



## NEWS RELEASE

# Mount Logan Capital Inc. Reports June 2022 Interim Results; Declares Shareholder Distribution

**TORONTO, August 10, 2022** – Mount Logan Capital Inc. (NEO: MLC) (“Mount Logan,” “our,” “we,” or the “Company”) announces its financial results for the three and six months ended June 30, 2022. All amounts are stated in United States dollars, unless otherwise indicated.

### Financial Results Highlights

Second Quarter 2022 Compared With Second Quarter 2021:

- Total revenue for the three months ended June 30, 2022 was \$2.3 million in the asset management segment, an increase from \$1.4 million or 62% for the three months ended June 30, 2021.
- Total revenue for the three months ended June 30, 2022 was \$3.4 million in the insurance segment, primarily driven by new premium growth as a result of the Company's reinsurance of multi-year guaranteed annuities ("MYGA").
- Basic earnings per share for the three months ended June 30, 2022 was \$0.40<sup>(1)</sup>, an increase from \$(0.01) for the three months ended June 30, 2021.

Year-to-Date 2022 Compared With Year-to-Date 2021:

- Total revenue for the six months ended June 30, 2022 was \$5.0 million in the asset management segment, an increase from \$3.1 million or 60% for the six months ended June 30, 2021.
- Total revenue for the six months ended June 30, 2022 was \$(8.6) million in the insurance segment, primarily driven by mark-to-market movement as a result of increases in market interest rates partially offset by new premium growth.
- Basic earnings per share for the six months ended June 30, 2022 was \$(0.34)<sup>(1)</sup>, a decrease from \$0.00 for the six months ended June 30, 2021.

<sup>(1)</sup> Reflects the non-cash change in insurance contract liabilities and reinsurance assets.

For the second quarter ended June 30, 2022, the Company recorded net income of \$8.9 million or \$0.40 per basic and diluted share.

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, "We continued to deliver strong financial performance this quarter, driven by growth in both the asset management and insurance segments, while continuing to invest in future growth. During the quarter, we made significant progress in the ramping of the reinsurance of fixed annuities in our insurance business. We remain focused on the growth of our asset management and insurance segments and look forward to making continued progress in the second half of 2022 as we continue to assess strategic transactions that will grow our asset management and insurance business."



## Result of Operations by Segment

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

	Q2 2022	Q1 2022	Change (%)	YTD 2022	YTD 2021	Change (%)
<b>Total revenue</b>						
Asset management	\$ 2,340	\$ 2,618	-11%	\$ 4,958	\$ 3,107	60%
Insurance	3,413	(12,026)	128%	(8,613)	—	NM
<b>Total expenses</b>						
Asset management	3,096	2,819	10%	5,915	3,145	88%
Insurance	(6,490)	4,066	-260%	(2,424)	—	NM
<b>Net income (loss) before income taxes</b>						
Asset management	(756)	(201)	-276%	(957)	(38)	-2418%
Insurance	9,903	(16,092)	162%	(6,189)	—	NM

### Asset management

Total revenue of \$2.3 million in the second quarter of fiscal 2022 represents a decrease of \$0.3 million quarter-over-quarter primarily driven by a decrease net realized gains from the disposal of investments. Year-to-date total revenue of \$5.0 million represents an increase of \$1.9 million year-over-year primarily related to the increase in management and servicing fees. Total expenses of \$3.1 million in the second quarter of fiscal 2022 represents an increase of \$0.3 million quarter-over-quarter primarily related to the expansion of the Company's business. Year-to-date total expenses of \$5.9 million represents an increase of \$2.8 million year-over-year primarily related to increases in professional fees, acquisition integration costs, interest and credit facility expenses, amortization of intangible assets and administration fees. Net loss of \$0.8 million in the second quarter of fiscal 2022 was primarily driven by acquisition integration costs and amortization of acquisition-related intangible assets. Adjusted net (loss) income would have been near breakeven, in the second quarter of fiscal 2022, excluding acquisition integration costs and amortization of acquisition-related intangible assets.

