



# LOGAN RIDGE

FINANCE CORPORATION™

## Logan Ridge Finance Corporation Reports Second Quarter 2021 Earnings Results

August 16, 2021

### Company to Host Quarterly Conference Call at 11:00AM ET Today

NEW YORK, Aug. 16, 2021 (GLOBE NEWSWIRE) -- Logan Ridge Finance Corporation ("LRFC" or the "Company") (NASDAQ: LRFC) today announced its financial results for the second quarter of 2021.

#### Previously Announced Adviser Transition

On April 21, 2021, the Company announced it had entered into an agreement to transition to a new investment adviser, Mount Logan Management LLC ("Mount Logan"), a wholly-owned subsidiary of Mount Logan Capital Inc. ("MLC"), both affiliates of BC Partners Advisors L.P. ("BC Partners") for U.S. regulatory purposes. The transition was approved at a special meeting of the Company's stockholders held on May 27, 2021 and was completed on July 1, 2021.

#### Second Quarter 2021 Overview

- Net asset value per share of \$41.96 at June 30, 2021, compared to \$44.74 at March 31, 2021.
- Repaid \$71.0 million of SBA-guaranteed debentures and relinquished the corresponding SBIC license.
- Total debt-to-equity of 1.3x at June 30, 2021, compared to 1.6x at March 31, 2021 and 2.0x at December 31, 2020.
- As of June 30, 2021, the Company's investment portfolio consisted of investments in 32 portfolio companies with an aggregate fair value of approximately \$228.0 million. The debt investment portfolio, which represented 67.7% of the fair value of the total portfolio, had a yield of approximately 9.9%.
- During the quarter, the Company made approximately \$10.0 million of investments and had approximately \$33.5 million in repayments and sales, resulting in net repayments and sales of approximately \$23.5 million for the period.
- Subsequent to quarter-end, the Company has repaid the KeyBank credit facility in full.

#### Management Commentary

Ted Goldthorpe, Chief Executive Officer and President of LRFC, said, "We are pleased to have successfully completed the investment adviser transition to Mount Logan on July 1<sup>st</sup>. We are actively working to optimize the Company's capital structure and to rotate out of non-income generating investments over time. Longer-term, our objective is to lower operational costs and increase scale, which we believe will enhance value for stockholders."

#### Selected Financial Highlights

Total investment income was \$5.0 million for the second quarter of 2021, compared to \$4.9 million for the first quarter of 2021. Lower interest and fee income was offset primarily by non-recurring dividends received from portfolio companies during the quarter.

Total expenses for the second quarter of 2021 were \$5.0 million, compared to \$5.7 million for the first quarter of 2021. Interest and financing fees decreased by \$0.3 million, management fees decreased by \$0.1 million and other general and administrative costs decreased by \$0.3 million during the quarter.

Net realized gains totaled \$6.1 million (including a loss of \$0.8 million on the extinguishment of the SBA Debentures), or \$2.26 per share, for the second quarter of 2021, compared to net realized losses of \$14.0 million, or \$(5.17) per share, for the first quarter of 2021.

Net change in unrealized depreciation totaled \$13.7 million, or \$(5.06) per share, for the second quarter of 2021, compared to net change in unrealized appreciation of \$27.2 million, or \$10.02 per share, for the first quarter of 2021.

The net decrease in assets resulting from operations was \$7.6 million, or \$(2.79) per share, for the second quarter of 2021, compared to a net increase of \$12.4 million, or \$4.56 per share, for the first quarter of 2021.

As of June 30, 2021, total borrowings outstanding were \$149.9 million. This balance was comprised of \$25.0 million drawn under the KeyBank credit facility, \$72.8 million of 6.0% fixed-rate notes due 2022, and \$52.1 million of 5.75% fixed-rate convertible notes due 2022.

As of June 30, 2021, the Company had debt investments in three portfolio companies on non-accrual status with an aggregate amortized cost of \$21.3 million and an aggregate fair value of \$9.8 million, which represented 9.8% and 4.3% of the Company's investment portfolio, respectively.

