



LOGAN RIDGE

FINANCE CORPORATION™

Logan Ridge Finance Corporation Reports Third Quarter 2021 Earnings Results

November 10, 2021

NEW YORK, Nov. 10, 2021 (GLOBE NEWSWIRE) -- Logan Ridge Finance Corporation ("LRFC" or the "Company") (Nasdaq: LRFC) today announced its financial results for the third quarter of 2021.

Third Quarter 2021 Overview

- The Company received an investment grade credit rating of "BBB-" from Egan-Jones Rating Company.
- Total debt-to-equity of 1.1x as of September 30, 2021, compared to 1.3x as of June 30, 2021, 1.6x as of March 31, 2021 and 2.0x as of December 31, 2020.
- As of September 30, 2021, the Company's investment portfolio consisted of investments in 33 portfolio companies with an aggregate fair value of approximately \$195.4 million. The debt investment portfolio, which represented 69.1% of the fair value of the total portfolio, had a yield of approximately 8.9%.
- During the quarter, the Company made approximately \$33.3 million of investments and had approximately \$64.1 million in repayments and sales, resulting in net repayments and sales of approximately \$30.8 million for the period.
- During the quarter, the Company successfully exited equity investments in three portfolio companies generating \$11.2 million in proceeds that can be redeployed into interest earning investments originated by Mount Logan Management, part of the BC Partners Credit platform. These equity investments were collectively valued at \$10.2 million in the prior quarter.
- Subsequent to quarter end, the Company issued \$50 million in aggregate principal amount of 5.25% Senior Unsecured Notes due 2026.

Management Commentary

Ted Goldthorpe, Chief Executive Officer and President of LRFC, said, "In the third quarter, we made solid progress in repositioning the investment portfolio, improving the Company's capital structure and maintaining our focus on operating expenses. Originations and repayments were active during the quarter, and we expect this pace to continue through the end of year. We are pleased with our progress on deleveraging the balance sheet as well as the successful refinancing of a substantial portion of the Company's long-term notes lowering our overall cost of debt. Over time, we believe each of these initiatives will go toward generating value for stockholders."

Selected Financial Highlights

Total investment income was \$3.4 million for the third quarter of 2021, compared to \$5.0 million for the second quarter of 2021. The decline in interest income was due primarily to lower average outstanding debt investments compared to the prior quarter.

Total expenses for the third quarter of 2021 were \$4.9 million, compared to \$5.0 million for the second quarter of 2021. Interest and financing fees decreased by \$0.4 million, management fees decreased by \$0.2 million and other general and administrative costs increased by \$0.5 million compared to the prior quarter. The decrease in expenses quarter-to-quarter was driven primarily by lower financing costs and lower management fees as a result of a smaller portfolio, partially offset by higher administrative expenses driven primarily by \$0.4 million of one-time accelerated expenses during the third quarter.

Net realized gains totaled \$7.4 million, or \$2.74 per share, for the third quarter of 2021, compared to net realized gains of \$6.9 million, or \$2.26 per share, for the second quarter of 2021.

Net change in unrealized depreciation totaled \$9.4 million, or \$(3.47) per share, for the third quarter of 2021, compared to net change in unrealized depreciation of \$13.7 million, or \$(5.06) per share, for the second quarter of 2021.

The net decrease in assets resulting from operations was \$3.5 million, or \$(1.29) per share, for the third quarter of 2021, compared to a net decrease of \$7.6 million, or \$(2.79) per share, for the second quarter of 2021.

As of September 30, 2021, total borrowings outstanding were \$124.9 million. This balance was comprised of \$72.8 million of 6.0% fixed-rate notes due 2022 and \$52.1 million of 5.75% fixed-rate convertible notes due 2022. There were no outstanding draws on the KeyBank credit facility.

Subsequent to quarter-end, the Company announced the receipt of a “BBB-” investment grade credit rating from Egan-Jones Rating Company and issued \$50 million in aggregate principal amount of 5.25% Senior Unsecured Notes due 2026 in a private placement transaction on October 29, 2021. On November 1, 2021, the Company notified the trustee for the Company’s 6.0% fixed-rate notes due 2022 of its election to redeem \$50 million aggregate principal amount outstanding of these notes. The Company expects the redemption to be completed on December 6, 2021. Following this redemption, \$22.8 million aggregate principal amount of the 6.0% fixed-rate notes due 2022 will remain outstanding

As of September 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 \$9.2 million, which represented 11.0% and 4.7% of the Company’s investment portfolio, respectively.

The composition of our investments as of September 30, 2021 and June 30, 2021 at amortized cost and fair value was as follows (dollars in thousands):

Security Type	September 30, 2021 (Unaudited)			June 30, 2021 (Unaudited)		
	Investments at Amortized Cost	Investments at Fair Value		Investments at Amortized Cost	Investments at Fair Value	
First Lien Debt	126,463	113,854	58.3 %	128,977	115,535	50.7 %
Second Lien Debt	21,055	21,165	10.8 %	38,673	38,772	17.0 %
Equity and Warrants	46,788	60,366	30.9 %	49,918	73,741	32.3 %
Total	\$ 194,306	\$ 195,385	100.0 %	\$ 217,568	\$ 228,048	100 %

Conference Call and Webcast

LRFC will discuss these results in a conference call on Thursday, November 11, 2021 at 9:00 am Eastern Time.

To access the conference call, please dial (844) 616-4517 approximately 10 minutes prior to the start of the conference call and reference the conference ID 7421418. A replay of the conference call will be available from November 11, 2021 until November 18, 2021. The dial in number for the replay is (855) 859-2056 and the conference ID is 7421418.