### Insurance

Analysis of the insurance segment to the same period in the prior year is not relevant given the acquisition of Ability closed in the fourth quarter of fiscal 2021.

Total revenue of \$3.4 million and \$(8.6) million for the three months and six months ended June 30, 2022, respectively. The revenue increase quarter over quarter is primarily due to new premium growth as a result of the Company's reinsurance of multi-year guaranteed annuities ("MYGA") which was successfully executed during the second quarter. Revenue during the three and six months ended were partially offset as a result of mark-to-market losses on portions of the investment portfolio as a result of increasing market interest rates. Total expenses of \$(6.5) million and \$(2.4) million for the three months and six months ended June 30, 2022, respectively, were primarily driven by changes in actuarially determined balances.

Our interim consolidated financial statements for the three and six months ended June 30, 2022 and related management's discussion and analysis will be available on the Company's website at [www.mountlogancapital.ca](http://www.mountlogancapital.ca) and on SEDAR ([www.sedar.com](http://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 September 23, 2022 to shareholders of record on August 24, 2022. This is the fifteenth 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)



MOUNT LOGAN  
CAPITAL

---

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.

### **Outlook for 2022**

The Company's financial results in the second-half of 2022 are expected to benefit from the addition of new investment advisory agreements, which will increase our assets under management, and the launch of reinsurance of multi-year guaranteed annuity policies in the insurance segment. We continue to assess strategic transactions that will grow our asset management and insurance business.

### **Conference Call**

We will hold a conference call on Thursday, August 11, 2022 at 10:00 a.m. Eastern Time to discuss our second quarter 2022 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](http://www.mountlogancapital.ca) in the Investor Relations section under Events.

Dial-in Toll Free:	1-833-950-0062
International Dial-in Toll Free:	1-929-526-1599
Access Code:	448913

### **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 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; 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, 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.*



MOUNT LOGAN  
CAPITAL

For additional information, please contact:

Jason Roos  
Chief Financial Officer  
[Jason.Roos@mountlogancapital.ca](mailto:Jason.Roos@mountlogancapital.ca)

Mount Logan Capital Inc.  
365 Bay Street, Suite 800  
Toronto, ON M5H 2V1

## Consolidated Statement of Financial Position

(in thousands of United States dollars)

As at	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Asset Management:</b>		
Cash	\$ 2,827	\$ 14,433
Restricted cash	55	135
Due from affiliates	158	—
Investments	29,273	35,209
Intangible assets	21,662	22,060
Other assets	4,267	4,180
<b>Total assets — asset management</b>	<b>58,242</b>	<b>76,017</b>
<b>Insurance:</b>		
Cash and cash equivalents	36,415	29,733
Investments	851,046	881,170
Reinsurance assets	278,390	329,902
Intangible assets	3,678	2,504
Goodwill	55,015	55,015
Other assets	22,478	18,970
<b>Total assets — insurance</b>	<b>1,247,022</b>	<b>1,317,294</b>
<b>Total assets</b>	<b>\$ 1,305,264</b>	<b>\$ 1,393,311</b>
<b>LIABILITIES</b>		
<b>Asset Management</b>		
Due to affiliates	\$ 597	\$ 3,852
Debt obligations	41,885	42,708
Contingent value rights	3,149	4,169
Accrued expenses and other liabilities	1,513	3,916
<b>Total liabilities — asset management</b>	<b>47,144</b>	<b>54,645</b>
<b>Insurance</b>		
Debt obligations	2,250	2,250
Insurance contract liabilities	867,337	942,865
Investment contract liabilities	51,777	—
Funds held under reinsurance contracts	240,789	291,296
Reinsurance liabilities	10,521	10,528
Accrued expenses and other liabilities	8,323	6,421
<b>Total liabilities — insurance</b>	<b>1,180,997</b>	<b>1,253,360</b>
<b>Total liabilities</b>	<b>1,228,141</b>	<b>1,308,005</b>
<b>EQUITY</b>		
Common shares	108,055	108,055
Warrants	1,129	1,129
Contributed surplus	7,240	7,240
Deficit	(17,443)	(9,260)
Cumulative translation adjustment	(21,858)	(21,858)
<b>Total equity</b>	<b>77,123</b>	<b>85,306</b>
<b>Total liabilities and equity</b>	<b>\$ 1,305,264</b>	<b>\$ 1,393,311</b>



