



**LOGAN RIDGE**  
FINANCE

# 2021 Q4 Earnings Presentation

March 16, 2022

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

This presentation contains forward-looking statements. The matters discussed in this presentation, as well as in future oral and written statements by management of Logan Ridge Finance Corporation ("LRFC", "Logan Ridge" or the "Company"), that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements.

Forward-looking statements relate to future events or our future financial performance and include, but are not limited to, projected financial performance, expected development of the business, plans and expectations about future investments, our contractual arrangements and relationships with third parties, the ability of our portfolio companies to achieve their objectives, the ability of the Company's investment adviser to attract and retain highly talented professionals, our ability to maintain our qualification as a regulated investment company and as a business development company, our compliance with covenants under our borrowing arrangements, and the future liquidity of the Company. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "outlook", "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. 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.

Forward-looking statements are subject to change at any time based upon economic, market or other conditions, including with respect to the impact of the COVID-19 pandemic and its effects on the Company and its portfolio companies' results of operations and financial condition. More information on these risks and other potential factors that could affect the Company's financial results, including important factors that could cause actual results to differ materially from plans, estimates or expectations included herein, is included in the Company's filings with the Securities and Exchange Commission (the "SEC"), including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's most recently filed quarterly report on Form 10-Q and annual report on Form 10-K, as well as in subsequent filings. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this presentation should not be regarded as a representation by us that our plans and objectives will be achieved. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required to be reported under the rules and regulations of the SEC.

# Investment Highlights

Since Mount Logan Management (Mount Logan) became its investment adviser in July 1, 2021, Logan Ridge de-levered and strengthened portfolio, redeployed equity investment into interest earning investments and lowered cost of debt

## De-levered the company

- Debt-to-equity ratio of 1.17x, down from 1.98x a year ago.

## Investment portfolio at December 31, 2021

- 40 portfolio companies with an aggregate fair value of approximately \$198.2 million.
- Debt investment portfolio represented 67.4% of the fair value of the total portfolio, had a weighted average annualized yield of ~ 9.3%.
- 34% of investment portfolio at fair value invested in assets originated by Mount Logan; an additional of \$39.1 million of cash available for deployment in investments originated by the BC Partners Credit Platform.

## Monetized legacy portfolio

- During fourth quarter: monetized \$36.3 million (16% of the portfolio at fair value as of July 1, 2021)
- Since July 1, 2021: monetized \$99.5 million (44% of the portfolio at fair value as of July 1, 2021)

## Deployment in new investments

- During the fourth quarter: deployed \$46.2 million of investments and \$42.1 million in repayments, with net deployment of \$4.1 million.
- Since July 1, 2021: deployed \$79.5 million in interest earning investments, and repayments of \$106.2 million.

## Re-deployment in interest earning investments

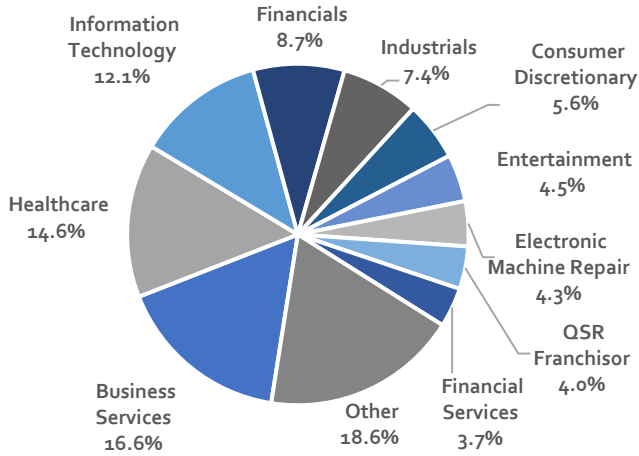
- During the fourth quarter: exited equity investments in three portfolio companies (\$2.0 million in proceeds) that can be redeployed into interest earning investments.
- Since July 1, 2021: exited equity investments in six portfolio companies (\$13.4 million of proceeds), which can be redeployed into interest earning investments.

## Lowered cost of debt

- Issued \$50 million 5.25% Senior Unsecured Notes due 2026; proceeds use to redeem \$50 million 6.0% fixed-rate notes due 2022 on December 6, 2021 (\$22.8 million of the 6.0% fixed-rate notes due 2022 remains outstanding).