### **Conference Call and Webcast**

LRFC will discuss these results in a conference call this morning (Monday, August 16, 2021) at 11:00 a.m. ET.

To access the conference call, please dial (844) 616-4517 approximately 10 minutes prior to the start of the conference call. A replay of the conference call will be available from August 16, 2021 until August 23, 2021. The dial in number for the replay is (855) 859-2056 and the conference ID is 2190603.

A live audio webcast of the conference call can be accessed via the Internet, on a listen-only basis on the Company's website, [loganridgefinance.com](http://loganridgefinance.com), in the Investor Relations section, under Events and Presentations. The webcast can also be accessed by clicking the following link: [Logan Ridge Second Quarter 2021 Conference Call](#). The online archive of the webcast will be available on the Company's website shortly after the call.

### **About Logan Ridge Finance Corporation**

Logan Ridge Finance Corporation (NASDAQ: LRFC) is a business development company that invests primarily in first lien loans and, to a lesser extent, second lien loans and equity securities issued by lower middle market companies. The Company invests in performing, well-established middle market businesses that operate across a wide range of industries. It employs fundamental credit analysis, targeting investments in businesses with relatively low levels of cyclical risk and operating risk. For more information, visit [loganridgefinance.com](http://loganridgefinance.com).

### **About Mount Logan Capital Inc.**

Mount Logan Capital Inc. is an alternative asset management company that is focused on public and private debt securities in the North American market. The Company seeks to source and actively manage loans and other debt-like securities with credit-oriented characteristics. 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.

### **About BC Partners Advisors L.P. and BC Partners Credit**

BC Partners is a leading international investment firm with over \$40 billion of assets under management in private equity, private credit and real estate strategies. Established in 1986, BC Partners has played an active role in developing the European buyout market for three decades. Today, BC Partners executives operate across markets as an integrated team through the firm's offices in North America and Europe. Since inception, BC Partners has completed 117 private equity investments in companies with a total enterprise value of €149 billion and is currently investing its eleventh private equity fund.

BC Partners Credit was launched in February 2017 and has pursued a strategy focused on identifying attractive credit opportunities in any market environment and across sectors, leveraging the deal sourcing and infrastructure made available from BC Partners.

### **Cautionary Statement Regarding Forward-Looking Statements**

This communication contains "forward-looking" statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include those risk factors detailed in the Company's reports filed with the Securities and Exchange Commission ("SEC"), including the Company's annual report on Form 10-K, periodic quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC.

Any forward-looking statements speak only as of the date of this communication. The Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information or developments, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

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### **Logan Ridge Finance Corporation**

### **Consolidated Statements of Assets and Liabilities (in thousands, except share and per share data)**

|  | <u>As of</u>       |                   |
|--|--------------------|-------------------|
|  | <u>June 30,</u>    | <u>December</u>   |
|  | <u>2021</u>        | <u>31, 2020</u>   |
|  | <u>(unaudited)</u> |                   |
| <b>ASSETS</b>  |                    |                   |
| Investments at fair value:   |                    |                   |
| Non-control/non-affiliate investments (amortized cost of \$143,555 and \$187,744, respectively)  | \$ 139,097         | \$ 172,848        |
| Affiliate investments (amortized cost of \$65,163 and \$80,961, respectively)  | 81,659             | 93,425            |
| Control investments (amortized cost of \$8,850 and \$8,947, respectively)  | <u>7,292</u>       | <u>8,419</u>      |
| Total investments at fair value (amortized cost of \$217,568 and \$277,652, respectively)  | 228,048            | 274,692           |
| Cash and cash equivalents  | 26,144             | 49,942            |
| Interest and dividend receivable   | 1,101              | 2,286             |
| Prepaid expenses   | 629                | 1,077             |
| Receivable for unsettled trades  | <u>7,234</u>       | <u>-</u>          |
| Total assets   | <u>\$ 263,156</u>  | <u>\$ 327,997</u> |
| <b>LIABILITIES</b>   |                    |                   |
| SBA-guaranteed debentures (net of deferred financing costs of \$0 and \$485, respectively)   | \$ -               | \$ 90,515         |
| 2022 Notes (net of deferred financing costs of \$556 and \$846, respectively)  | 72,277             | 71,987            |
| 2022 Convertible Notes (net of deferred financing costs of \$362 and \$552, respectively)  | 51,726             | 51,536            |
| KeyBank Credit Facility (net of deferred financing costs of \$450 and \$546, respectively)   | 24,550             | (546)             |
| Management and incentive fees payable  | 70                 | 3,842             |
| Interest and financing fees payable  | 778                | 1,688             |
| Accounts payable and accrued expenses  | <u>8</u>           | <u>28</u>         |
| Total liabilities  | <u>\$ 149,409</u>  | <u>\$ 219,050</u> |
| Commitments and contingencies (Note 2)   |                    |                   |
| <b>NET ASSETS</b>  |                    |                   |
| Common stock, par value \$0.01, 100,000,000 common shares authorized, 2,711,068 and 2,711,068 common shares issued and outstanding, respectively | \$ 27              | \$ 27             |
| Additional paid in capital   | 229,481            | 229,481           |
| Total distributable loss   | <u>(115,761)</u>   | <u>(120,561)</u>  |
| Total net assets   | <u>\$ 113,747</u>  | <u>\$ 108,947</u> |
| Total liabilities and net assets   | <u>\$ 263,156</u>  | <u>\$ 327,997</u> |
| Net asset value per share  | \$ 41.96           | \$ 40.19          |