## Consolidated Statements of Comprehensive Income (loss)

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

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>REVENUE</b>				
<b>Asset management</b>				
Management and servicing fees	\$ 1,864	\$ 584	\$ 3,842	\$ 1,150
Interest income	330	807	640	1,459
Dividend income	155	25	276	137
Net gains (losses) from investment activities	(9)	26	200	361
<b>Total revenue — asset management</b>	<b>2,340</b>	<b>1,442</b>	<b>4,958</b>	<b>3,107</b>
<b>Insurance</b>				
Premium income				
Gross premiums	35,483		48,778	—
Premiums ceded to reinsurers	(16,753)		(33,390)	—
Net premiums	18,730	—	15,388	—
Net investment income	11,979		22,831	
Net gains (losses) from investment activities	(49,469)		(86,570)	
Realized and unrealized gains (losses) on embedded derivative — funds withheld	20,329		37,061	
Other income	1,844		2,677	
<b>Total revenue — insurance</b>	<b>3,413</b>	<b>—</b>	<b>(8,613)</b>	<b>—</b>
<b>Total revenue</b>	<b>5,753</b>	<b>1,442</b>	<b>(3,655)</b>	<b>3,107</b>
<b>EXPENSES</b>				
<b>Asset management</b>				
Administration fees	341	302	625	544
Transaction costs	—	389	—	505
Amortization of intangible assets	199	196	398	386
Interest and other credit facility expenses	766	237	1,527	552
General, administrative and other	1,790	693	3,365	1,158
<b>Total expenses — asset management</b>	<b>3,096</b>	<b>1,817</b>	<b>5,915</b>	<b>3,145</b>
<b>Insurance</b>				
Policy benefits and claims:				
Gross claims and benefits	28,176		54,801	
Increase (decrease) in insurance contract liabilities	(65,290)		(75,527)	
Increase (decrease) in investment contract liabilities	564		564	
Benefits and expenses ceded to reinsurers	(25,213)		(49,528)	
(Increase) decrease in reinsurance assets	50,221		58,721	
Net policy benefits and claims	(11,542)	—	(10,969)	—
Administration fees	1,978		3,889	
Interest expense	56		56	
Insurance expenses	1,381		2,437	
Other expenses	1,637		2,163	
<b>Total expenses — insurance</b>	<b>(6,490)</b>	<b>—</b>	<b>(2,424)</b>	<b>—</b>
<b>Total expenses</b>	<b>(3,394)</b>	<b>1,817</b>	<b>3,491</b>	<b>3,145</b>
<b>Income (loss) before taxes</b>	<b>9,147</b>	<b>(375)</b>	<b>(7,146)</b>	<b>(38)</b>
Income tax (expense) benefit — asset management	(260)	171	(344)	103
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 8,887</b>	<b>\$ (204)</b>	<b>\$ (7,490)</b>	<b>\$ 65</b>
<b>Earnings per share</b>				
Basic	\$ 0.40	\$ (0.01)	\$ (0.34)	\$ 0.00
Diluted	\$ 0.40	\$ (0.01)	\$ (0.34)	\$ 0.00
<b>Dividends per common share — USD</b>	<b>\$ 0.02</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>
<b>Dividends per common share — CAD</b>	<b>\$ 0.02</b>	<b>\$ 0.02</b>	<b>\$ 0.04</b>	<b>\$ 0.04</b>