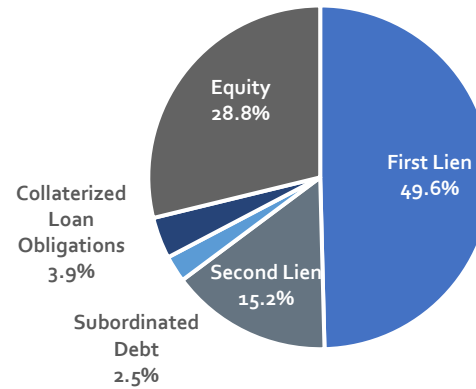
# Portfolio Overview

## TOP TEN PORTFOLIO INDUSTRIES



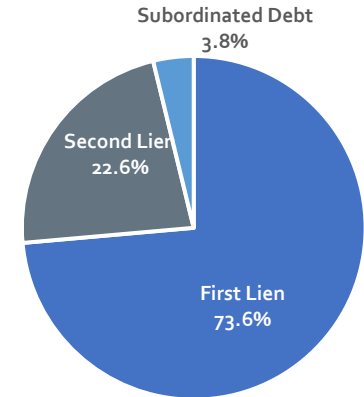
~\$198.2 million

## TOTAL PORTFOLIO BY ASSET TYPE



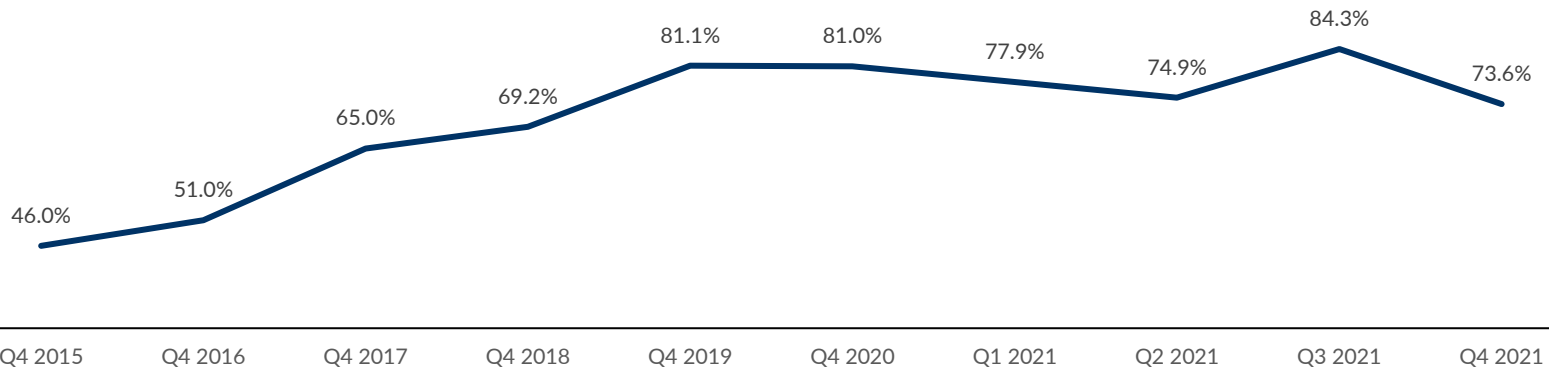
~\$198.2 million

## DEBT PORTFOLIO BY ASSET TYPE



~\$133.5 million

## FIRST LIEN DEBT AS A PERCENTAGE OF TOTAL DEBT PORTFOLIO



Note: Portfolio statistics represent fair value as of December 31, 2021.

