



**LOGAN RIDGE**  
FINANCE

# 2022 Q1 Earnings Presentation

May 13, 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 on July 1, 2021, Logan Ridge de-levered and strengthened portfolio, redeployed equity investment into interest earning investments and lowered cost of debt

## Stable performance despite general market conditions deteriorating and credit spreads widening

- Net asset value as of quarter end declined slightly to \$106.2 million, or \$39.16 per share, compared to \$107.1 million, or \$39.48 per share, as of December 31, 2021.
- Our debt-to-equity ratio was 1.18x as compared to 1.17x as of December 31, 2021.

## Investment portfolio at March 31, 2022

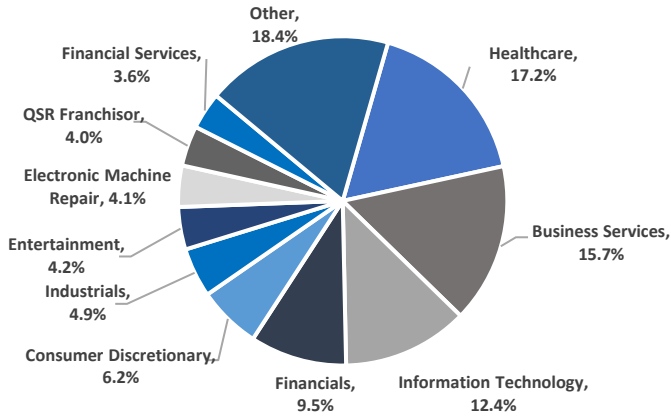
- The fair value of the investment portfolio grew by \$8.7 million to \$206.9 million from \$198.2 million as of the prior quarter, primarily due to net unrealized appreciation on the portfolio and net deployment.
- Continued to judiciously redeploy capital generated from exiting the legacy portfolio, with cash decreasing by \$23.2 million to \$15.8 million from \$39.1 million as of the prior quarter.
- Logan Ridge made \$16.4 million of investments partially offset by \$8.4 million in repayments and sales, resulting in net deployment of \$8.0 million for the period.
- As of March 31, 2022, the debt investment portfolio, which represented 68.1% of our total portfolio at fair value, had a weighted average annualized yield of approximately 8.3% (excluding non-accruals and collateralized loan obligations).
  - This compares to the debt investment portfolio which represented 67.4% of our total portfolio at fair value as of December 31, 2021, which had a weighted average annualized yield of approximately 8.1% (excluding non-accruals and collateralized loan obligations).
- Debt investments in two portfolio companies on non-accrual status with an aggregate cost of \$12.7 million and fair value of \$7.0 million, which represented 6.4 % and 3.4% of the investment portfolio, respectively.
  - This compared to debt investments in two portfolio companies on non-accrual status with aggregate amortized cost of \$12.7 million and an aggregate fair value of \$7.6 million, which represented 6.7% and 3.8% of the investment portfolio, respectively, as of December 31, 2021.

## Since the end of the first quarter, we successfully completed the refinancing the legacy capital structure

- 2032 Convertible Notes: On April 1, 2022, Logan Ridge issued \$15.0 million of convertible notes due April 2032 (2032 Convertible Note). The notes bear interest at a fixed interest rate of 5.25% per annum. The 2032 Convertible Notes are convertible after 12 months at the 5-day average closing price, subject to a \$7.5 million cap on conversions per quarter and at price that is no less than 65% of the most recent NAV per share (implied premium of ~7% based on the closing price on April 1, 2022 and the December 31, 2021 NAV).
- KeyBank Credit Facility: On May 10, 2022, Logan Ridge amended the KeyBank Credit Facility to increase the \$25 million commitment to \$75.0 million, decrease the interest rate to 1M SOFR plus 2.90% during the 3 year revolving period and 3.25% thereafter, subject to 0.40% 1M SOFR Floor and extend the maturity date to May 10, 2027.