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, in the Investor Relations section, under Events and Presentations. The webcast can also be accessed by clicking the following link: [Logan Ridge Third 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.

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)

	As of	
	September 30, 2021	December 31, 2020
	(unaudited)	
ASSETS		
Investments at fair value:		
Non-control/non-affiliate investments (amortized cost of \$122,180 and \$187,744, respectively)	\$ 111,553	\$ 172,848
Affiliate investments (amortized cost of \$63,325 and \$80,961, respectively)	76,979	93,425
Control investments (amortized cost of \$8,801 and \$8,947, respectively)	6,853	8,419
Total investments at fair value (amortized cost of \$194,306 and \$277,652, respectively)	195,385	274,692
Cash and cash equivalents	37,386	49,942
Interest and dividend receivable	1,008	2,286
Prepaid expenses	3,588	1,077
Receivable for unsettled trades	3,101	—
Other assets	106	—
Total assets	<u>\$ 240,574</u>	<u>\$ 327,997</u>
LIABILITIES		
SBA-guaranteed debentures (net of deferred financing costs of \$0 and \$485, respectively)	\$ —	\$ 90,515
2022 Notes (net of deferred financing costs of \$407 and \$846, respectively)	72,426	71,987
2022 Convertible Notes (net of deferred financing costs of \$265 and \$552, respectively)	51,823	51,536
KeyBank Credit Facility (net of deferred financing costs of \$402 and \$546, respectively)	(402)	(546)
Management and incentive fees payable	1,181	3,842
Interest and financing fees payable	768	1,688
Accounts payable and accrued expenses	4,517	28
Total liabilities	<u>\$ 130,313</u>	<u>\$ 219,050</u>
Commitments and contingencies		
NET ASSETS		
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	(119,247)	(120,561)
Total net assets	<u>\$ 110,261</u>	<u>\$ 108,947</u>
Total liabilities and net assets	<u>\$ 240,574</u>	<u>\$ 327,997</u>
Net asset value per share	\$ 40.67	\$ 40.19

(in thousands, except share and per share data)
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
INVESTMENT INCOME				
Interest and fee income:				
Non-control/non-affiliate investments	\$ 2,078	\$ 4,407	\$ 8,349	\$ 13,807
Affiliate investments	1,072	1,721	3,565	5,032
Control investments	98	103	293	309
Total interest and fee income	<u>3,248</u>	<u>6,231</u>	<u>12,207</u>	<u>19,148</u>
Payment-in-kind interest and dividend income:				
Non-control/non-affiliate investments	—	220	95	934
Affiliate investments	100	242	298	610
Total payment-in-kind interest and dividend income	<u>100</u>	<u>462</u>	<u>393</u>	<u>1,544</u>
Dividend income:				
Non-control/non-affiliate investments	—	—	560	—
Affiliate investments	24	—	179	25
Total dividend income	<u>24</u>	<u>—</u>	<u>739</u>	<u>25</u>
Interest income from cash and cash equivalents	<u>1</u>	<u>1</u>	<u>3</u>	<u>50</u>
Total investment income	<u>3,373</u>	<u>6,694</u>	<u>13,342</u>	<u>20,767</u>
EXPENSES				
Interest and financing expenses	2,296	3,423	8,061	12,134
Base management fee	1,111	1,565	3,781	4,988
Administrative service fees	200	350	900	1,050
General and administrative expenses	1,276	614	2,859	2,475
Total expenses	<u>4,883</u>	<u>5,952</u>	<u>15,601</u>	<u>20,647</u>
NET INVESTMENT (LOSS) INCOME	<u>(1,510)</u>	<u>742</u>	<u>(2,259)</u>	<u>120</u>
REALIZED AND UNREALIZED LOSS (GAIN) ON INVESTMENTS				
Net realized gain (loss) on investments:				
Non-control/non-affiliate investments	7,426	(12,344)	(1,866)	(25,518)
Affiliate investments	—	—	2,215	1,341
Control investments	—	—	—	(484)
Net realized gain (loss) on investments	<u>7,426</u>	<u>(12,344)</u>	<u>349</u>	<u>(24,661)</u>
Net unrealized (depreciation) appreciation investments:				
Non-control/non-affiliate investments	(6,150)	15,218	4,269	3,686
Affiliate investments	(2,861)	(156)	1,190	(14,887)
Control investments	(391)	(260)	(1,420)	(398)
Net unrealized (depreciation) appreciation on investments	<u>(9,402)</u>	<u>14,802</u>	<u>4,039</u>	<u>(11,599)</u>
Total net realized and unrealized (loss) gain on investments	<u>(1,976)</u>	<u>2,458</u>	<u>4,388</u>	<u>(36,260)</u>
Net realized gain (loss) on extinguishment of debt	<u>—</u>	<u>155</u>	<u>(815)</u>	<u>155</u>
NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (3,486)</u>	<u>\$ 3,355</u>	<u>\$ 1,314</u>	<u>\$ (35,985)</u>
NET (DECREASE) INCREASE IN NET ASSETS PER SHARE RESULTING FROM OPERATIONS – BASIC AND DILUTED	<u>\$ (1.29)</u>	<u>\$ 1.24</u>	<u>\$ 0.48</u>	<u>\$ (13.29)</u>
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING – BASIC AND DILUTED	2,711,068	2,711,068	2,711,068	2,708,532
DISTRIBUTIONS PAID PER SHARE	\$ —	\$ —	\$ —	\$ 1.50

Source: Logan Ridge Finance Corporation