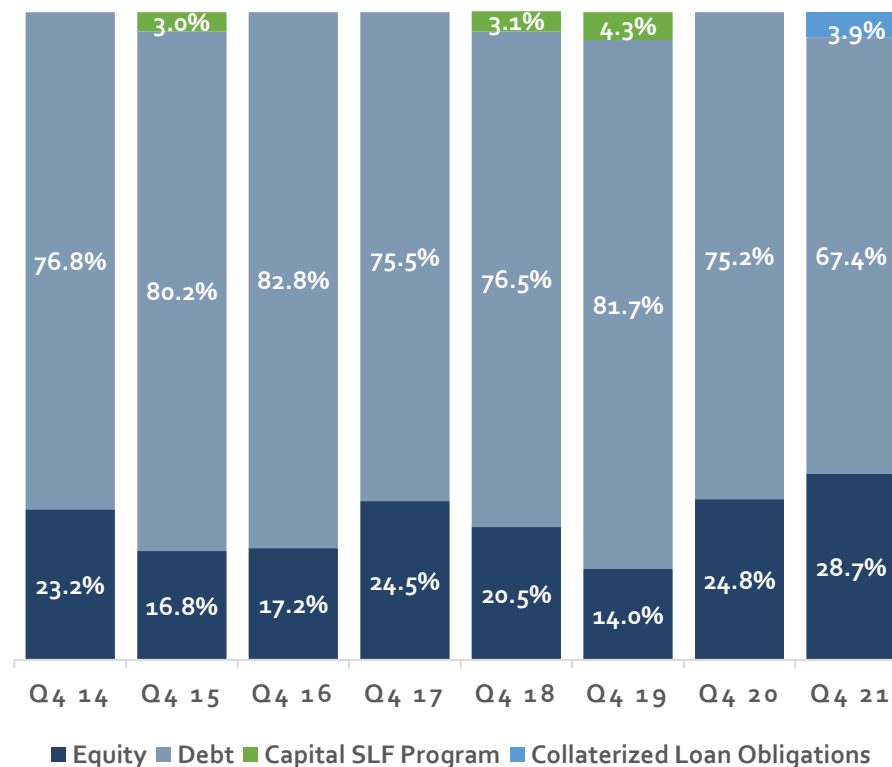
# Equity Portfolio Overview

## Current Equity Investments<sup>(1)</sup>

(\$ in thousands)

Company	\$ Cost Basis	\$ Fair Value	% of Investments at Fair Value
Eastport Holdings, LLC	\$3,263	\$16,319	8.23%
LJS Partners, LLC	\$1,661	\$8,006	4.04%
American Clinical Solutions	\$3,198	\$5,587	2.82%
GA Communications, Inc.	\$3,479	\$4,579	2.31%
BlueStem Brands, Inc.	\$286	\$4,171	2.10%
RAM Payment, LLC	\$1,066	\$3,726	1.88%
Vology, Inc.	\$5,215	\$3,204	1.62%
Burke America Parts Group, LLC	\$5	\$3,062	1.54%
Burgaflex Holdings, LLC	\$1,865	\$2,722	1.37%
MMI Holdings, LLC	\$1,786	\$1,961	0.99%
U.S. BioTek Laboratories, LLC	\$619	\$1,112	0.56%
MicroHoldco, LLC	\$749	\$645	0.33%
Alternative Biomedical Solutions, LLC	\$6,018	\$542	0.27%
Jurassic Quest Holdings, LLC	\$480	\$497	0.25%
Sierra Hamilton Holdings Corporation	\$6,958	\$330	0.17%
Taylor Precision Products, Inc.	\$758	\$287	0.14%
Freedom Electronics, LLC	\$182	\$230	0.12%
<b>Total</b>	<b>\$37,588</b>	<b>\$56,980</b>	<b>28.7%</b>

## Debt and Equity Asset Mix



Equity Cost Basis									
12.7%	9.0%	8.3%	11.1%	11.6%	14.3%	19.3%	22.0%	22.9%	24.1%

1) Current equity position details as of December 31, 2021.

# Interest Rate Sensitivity

	% Fixed Rate	% Variable Rate
Investment Portfolio	20.8%	79.2%
LRFC Borrowings	100%	0%

## INTEREST RATE SENSITIVITY <sup>(1)</sup>

(\$ thousands, except per share data)

Basis Point Change	Change in Interest Income	Change in Interest Expense	Increase / (Decrease) in Net Investment Income	Increase / (Decrease) in Net Investment Income per Share <sup>(2)</sup>
+300 bps	\$1,755	\$0	\$1,755	\$0.65
+200 bps	\$909	\$0	\$909	\$0.34
+100 bps	\$269	\$0	\$269	\$0.15
-100 bps	\$0	\$0	\$0	\$0.00
-200 bps	\$0	\$0	\$0	\$0.00
-300 bps	\$0	\$0	\$0	\$0.00

1) Assumes no change in portfolio investments or revolving credit facility borrowings as of December 31, 2021.