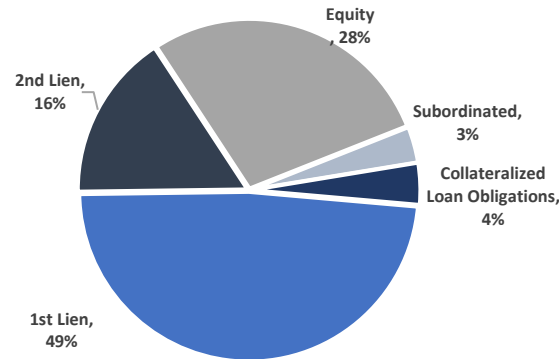
# Portfolio Overview

TOP TEN PORTFOLIO INDUSTRIES



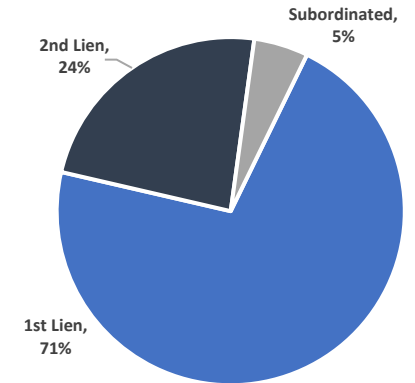
~\$206.9 million

TOTAL PORTFOLIO BY ASSET TYPE



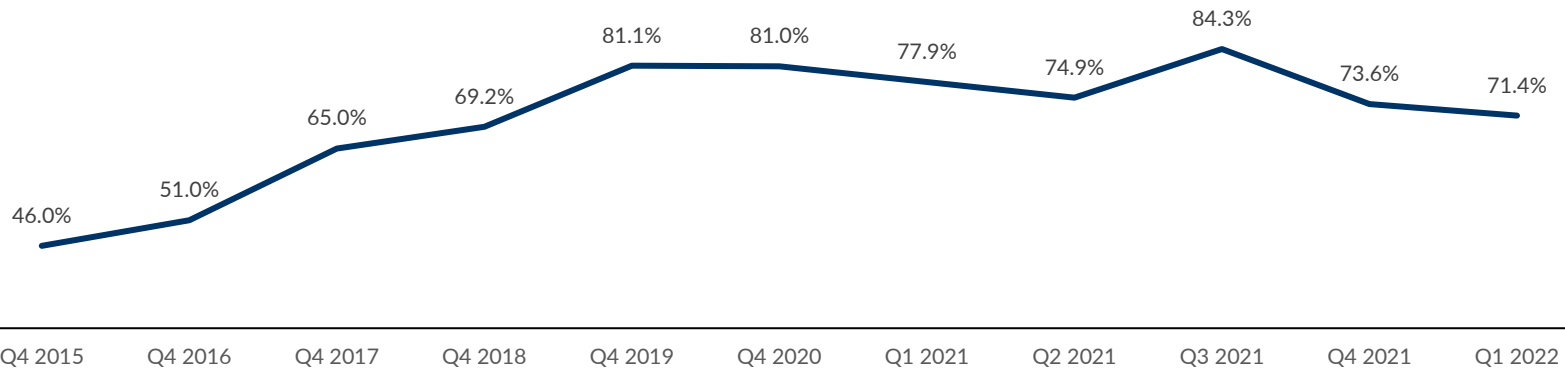
~\$206.9 million

DEBT PORTFOLIO BY ASSET TYPE



~\$141.0 million

FIRST LIEN DEBT AS A PERCENTAGE OF TOTAL DEBT PORTFOLIO



Note: Portfolio statistics represent fair value as of March 31, 2022.

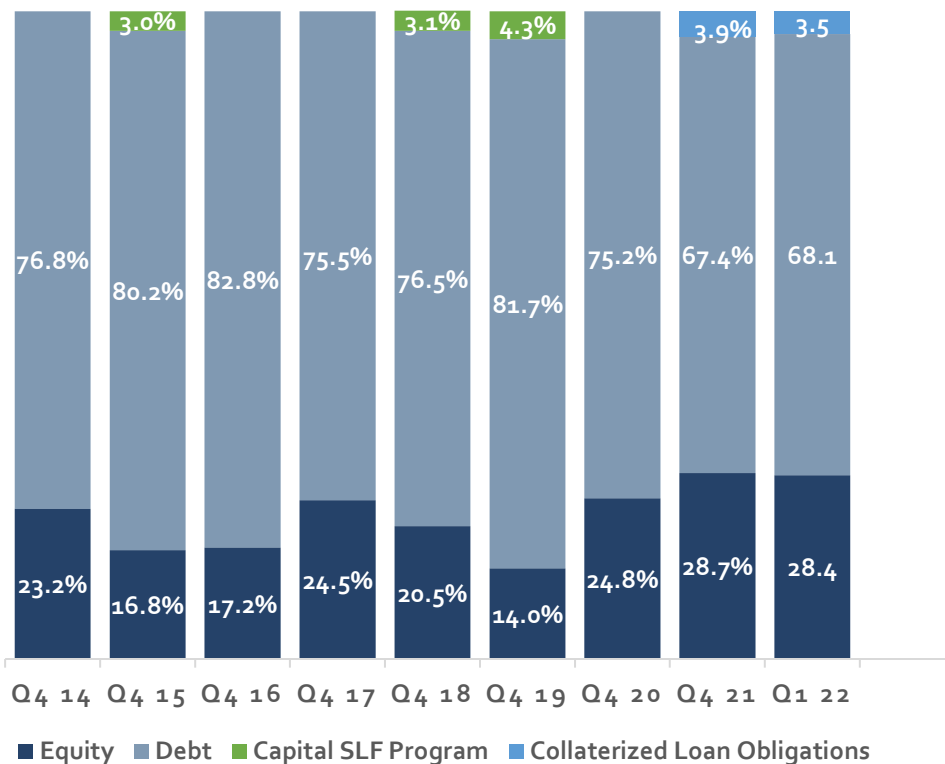
# Equity Portfolio Overview

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

(\$ in thousands)

