



LOGAN RIDGE

FINANCE CORPORATION™

Logan Ridge Finance Corporation Announces Fourth Quarter and Full Year 2023 Financial Results

March 26, 2024

Reports Strong 2023 Results with Net Investment Income of \$1.43 Per Share, Compared to a Net Investment Loss of \$0.43 Per Share for Year Ended 2022; Total Investment Income Increased to \$20.2 Million as Compared to \$14.9 Million for Year Ended 2022

As Previously Announced, Declared a Distribution of \$0.32 Per Share for the First Quarter of 2024, an Increase of 7% Compared to Prior Quarter; Fourth Consecutive Quarterly Distribution Increase

Total Distributions Paid During 2023 Amount to \$0.96 Per Share

NEW YORK, March 26, 2024 (GLOBE NEWSWIRE) -- Logan Ridge Finance Corporation ("Logan Ridge", "Logan", "LRFC", "Company", "we", "us" or "our") (Nasdaq: LRFC) announced today its financial results for the fourth quarter and full year ended December 31, 2023.

Fourth Quarter 2023 Highlights

- Reported Net Investment Income ("NII") of \$0.6 million or \$0.22 per share (despite reversing \$0.6 million, or \$0.22 per share, of previously accrued income as a result of placing a portfolio company on non-accrual status in the fourth quarter).
- Net asset value decreased to \$33.34 per share as of December 31, 2023 from \$34.78 per share in the as of September 30, 2023.
- The Company made approximately \$14.8 million of investments and had approximately \$9.2 million in repayments and sales of investments, resulting in net deployment of approximately \$5.6 million during the quarter ended December 31, 2023.
- The Company repurchased 5,171 of its outstanding shares of common stock during the quarter ended December 31, 2023, for an aggregate cost of approximately \$0.1 million under the share repurchase program which resulted in \$0.03 per share of NAV accretion.

Full Year 2023 Milestones

- Reported NII of \$3.8 million, or \$1.43 per share, for the year ended December 31, 2023, as compared to a net investment loss of \$1.2 million, or \$0.43 per share, for the year ended December 31, 2022.
- Restored the Company's quarterly distribution during the first quarter of 2023, which has increased each quarter during the year. In total, the Company paid \$0.96 per share in quarterly distributions during 2023.
- As of December 31, 2023, the Company reported undistributed spillover earnings of \$2.6 million, or \$0.97 per share.
- Repurchased 36,667 of the Company's outstanding shares of common stock for an aggregate cost of approximately \$0.8 million under the share repurchase program which resulted in \$0.18 per share of NAV accretion for stockholders.
- Increased the yield on our debt portfolio by 70 basis points compared to the prior year, adding momentum to our earnings.

Subsequent Events

- On March 11, 2024, the Company's Board of Directors authorized a new share repurchase program, whereby the Company may repurchase up to an aggregate of \$5.0 million of its outstanding shares of common stock in the open market. Unless extended or discontinued by the Company's Board of Directors, the repurchase program will terminate on March 31, 2025. The repurchase program may be extended, modified, or discontinued at any time for any reason without prior notice. The repurchase program does not obligate the Company to acquire any specific number of shares, and all repurchases will be made in accordance with SEC Rule 10b-18 and accomplished through a Rule 10b5-1 plan, which sets certain restrictions on the method, timing, price and volume of share repurchases.
- On March 11, 2024, the Company's Board of Directors approved a first quarter distribution of \$0.32 per share payable on April 2, 2024, to stockholders of record as of March 25, 2024.
- On March 11, 2024, Brandon Satoren was appointed by the Board as Chief Financial Officer of the Company, effective April 1, 2024. Mr. Satoren currently serves as the Chief Accounting Officer, Secretary and Treasurer of the Company, and will remain in those roles. Mr. Satoren serves as the Chief Accounting Officer, Secretary, and Treasurer of other registered

investment companies within the broader BC Partners Credit platform, and has over 14 years of experience in the asset management industry.

The Company does not pay cash compensation or provide other benefits directly to Mr. Satoren or to any of its other executive officers. Mr. Satoren is an employee of BC Partners Advisors LP, the indirect sole owner of the Administrator, which is compensated for the services it provides to the Company pursuant to the terms of the Administration Agreement. Pursuant to the Administration Agreement, the Company makes payments equal to an amount that reimburses the Administrator for its costs and expenses in performing its obligations and providing personnel and facilities (including rent, office equipment and utilities) for the Company's use under the Administration Agreement, including an allocable portion of the compensation paid to Mr. Satoren.