2) Per share amount calculated based upon actual shares outstanding as of December 31, 2021.

# Capital Structure

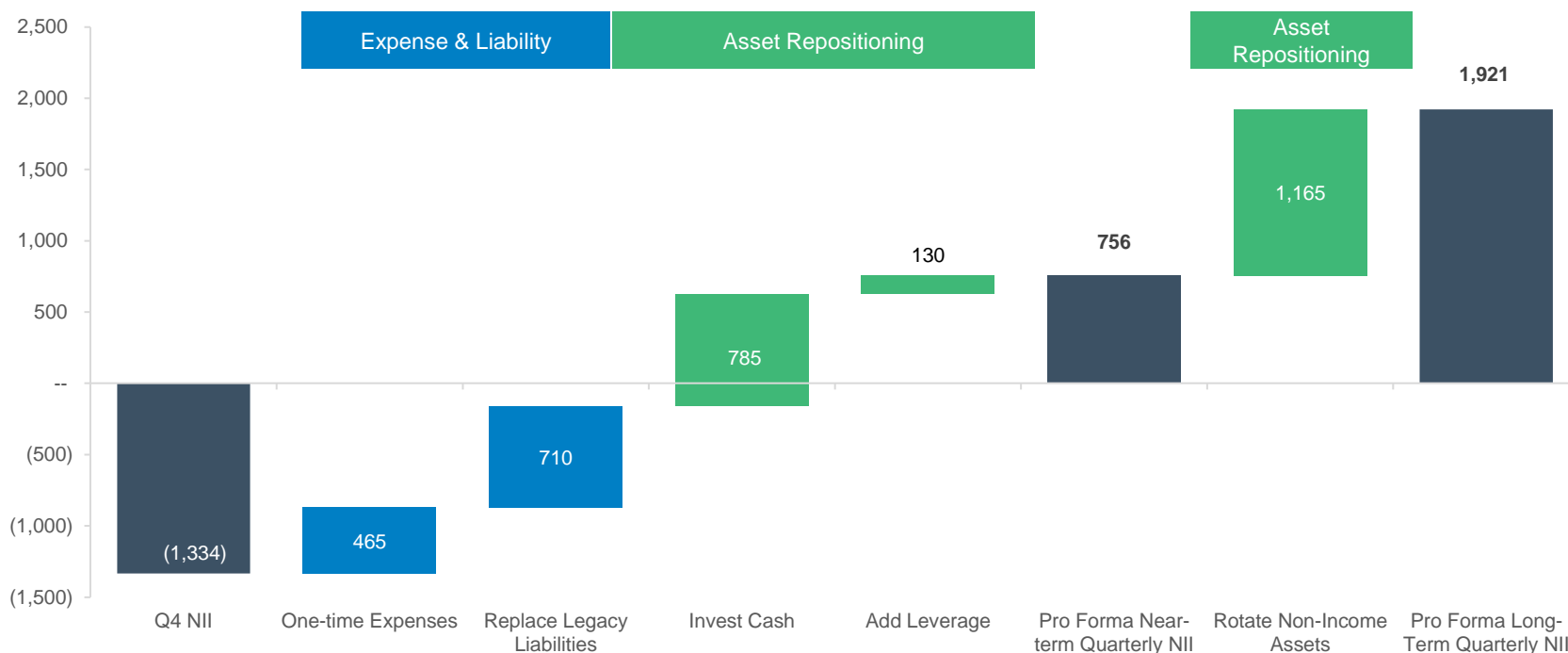
- As of December 31, 2021, there were no outstanding borrowings under the KeyBank Credit Facility, which provides for borrowings of up to \$25.0 million on a revolving basis and may be increased up to \$100.0 million.
- The Company issued \$50 million of 5.25% Notes due 2026 in a private placement (October 29, 2021); proceeds used to redeem \$50 million of the 6.0% Notes due 2022.
- Redemption was completed on December 6, 2021, after which approximately \$22.8 million of the 6.0% Notes due 2022 remain outstanding.