**Logan Ridge Finance Corporation**  
**Consolidated Statements of Operations**  
(in thousands, except share and per share data)  
(unaudited)

|  | <u>For the Three Months Ended</u> |              | <u>For the Six Months Ended June</u> |               |
|--|-----------------------------------|--------------|--------------------------------------|---------------|
|  | <u>June 30,</u>                   |              | <u>30,</u>                           |               |
|  | <u>2021</u>                       | <u>2020</u>  | <u>2021</u>                          | <u>2020</u>   |
| <b>INVESTMENT INCOME</b>                           |                                   |              |                                      |               |
| Interest and fee income:                           |                                   |              |                                      |               |
| Non-control/non-affiliate investments              | \$ 3,073                          | \$ 4,693     | \$ 6,269                             | \$ 9,400      |
| Affiliate investments                              | 1,188                             | 1,632        | 2,494                                | 3,311         |
| Control investments                                | <u>98</u>                         | <u>103</u>   | <u>196</u>                           | <u>206</u>    |
| Total interest and fee income                      | 4,359                             | 6,428        | 8,959                                | 12,917        |
| Payment-in-kind interest and dividend income:      |                                   |              |                                      |               |
| Non-control/non-affiliate investments              | 24                                | 378          | 95                                   | 714           |
| Affiliate investments                              | <u>99</u>                         | <u>188</u>   | <u>198</u>                           | <u>368</u>    |
| Total payment-in-kind interest and dividend income | 123                               | 566          | 293                                  | 1,082         |
| Dividend income:                                   |                                   |              |                                      |               |
| Non-control/non-affiliate investments              | 560                               | -            | 560                                  | -             |
| Affiliate investments                              | <u>-</u>                          | <u>-</u>     | <u>155</u>                           | <u>25</u>     |
| Total dividend income                              | 560                               | -            | 715                                  | 25            |
| Interest income from cash and cash equivalents     | <u>2</u>                          | <u>5</u>     | <u>3</u>                             | <u>49</u>     |
| Total investment income                            | <u>5,044</u>                      | <u>6,999</u> | <u>9,970</u>                         | <u>14,073</u> |

## EXPENSES

|                                     |              |              |               |               |
|-------------------------------------|--------------|--------------|---------------|---------------|
| Interest and financing expenses     | 2,728        | 4,885        | 5,765         | 8,711         |
| Base management fee                 | 1,272        | 1,666        | 2,670         | 3,423         |
| Administrative service fees         | 350          | 350          | 700           | 700           |
| General and administrative expenses | 660          | 707          | 1,584         | 1,861         |
| Total expenses                      | <u>5,010</u> | <u>7,608</u> | <u>10,719</u> | <u>14,695</u> |

|                              |           |              |              |              |
|------------------------------|-----------|--------------|--------------|--------------|
| NET INVESTMENT INCOME (LOSS) | <u>34</u> | <u>(609)</u> | <u>(749)</u> | <u>(622)</u> |
|------------------------------|-----------|--------------|--------------|--------------|