Mr. Satoren: (i) was not appointed as the Company's Chief Financial Officer pursuant to any arrangement or understanding with any other person; (ii) does not have a family relationship with any of the Company's directors or other executive officers; and (iii) there are no transactions in which Mr. Satoren has an interest requiring disclosure under Item 404(a) of Regulation S-K.

On March 11, 2024, the Board received and accepted the resignation of Jason T. Roos from his position as the Chief Financial Officer of the Company, effective March 31, 2024. Mr. Roos' resignation is not related or due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Mr. Roos will serve in an advisory role at BC Partners Advisors LP for an extended period of time.

Management Commentary

Ted Goldthorpe, Chief Executive Officer and President of LRFC, said, "We are pleased to report our strongest full year of financial performance since Mount Logan Management took over as the Company's investment advisor in July of 2021. These results are a testament to the work we have done to optimize Logan's balance sheet, the benefits of higher rates and our prudent deployment in a complex market. Of particular note, I would like to highlight our net investment income growth of 431% compared to the prior year as well as our \$0.97 per share of undistributed spillover earnings as of December 31, 2023. This speaks volumes for the earnings power of the Company today, and also illustrates the potential to drive incremental earnings growth in 2024 as we continue to rotate out of the Company's non-income producing legacy equity exposure and redeploy that capital into credits originated by the BC Partners credit platform.

Further, Logan's improved financial position has allowed the Board of Directors to approve a dividend of \$0.32 per share for the first quarter of 2024, which represents a 7% increase over the prior quarter, and a 78% increase compared to the \$0.18 per share distribution declared during the first quarter of 2023 when the Board reintroduced the quarterly distribution.

Looking forward to 2024, in spite of a unique and dynamic market, we are starting to see an increase in private market transactions with attractive terms and pricing. We are optimistic this trend will continue barring any unforeseen economic events. As always, we continue to focus on maximizing the earnings power of the Company to further increase stockholder total returns."

Selected Financial Information

- **Total investment income** for the year ended December 31, 2023, increased by \$5.3 million, to \$20.2 million, compared to \$14.9 million for 2022.
- **Total operating expenses** for the year ended December 31, 2023, increased by \$0.2 million, to \$16.3 million, compared to \$16.1 million for 2022.
- **Net investment income** for the year ended December 31, 2023 was \$3.8 million, or \$1.43 per share, compared to a net investment loss of \$1.2 million, or \$(0.43) per share, for 2022.
- **Net asset value** as of December 31, 2023, was \$89.2 million, or \$33.34 per share, compared to \$95.0 million, or \$35.04 per share, as of December 31, 2022.
- **Cash and cash equivalents** as of December 31, 2023, were \$3.9 million compared to \$6.8 million as of December 31, 2022.
- **The investment portfolio** as of December 31, 2023, consisted of investments in 60 portfolio companies with a fair value of approximately \$189.7 million. This compares to 59 portfolio companies with a fair value of approximately \$203.6 million as of December 31, 2022.
- **Deployment** was judicious and prudent in 2023. During the year ended December 31, 2023, the Company had approximately \$33.2 million of investments and \$43.7 million in repayments and sales of investments, resulting in net repayments and sales of approximately \$10.5 million for the year.
- **The debt investment portfolio** as of December 31, 2023 represented 82.0% of the fair value of our total portfolio, with a weighted average annualized yield of approximately 11.1% (excluding income from non-accruals and collateralized loan obligations), compared to a debt investment portfolio of approximately 83.2% with a weighted average annualized yield of approximately 10.4% (excluding income from non-accruals and collateralized loan obligations) as of December 31, 2022. As of December 31, 2023, 13.6% of the fair value of our debt investment portfolio was bearing a fixed rate of interest, compared to 17.2% of the fair value of our debt investment portfolio as of December 31, 2022.
- **Non-Accruals:** As of December 31, 2023, we had debt investments in three portfolio companies on non-accrual status with an amortized cost and fair value of \$17.2 million and \$12.8 million, respectively, representing 8.7% and 6.8% of the

investment portfolio's amortized cost and fair value, respectively. As of December 31, 2022, we had debt investments in one portfolio company on non-accrual status with an aggregate amortized cost and fair value of \$11.9 million and \$9.7 million, respectively, representing 5.4% and 4.8% of the investment portfolio's amortized cost and fair value, respectively.