Facility	Interest Rate	Principal Amount Outstanding (12/31/21)	Maturity
KeyBank Credit Facility	LIBOR + 3.5%	\$0.0 million	Oct 2023
Convertible Notes Payable	5.75% fixed	\$52.1 million	May 2022
Notes Payable	6.00% fixed	\$22.8 million	May 2022
Notes Payable	5.25% fixed	\$50.0 million	May 2026
<b>Total Debt</b>		<b>\$124.9 million</b>	

# Net Investment Income Growth Potential

- The Company has a number of initiatives underway to increase quarterly earnings including:
  - 1 **Replace Legacy Liabilities:** Expect to refinance the remaining unsecured notes and convertible notes during 2022.
  - 2 **Invest Cash:** Significant amount of cash on the balance sheet due to 1) unfunded commitments expected to fund and 2) general timing of transactions. To be deployed during 2022.
  - 3 **Add Leverage:** Increase leverage up to 1.30x and generate incremental ROE over the course of 2022.
  - 4 **Rotate Non-Income Producing Assets:** Rotation of 80% of equity, warrants and non-accruals at current fair value into income earning assets over the course of the next 2-3 years.

## Illustrative Earnings Bridge <sup>(1)</sup>



Please refer to Slide 2 for Forward Looking Statements disclaimer as well as Slide 11 for End Notes which provide information on Management's assumptions incorporated above.

1) Numbers are rounded to the nearest thousand for presentation purposes.



# Financial Statements



## Statements of Assets & Liabilities

(\$ in thousands, except per share data)

	3/31/20 (unaudited)	6/30/20 (unaudited)	9/30/20 (unaudited)	12/31/20 (audited)	3/31/21 (unaudited)	6/30/21 (unaudited)	9/30/21 (unaudited)	12/31/21 (audited)
Investments at fair value	\$321,227	\$287,266	\$280,249	\$274,692	\$258,170	\$228,048	\$195,385	\$198,189
Cash and cash equivalents	56,431	95,226	43,687	49,942	59,727	26,144	37,386	39,056
Other assets	2,423	3,019	2,667	3,363	2,014	8,964	7,803	4,972
<b>Total assets</b>	<b>\$380,081</b>	<b>\$385,511</b>	<b>\$326,603</b>	<b>\$327,997</b>	<b>\$319,911</b>	<b>\$263,156</b>	<b>\$240,574</b>	<b>\$242,217</b>
SBA debentures, net of deferred financing costs	\$149,117	\$149,242	\$90,429	\$90,515	\$70,655	\$ -	\$ -	\$ -
2022 Notes, net of deferred financing costs	73,693	73,836	71,845	71,987	72,131	72,277	72,426	22,787
2022 Convertible Notes, net of deferred financing costs	51,261	51,352	51,443	51,536	51,630	51,726	51,823	51,921
2026 Notes, net of deferred financing costs	-	-	-	-	-	-	-	48,448
Credit Facility, net of deferred financing costs	(1,165)	-	-	(546)	(499)	24,550	(402)	(353)
Other liabilities	5,220	6,026	4,477	5,558	4,693	856	6,466	12,385
<b>Total liabilities</b>	<b>278,126</b>	<b>280,456</b>	<b>218,194</b>	<b>219,050</b>	<b>198,610</b>	<b>149,409</b>	<b>130,313</b>	<b>135,188</b>
<b>Net assets</b>	<b>101,955</b>	<b>105,055</b>	<b>108,409</b>	<b>108,947</b>	<b>121,301</b>	<b>113,747</b>	<b>110,261</b>	<b>107,029</b>
<b>Total liabilities and net assets</b>	<b>\$380,081</b>	<b>\$385,511</b>	<b>\$326,603</b>	<b>\$327,997</b>	<b>\$319,911</b>	<b>\$263,156</b>	<b>\$240,574</b>	<b>\$242,217</b>
Number of portfolio investments	41	37	36	36	35	32	33	40
Leverage ratio-actual	2.72x	2.64x	1.99x	1.98x	1.62x	1.32x	1.13x	1.17x
Leverage ratio - regulatory	1.25x	1.21x	1.15x	1.15x	1.03x	1.32x	1.13x	1.17x
Non-accrual loans at fair value	\$42,926	\$23,886	\$18,019	\$20,767	\$16,610	\$9,761	\$9,246	\$7,626

