NM
Total expenses						
Asset management	5,258	3,112	69%	11,515	5,157	123%
Insurance	(30,810)	—	NM	(30,810)	—	NM
Net income (loss) before income taxes						
Asset management	(2,778)	73	-3905%	(2,743)	(1,658)	65%
Insurance	33,617	—	NM	33,617	—	NM

Asset management

Total revenue of \$2.5 million in the fourth quarter of fiscal 2021 represents a decrease of \$0.7 million quarter-over-quarter primarily related to net losses from investment activities. Total revenue of \$8.8 million for the year ended December 31, 2021 represents an increase of \$5.3 million year-over-year primarily related to the increase in management and servicing fees. Total expenses of \$5.3 million in the fourth quarter of fiscal 2021 represents an increase of \$2.1 million quarter-over-quarter primarily related to professional fees incurred in connection with the expansion of the Company's business into an asset management and insurance platform. Total expenses of \$11.5 million for the year ended December 31, 2021 represents an increase of \$6.4 million year-over-year primarily related to increases in professional fees, transaction costs, interest and credit facility expenses, amortization of intangible assets and administration fees. Net loss of \$2.8 million in the fourth quarter of fiscal 2021 and \$2.7 million for the year ended December 31, 2021 was primarily driven by transaction costs and acquisition integration costs. Adjusted net (loss) income² would have been \$(0.5) million and \$1.5 million in the fourth quarter of fiscal 2021 and the year ended December 31, 2021, respectively, excluding transaction costs, acquisition integration costs, and amortization of acquisition-related intangible assets. The adjusted net loss in the fourth quarter of fiscal 2021 was primarily driven by professional fees incurred in connection with the expansion of the Company's business into an asset management and insurance platform.

Insurance

Analysis of the quarterly insurance segment is not relevant given the acquisition of Ability closed in the fourth quarter of fiscal 2021.

Total revenue of \$2.8 million was primarily due to investment income generated on assets supporting insurance contract liabilities, net of investment activity attributable to collateral under funds withheld reinsurance, partially offset by realized and unrealized investment losses during the period. Total expenses of \$(30.8) million was primarily driven by a decline in insurance contract liabilities during the period, net of the change in reinsurance assets.

² Represents a non-IFRS measure. See the Non-IFRS Financial Measures section in this document and in our Management's Discussion & Analysis for the year ended December 31, 2021 for relevant information about such measures.



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Our audited annual consolidated financial statements for the year ended December 31, 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 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 April 8, 2022 to shareholders of record on March 31, 2022. This is the thirteenth consecutive dividend Mount Logan has paid to its shareholders since closing its plan of arrangement in the fourth quarter of fiscal 2018. 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.

Officer Appointment

On March 22, 2022, the Board appointed Albert Siu as the Company's Chief Accounting Officer.

Outlook for 2022

The Company's financial results in 2022 are expected to reflect continued normalization of operations with investment advisory and insurance operations having a full year of results. We continue to assess strategic transactions that will grow our asset management and insurance business.

Conference Call

We will hold a conference call on Friday, April 1, 2022 at 10:30 a.m. Eastern Time to discuss our 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 Inc." 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 primarily through its wholly-owned subsidiaries Mount Logan Management LLC and Ability Insurance Company. 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 is a Nebraska domiciled insurer and reinsurer of long-term care policies acquired by Mount Logan in the fourth quarter of fiscal 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 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 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, 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; the Company'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 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; 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. *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,*



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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.

For additional information, please contact:

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Consolidated Statement of Financial Position

(in thousands of United States dollars)

As at December 31	2021	2020
ASSETS		
<i>Asset Management:</i>		
Cash	\$ 14,433	\$ 6,658
Restricted cash	135	17,620
Investments	35,209	45,219
Intangible assets	22,060	3,496
Other assets	4,180	17,992
Total assets — asset management	76,017	90,985
<i>Insurance:</i>		
Cash and cash equivalents	29,733	—
Investments	881,170	—
Reinsurance assets	329,902	—
Intangible assets	2,504	—
Goodwill	55,015	—
Other assets	18,970	—
Total assets — insurance	1,317,294	—
Total assets	\$ 1,393,311	\$ 90,985
LIABILITIES		
<i>Asset Management</i>		
Due to affiliates	\$ 3,852	\$ 403
Debt obligations	42,708	39,412
Contingent value rights	4,169	3,954
Accrued expenses and other liabilities	3,916	4,038
Total liabilities — asset management	54,645	47,807
<i>Insurance</i>		
Debt obligations	2,250	—
Insurance contract liabilities	942,865	—
Funds held under reinsurance contracts	291,296	—
Reinsurance liabilities	10,528	—
Accrued expenses and other liabilities	6,421	—
Total liabilities — insurance	1,253,360	—
Total liabilities	1,308,005	47,807
EQUITY		
Common shares	108,055	93,480
Warrants	1,129	1,086
Contributed surplus	7,240	7,240
Deficit	(9,260)	(36,770)
Cumulative translation adjustment	(21,858)	(21,858)
Total equity	85,306	43,178
Total liabilities and equity	\$ 1,393,311	\$ 90,985



Consolidated Statements of Comprehensive Income (loss)

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

Year ended December 31	2021	2020
REVENUE		
Asset management		
Management and servicing fees	\$ 4,741	\$ 65
Interest income	3,179	3,184
Dividend income	187	676
Net gains (losses) from investment activities	665	(426)
Total revenue — asset management	8,772	3,499
Insurance		
Premium income		
Gross premiums	8,573	—
Premiums ceded to reinsurers	(10,963)	—
Net premiums	(2,390)	—
Net investment income	6,532	—
Net gains (losses) from investment activities	(1,811)	—
Realized and unrealized gains (losses) on embedded derivative — funds withheld	(637)	—
Other income	1,113	—
Total revenue — insurance	2,807	—
Total revenue	11,579	3,499
EXPENSES		
Asset management		
Administration fees	1,140	623
Transaction costs	1,977	765
Amortization of intangible assets	787	95
Interest and other credit facility expenses	2,807	2,014
General, administrative and other	4,804	1,660
Total expenses — asset management	11,515	5,157
Insurance		
Policy benefits and claims:		
Gross claims and benefits	18,072	—
Increase (decrease) in insurance contract liabilities	(81,192)	—
Benefits and expenses ceded to reinsurers	(16,515)	—
(Increase) decrease in reinsurance assets	46,451	—
Net policy benefits and claims	(33,184)	—
Administration fees	1,354	—
Interest expense	56	—
Insurance expenses	579	—
Other expenses	385	—
Total expenses — insurance	(30,810)	—
Total expenses	(19,295)	5,157
Income (loss) before taxes	30,874	(1,658)
Income tax (expense) benefit — asset management	(2,144)	(1,147)
Income tax (expense) benefit — insurance	—	—
Net income (loss) and comprehensive income (loss)	\$ 28,730	\$ (2,805)
Earnings per share		
Basic	\$ 1.55	\$ (0.24)
Diluted	\$ 1.54	\$ (0.24)
Dividends per common share — USD	\$ 0.06	\$ 0.06
Dividends per common share — CAD	\$ 0.08	\$ 0.08