- **Our asset coverage ratio** as of December 31, 2023 was 184%.

Results of Operations

Our operating results for the years ended December 31, 2023 and 2022 were as follows (dollars in thousands):

	For the Years Ended December 31,	
	2023	2022
Total investment income	\$ 20,177	\$ 14,927
Total expenses	16,330	16,089
Net investment income (loss)	3,847	(1,162)
Net realized (loss) gain on investments	(16,393)	13,769
Net change in unrealized appreciation (depreciation) on investments	10,064	(24,631)
Net decrease in net assets resulting from operations	\$ (2,482)	\$ (12,024)

Investment income

The composition of our investment income for the years ended December 31, 2023 and 2022 was as follows (dollars in thousands):

	For the Years Ended December 31,	
	2023	2022
Interest income	\$ 18,366	\$ 13,666
Payment-in-kind interest	1,484	1,106
Dividend income	68	14
Other income	259	141
Total investment income	\$ 20,177	\$ 14,927

Fair Value of Investments

The composition of our investments as of December 31, 2023 and December 31, 2022 at amortized cost and the fair value of investments was as follows (dollars in thousands):

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
As of December 31, 2023				
First Lien Debt	\$ 128,537	65.4 %	\$ 124,007	65.4 %
Second Lien Debt	8,968	4.6 %	7,918	4.2 %
Subordinated Debt	26,573	13.5 %	23,548	12.4 %
Collateralized Loan Obligations	1,600	0.8 %	1,600	0.8 %
Joint Venture	440	0.2 %	450	0.2 %
Equity	30,400	15.5 %	32,135	17.0 %
Total	\$ 196,518	100.0 %	\$ 189,658	100.0 %

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
As of December 31, 2022				
First Lien Debt	\$ 143,047	64.9 %	\$ 136,896	67.3 %
Second Lien Debt	8,283	3.8 %	6,464	3.2 %
Subordinated Debt	26,571	12.0 %	25,851	12.7 %
Collateralized Loan Obligations	6,185	2.8 %	4,972	2.4 %
Joint Venture	414	0.2 %	403	0.2 %
Equity	36,016	16.3 %	29,006	14.2 %
Total	\$ 220,516	100.0 %	\$ 203,592	100.0 %

Interest Rate Risk

Based on our December 31, 2023 consolidated statements of assets and liabilities, the following table shows the annual impact on net income (excluding the potential related incentive fee impact) of base rate changes in interest rates (considering interest rate floors for variable rate securities) assuming no changes in our investment and borrowing structure (dollars in thousands):

Basis Point Change	Increase	(Increase)	Increase
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	(decrease) in interest income	decrease in interest expense	(decrease) in net income
Up 300 basis points	\$ 4,235	\$ (1,203)	\$ 3,032
Up 200 basis points	2,823	(802)	2,021
Up 100 basis points	1,412	(401)	1,011
Down 100 basis points	(1,412)	401	(1,011)
Down 200 basis points	(2,823)	802	(2,021)
Down 300 basis points	\$ (4,176)	\$ 1,203	\$ (2,973)

Conference Call and Webcast

We will hold a conference call on Thursday, March 28, 2024, at 10:00 a.m. Eastern Time to discuss the fourth quarter and full year 2023 financial results. Stockholders, prospective stockholders, and analysts are welcome to listen to the call or attend the webcast.

To access the conference call, please dial (646) 307-1963 approximately 10 minutes prior to the start of the call and use the conference ID 4191001. A replay of this conference call will be available shortly after the live call through April 4, 2024.

A live audio webcast of the conference call can be accessed via the Internet, on a listen-only basis on our Company's website www.loganridgefinance.com in the Investor Resources section under Events and Presentations. The webcast can also be accessed by clicking the following link: <https://edge.media-server.com/mmc/p/yw3vn225/>. 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 www.loganridgefinance.com.

About Mount Logan Capital Inc.

Mount Logan Capital Inc. ("MLC") is an alternative asset management company that is focused on public and private debt securities in the North American market. MLC seeks to source and actively manage loans and other debt-like securities with credit-oriented characteristics. MLC 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. For more information, please visit www.bcpartners.com.