## REALIZED AND UNREALIZED LOSS (GAIN) ON INVESTMENTS

## Net realized gain (loss) on investments:

|   |          |              |          |              |
|---|----------|--------------|----------|--------------|
| Non-control/non-affiliate investments   | 4,732    | (14,142)     | (9,291)  | (13,174)     |
| Affiliate investments                   | 2,215    | 1,341        | 2,215    | 1,341        |
| Control investments                     | <u>-</u> | <u>(484)</u> | <u>-</u> | <u>(484)</u> |
| Net realized gain (loss) on investments | 6,947    | (13,285)     | (7,076)  | (12,317)     |

## Net unrealized (depreciation) appreciation investments:

|   |                 |               |                |                 |
|---|-----------------|---------------|----------------|-----------------|
| Non-control/non-affiliate investments                     | (12,774)        | 16,993        | 10,438         | (11,532)        |
| Affiliate investments                                     | 60              | (1,003)       | 4,032          | (14,731)        |
| Control investments                                       | <u>(1,006)</u>  | <u>1,004</u>  | <u>(1,030)</u> | <u>(138)</u>    |
| Net unrealized (depreciation) appreciation on investments | <u>(13,720)</u> | <u>16,994</u> | <u>13,440</u>  | <u>(26,401)</u> |

|  |                |              |              |                 |
|--|----------------|--------------|--------------|-----------------|
| Total net realized and unrealized (loss) gain on investments | <u>(6,773)</u> | <u>3,709</u> | <u>6,364</u> | <u>(38,718)</u> |
|--|----------------|--------------|--------------|-----------------|

|   |              |          |              |          |
|---|--------------|----------|--------------|----------|
| Net realized loss on extinguishment of debt | <u>(815)</u> | <u>-</u> | <u>(815)</u> | <u>-</u> |
|---|--------------|----------|--------------|----------|

## NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

|    |         |    |       |    |       |    |          |
|----|---------|----|-------|----|-------|----|----------|
| \$ | (7,554) | \$ | 3,100 | \$ | 4,800 | \$ | (39,340) |
|----|---------|----|-------|----|-------|----|----------|

NET (DECREASE) INCREASE IN NET ASSETS PER SHARE RESULTING FROM OPERATIONS – BASIC AND DILUTED<sup>(1)</sup>

|    |        |    |      |    |      |    |         |
|----|--------|----|------|----|------|----|---------|
| \$ | (2.79) | \$ | 1.14 | \$ | 1.77 | \$ | (14.53) |
|----|--------|----|------|----|------|----|---------|

WEIGHTED AVERAGE COMMON STOCK OUTSTANDING – BASIC AND DILUTED<sup>(1)</sup>

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 2,711,068 | 2,711,081 | 2,711,068 | 2,707,256 |
|-----------|-----------|-----------|-----------|

DISTRIBUTIONS PAID PER SHARE<sup>(2)</sup>

|    |   |    |   |    |   |    |      |
|----|---|----|---|----|---|----|------|
| \$ | - | \$ | - | \$ | - | \$ | 1.50 |
|----|---|----|---|----|---|----|------|

(1) Basic and diluted shares of the Company's common stock have been adjusted for the three and six months ended June 30, 2020 to reflect the one-for-six reverse stock split effected on August 21, 2020 on a retroactive basis, as described in Note 1.

(2) Dividends paid per share of the Company's common stock have been adjusted for the three and six months ended June 30, 2020 to reflect the one-for-six reverse stock split effected on August 21, 2020 on a retroactive basis, as described in Note 1 to the Company's Consolidated Financial Statements (unaudited), included in the Company's quarterly report on Form 10-Q for the period ended June 30, 2021.

Source: Logan Ridge Finance Corporation