

## NEWS RELEASE

# Mount Logan Capital Inc. Completes Previously Announced Acquisition of Ability Insurance Company and Transaction Related Issuance of Shares

*All amounts are stated in United States dollars, unless otherwise indicated.*

**TORONTO, November 1, 2021** – Mount Logan Capital Inc. (NEO: MLC) (“Mount Logan,” “our,” “we,” or the “Company”) announces that it has 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 (the “Transaction”). 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 transaction has been approved by both the Nebraska Department of Insurance as well as the Neo Exchange Inc.

Ability is a Nebraska domiciled insurer and reinsurer of long-term care policies with approximately \$900 million of invested statutory assets as of June 30, 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. The Seller (as defined below) has also provided certain protections that increase the credit quality of Ability’s investment portfolio and limit risk associated with Ability’s long-term care liabilities. As part of the Transaction, the Purchase Consideration has been pledged to Ability to support Ability’s investment portfolio. As part of the Transaction, Mount Logan has invested \$10 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 \$150 million of fixed annuities within six to twelve months. Anna Elliott and David Charsky, current members of the Ability management team, will continue to lead the business following the closing of the Transaction as President and Vice President of Finance & Treasurer, respectively.

The acquisition of Ability by Mount Logan combines two companies providing products and services 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.

Ted Goldthorpe, Chief Executive Officer and Chairman of Mount Logan, noted, “The completion of our transaction with Ability 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 continuing to grow our AUM in the fast-growing area of insurance, and more specifically, the reinsurance of annuities. In addition, we are pleased to welcome Anna Elliott and David Charsky to the Mount Logan family. The transaction is beneficial for Ability’s policyholders, is highly strategic for Mount Logan, and will be used as a growth platform.”

Mount Logan acquired Ability from Advantage Capital Holdings, LLC (the “Seller”), an insurance and financial business platform. 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 \$10 million investment in Ability at close was funded by an \$8.5 million draw on an existing \$25 million corporate credit facility of a subsidiary of Mount Logan and existing cash on the balance sheet.



Separately, in connection with the Company's previously announced transaction completed on July 1, 2021 where ML Management acquired certain assets from Capitala Investment Advisors, LLC ("CIA") and became the investment adviser of Logan Ridge Finance Corporation (formerly Capitala Finance Corp.), Mount Logan issued approximately \$4.0 million of Shares to CIA in satisfaction of a portion of the deferred purchase price payable pursuant to the asset purchase agreement with 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, were issued to CIA.

### **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.

### **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 Transaction to the Company and its shareholders and the policyholders of Ability; 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 Transaction; Mount Logan's plans to decrease Ability's long-term care exposure and replace and grow assets by focusing the business on attractive annuity products; the retention of key members of management of Ability post-closing of the Transaction; 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.

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