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, 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 December 31, 2023	As of December 31, 2022
ASSETS		
Investments at fair value:		
Non-control/non-affiliate investments (amortized cost of \$170,972 and \$191,435, respectively)	\$ 161,880	\$ 177,268
Affiliate investments (amortized cost of \$25,546 and \$29,081, respectively)	27,778	26,324
Total investments at fair value (amortized cost of \$196,518 and \$220,516, respectively)	189,658	203,592
Cash and cash equivalents	3,893	6,793
Interest and dividend receivable	1,374	1,578
Prepaid expenses	2,163	2,682
Other assets	—	65
Total assets	<u>\$ 197,088</u>	<u>\$ 214,710</u>
LIABILITIES		
2026 Notes (net of deferred financing costs and original issue discount of \$1,057 and \$1,421, respectively)	48,943	48,579
2032 Convertible Notes (net of deferred financing costs and original issue discount of \$999 and \$1,117, respectively)	14,001	13,883
KeyBank Credit Facility (net of deferred financing costs of \$982 and \$1,322, respectively)	38,571	54,615
Management and incentive fees payable	869	933
Interest and financing fees payable	949	973
Accounts payable and accrued expenses	833	722
Payable for unsettled trades	3,747	—
Total liabilities	<u>\$ 107,913</u>	<u>\$ 119,705</u>
Commitments and contingencies		
NET ASSETS		
Common stock, par value \$0.01, 100,000,000 common shares authorized, 2,674,698 and 2,711,068 common shares issued and outstanding, respectively	\$ 27	\$ 27
Capital in excess of par value	188,405	191,038
Total distributable loss	(99,257)	(96,060)
Total net assets	<u>\$ 89,175</u>	<u>\$ 95,005</u>
Total liabilities and net assets	<u>\$ 197,088</u>	<u>\$ 214,710</u>
Net asset value per share	<u>\$ 33.34</u>	<u>\$ 35.04</u>

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

	For the Years Ended December 31,		
	2023	2022	2021
INVESTMENT INCOME			
Interest income:			
Non-control/non-affiliate investments	\$ 18,536	\$ 12,732	\$ 10,068
Affiliate investments	(170)	706	4,368
Control investments	—	228	389
Total interest income	<u>18,366</u>	<u>13,666</u>	<u>14,825</u>
Payment-in-kind interest and dividend income:			
Non-control/non-affiliate investments	1,322 ⁽¹⁾	919	95

Affiliate investments	162	187	361
Total payment-in-kind interest and dividend income	1,484	1,106	456
Dividend income:			
Non-control/non-affiliate investments	—	—	727
Affiliate investments	68	14	179
Total dividend income	68	14	906
Other income:			
Non-control/non-affiliate investments	258	141	479
Affiliate investments	1	—	88
Total other income	259	141	567
Total investment income	20,177	14,927	16,754
EXPENSES			
Interest and financing expenses	8,329	7,815	10,569
Base management fee	3,658	3,861	4,846
Directors' expense	540	493	410
Administrative service fees	895	620	1,039
General and administrative expenses	2,908	3,300	3,483
Total expenses	16,330	16,089	20,347
NET INVESTMENT INCOME (LOSS)	3,847	(1,162)	(3,593)
REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS			
Net realized (loss) gain on investments:			
Non-control/non-affiliate investments	(16,393)	17,312	(10,442)
Affiliate investments	—	1,672	2,475
Control investments	—	(5,215)	—
Net realized (loss) gain on investments	(16,393)	13,769	(7,967)
Net change in unrealized appreciation (depreciation) on investments:			
Non-control/non-affiliate investments	5,075	(25,434)	13,058
Affiliate investments	4,989	(1,208)	(908)
Control investments	—	2,011	(1,483)
Net change in unrealized appreciation (depreciation) on investments	10,064	(24,631)	10,667
Total net realized and change in unrealized (loss) gain on investments	(6,329)	(10,862)	2,700
Net realized loss on extinguishment of debt	—	—	(1,025)
Total federal tax provision (benefit), net	—	—	—
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (2,482)	\$ (12,024)	\$ (1,918)
NET DECREASE IN NET ASSETS PER SHARE RESULTING FROM OPERATIONS – BASIC & DILUTED	\$ (0.92)	\$ (4.44)	\$ (0.71)
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING – BASIC & DILUTED	2,694,857	2,711,068	2,711,068
DISTRIBUTIONS PAID PER SHARE	\$ 0.96	\$ —	\$ —

(1) During the year ended December 31, 2023, the Company received \$0.2 million of non-recurring income that was paid-in-kind and included in this financial statement line item.



Source: Logan Ridge Finance Corporation