# Financial Statements

## Statements of Operations

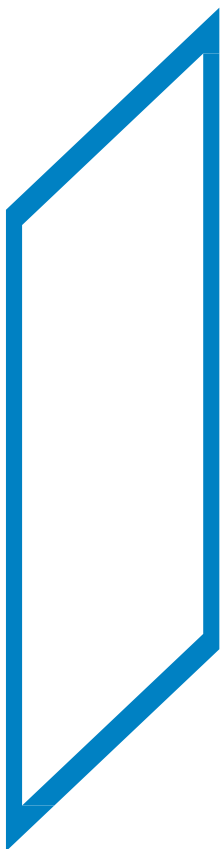
(\$ in thousands)

	3/31/20 (unaudited)	6/30/20 (unaudited)	9/30/20 (unaudited)	12/31/20 (unaudited)	3/31/21 (unaudited)	6/30/21 (unaudited)	9/30/21 (unaudited)	12/31/21 (unaudited)
Investment Income								
Interest, PIK, and fees	\$6,730	6,908	\$6,465	5,539	\$4,762	4,252	3,120	3,147
Dividends	25	-	-	-	155	560	24	167
Other income	319	91	229	140	9	232	229	97
Total investment income	7,074	6,999	6,694	5,679	4,926	5,044	3,373	3,411
Expenses								
Interest and financing expense	3,826	4,885	3,423	3,009	3,037	2,728	2,296	2,508
Management fees	1,757	1,666	1,565	1,440	1,398	1,272	1,111	1,065
Incentive fees, net of waivers	-	-	-	-	-	-	-	-
Other expenses	1,504	1,057	964	1,292	1,274	1,010	1,476	1,172
Total expenses	7,087	7,608	5,952	5,741	5,709	5,010	4,883	4,745
Net Investment Income (loss)	(13)	(609)	742	(62)	(783)	34	(1,510)	(1,334)
Net realized gain (loss) on investments	968	(13,285)	(12,344)	612	(14,023)	6,947	7,426	(8,317)
Net unrealized (depreciation) appreciation on investments	(43,395)	16,994	14,802	(12)	27,160	(13,720)	(9,402)	6,629
Tax benefit (provision)	-	-	-	-	-	-	-	-
Net (loss) gain on investments, net of taxes	(42,427)	3,709	2,458	600	13,137	(6,773)	(1,976)	(1,688)
Net realized (loss) gain on extinguishment of debt	-	-	155	-	-	(815)	-	(210)
Net (decrease) increase in assets resulting from operations	(\$42,440)	\$3,100	\$3,355	\$538	\$12,354	(\$7,554)	(3,486)	(3,232)
Net investment income per share	(\$0.00)	(\$0.22)	\$0.27	(\$0.02)	(\$0.29)	\$0.01	(\$0.56)	(\$0.49)
Net realized gain (loss) per share	\$0.36	(\$4.90)	(\$4.55)	\$0.23	(\$5.17)	\$2.26	\$2.74	(\$3.15)
Net increase (decrease) in assets resulting from operations per share	(\$15.70)	\$1.14	\$1.24	\$0.20	\$4.56	(\$2.79)	(\$1.29)	(\$1.19)
Distributions declared during quarter	\$1.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Note: Share and per share information has been adjusted for the periods shown to reflect the one-for-six reverse stock split effected on August 21, 2020 on a retroactive basis

## Slide 8 – Net Investment Income Growth Potential

- **Pro Forma Near-Term Quarterly NII:** Reflects the potential impact of initiatives Management is working to complete over the course of 2022.
- **Pro Forma Long-Term Quarterly NII:** Reflects the potential impact of initiatives Management is working to complete over the next 2-3 years.
- **One-Time Expenses:** Includes \$250 thousand of incremental interest incurred as a result of the 30-day notice period required to redeem the \$50 million of 6.00% notes due 2022 as well as \$215 thousand of non-recurring professional fees incurred during the 4<sup>th</sup> quarter of 2021.
- **Replace Legacy Liabilities:** Assumes the remaining \$22.8 million of 6.00% notes and \$52.1 million of convertibles that mature May 31, 2022 are refinanced using a mix of secured and unsecured financing at a blended rate of 4.3% during 2022.
- **Invest Cash:** Assumes \$34 million of the \$39 million of cash on the balance sheet as December 31, 2021 is redeployed at a 9.0% target yield (current portfolio yield is 9.3% as of December 31, 2021) during 2022.
- **Add Leverage:** Assumes we lever the Company up to 1.30x from 1.17x as of December 31, 2021 and the proceeds are deployed at a 9.0% target yield, with a 3.6% cost of secured leverage during 2022.
- **Rotate Non-Income Producing Assets:** Assumes 80% of the equity portfolio, excluding collateralized loan obligations, as well as the non-accrual assets are redeployed into interest-earning assets at a 9.0% target yield over the next 2-3 years.



Appendix

- **On July 1, 2021, Logan Ridge completed its transition to a new investment adviser, Mount Logan Management LLC (“Mount Logan”)**
  - Mount Logan is a wholly-owned subsidiary of Mount Logan Capital Inc. (NEO: MLC)(“MLC”); both entities are affiliates of BC Partners Advisors L.P. (“BC Partners”) for U.S. regulatory purposes.
  - BC Partners has a proven track record of efficiently repositioning publicly listed vehicles to improve trading performance
- **Strategic Repositioning Initiatives**

**Targeted Portfolio Repositioning to Enhance Yield and Downside Protection**

- Rotate the asset base into proprietarily sourced, primarily senior secured and income-generating positions

**Optimize the Capital Structure**

- Refinance the currently outstanding notes and reduce overall financing cost

**Reduction of Operational Cost Structure**

- Reduce administrative costs by leveraging the existing scaled operational infrastructure in place

**Gain Scale and Reduce Trading Discount to NAV**

- Focus on scaling the vehicle via strategic transactions

**Return to Paying Regular Shareholder Dividends**

- Focus on reinstating a sustainable dividend as soon as possible

# Investment Strategy and Objectives

---

Logan Ridge Finance 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.

## INVESTMENT OBJECTIVES

---

- Focus on direct origination of senior secured debt investments to the middle market
- Deliver strong and sustainable risk-adjusted returns to stockholders, with focus on capital preservation and downside protection
- Reduce non-income generating exposure over time and opportunistically to enhance NII generation

## INVESTMENT CHARACTERISTICS

---

- EBITDA size of \$5 to \$50 million
- History of generating consistent cash flows and stable financial performance
- Identifiable and defensible market positions in industries with favorable dynamics
- Management teams with demonstrated track records and aligned incentives

## INVESTMENT STRUCTURES

---

- Unitranche loans (including last out)
- First lien loans
- Second lien loans
- Subordinated debt
- Equity co-investment

## INDUSTRY

---

- |                     |                                       |                              |
|---------------------|---------------------------------------|------------------------------|
| ▪ Aerospace/Defense | ▪ Food & Beverage                     | ▪ Logistics & Distribution   |
| ▪ Business Services | ▪ Healthcare                          | ▪ Manufacturing              |
| ▪ Consumer Products | ▪ Industrial & Environmental Services | ▪ Media & Telecommunications |
| ▪ Education         |                                       |                              |

## **Board of Directors**

Ted Goldthorpe  
Chairman of the Board

Robert Warshauer  
Independent Director

Alex Duka  
Independent Director

George Grunebaum  
Independent Director

## **Senior Management**

Ted Goldthorpe  
Chief Executive Officer

Jason Roos  
Chief Financial Officer

Patrick Schafer  
Chief Investment Officer

David Held  
Chief Compliance Officer

Brandon Satoren  
Chief Accounting Officer

## **Independent Audit Firm**

Deloitte & Touche LLP

## **Fiscal Year End**

December 31

## **Transfer Agent**

American Stock Transfer & Trust Company, LLC

## **Security Listings**

Common Stock  
Nasdaq: LRF C

Notes  
Nasdaq: CPTAL

Convertible Notes  
Nasdaq: CPTAG

## **Corporate Headquarters**

650 Madison Avenue, 23rd  
Floor  
New York, NY 10022 USA

## **Research Coverage**

Chris Nolan  
Ladenburg Thalmann

## **Investor Relations**

Lena Cati  
The Equity Group, Inc.  
(212) 836-9611  
lcati@equityny.com

Serena Liegey  
The Equity Group, Inc.  
(212) 836-9630  
sliegey@equityny.com