Company	\$ Cost Basis	\$ Fair Value	% of Investments at Fair Value
Eastport Holdings, LLC	3,262,609	15,956,000	7.71%
LJS Partners, LLC	1,660,850	8,178,000	3.95%
American Clinical Solutions	3,198,000	5,687,000	2.75%
Burgaflex Holdings, LLC	1,865,460	4,402,000	2.13%
GA Communications, Inc.	3,479,045	4,390,000	2.12%
BlueStem Brands, Inc.	286,000	4,173,570	2.02%
RAM Payment, LLC	1,082,799	3,849,000	1.86%
Vology, Inc.	5,215,000	3,287,000	1.59%
Burke America Parts Group, LLC	5,000	3,055,000	1.48%
MMI Holdings, LLC	1,815,953	1,961,300	0.95%
U.S. BioTek Laboratories, LLC	541,029	986,000	0.49%
Taylor Precision Products, Inc.	758,000	758,000	0.37%
MicroHoldco, LLC	748,510	645,413	0.31%
Alternative Biomedical Solutions, LLC	6,021,294	478,605	0.23%
Jurassic Quest Holdings, LLC	480,359	420,000	0.20%
Sierra Hamilton Holdings Corporation	6,958,000	251,000	0.12%
Freedom Electronics, LLC	181,818	230,000	0.11%
Nth Degree, Inc.	6,088,000	0	0.00%
<b>Equity Total</b>	<b>43,647,727</b>	<b>58,707,888</b>	<b>28.37%</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%	21.9%

1) Current equity position details as of March 31, 2022.

# Interest Rate Sensitivity

<i>As of March 31, 2021</i>	% Fixed Rate	% Variable Rate
Investment Portfolio	24.3%	75.7%
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	2,258	\$0	\$2,258	\$0.83
+200 bps	\$1,374	\$0	\$1,374	\$0.51
+100 bps	\$605	\$0	\$605	\$0.22
-100 bps	\$(135)	\$0	\$(135)	\$(0.05)
-200 bps	\$(135)	\$0	\$(135)	\$(0.05)
-300 bps	\$(135)	\$0	\$(135)	\$(0.05)

1) Assumes no change in portfolio investments or revolving credit facility borrowings as of March 31, 2022.

2) Per share amount calculated based upon actual shares outstanding as of March 31, 2022.

# Capital Structure

## As of March 31, 2022

- There were no outstanding borrowings under the KeyBank Credit Facility, which provides for borrowings of up to \$25.0 million on a revolving basis.
- The Company issued \$50 million of 5.25% 2026 Notes in a private placement on October 29, 2021. Proceeds used to redeem \$50 million of the 2022 Notes, which was completed on December 6, 2021.
- After the redemption of \$50 million on December 6, 2021, the Company had approximately \$22.8 million in aggregate principal amount of 2022 Notes outstanding.
- The Company had approximately \$52.1 million of the 5.75% 2022 Convertible Notes outstanding.

Facility <i>(data as of 3/31/22)</i>	Interest Rate	Principal Amount Outstanding	Maturity
KeyBank Credit Facility	1M L + 3.50%, 0.75% Floor	\$0.0 M	Oct 2023
2022 Convertible Notes	5.75% fixed	\$52.1 M	May 2022
2022 Notes	6.00% fixed	\$22.8 M	May 2022
2026 Notes	5.25% fixed	\$50.0 M	May 2026
<b>Total Debt</b>		<b>\$124.9 M</b>	

## Since March 31, 2022.... Significantly lowered cost of debt capital

- On April 1, 2022, the Company issued **\$15.0 million of 2032 Convertible Notes, at a fixed interest rate of 5.25% per annum.**
- On May 10, 2022, the Company amended its existing senior secured revolving credit facility with KeyBank, **increasing the initial commitment from \$25.0 million to \$75.0 million.** The amended KeyBank Credit Facility will **mature on May 10, 2027** and bear interest at **1M SOFR plus 2.90%** during the 3-year revolving period and 3.25% thereafter, subject to .40% SOFR Floor.



### Proceeds will be used to pay off the

- \$52.1 million of 2022 Convertible Notes, due May 31, 2022
- \$22.8 million of 2022 Notes, due May 31, 2022

# Net Investment Income Growth Potential – Update

- As provided during the Q4 2021 Earnings Presentation, the Company has a number of initiatives underway to increase quarterly earnings and we would like to provide the below update on those initiatives.

Initiative	Progress
Replace Legacy Liabilities	<b><u>Completed in Q2.</u></b> New Credit Facility and cash on hand will refinance existing convertible notes and unsecured notes upon maturity. Impact to income statement will begin on June 1 <sup>st</sup> .
Invest Cash	<b><u>In Progress.</u></b> Temporarily using cash to paydown debt but will look to deploy into unfunded commitments and new investments. Cash balance as of March 31, 2022 is \$15.8 million (\$21.4 million cash net of settlement activity for open trades) as compared to \$39.1 million as of December 31, 2021 (\$30.5 million net of settlement activity for open trades).
Add Leverage	<b><u>In Progress.</u></b> New Credit Facility will facilitate this by allowing for up to \$75 million of total funding capacity, which would result in gross leverage of up to 1.3x assuming full utilization of the Facility.
Rotate Non-Income Producing Assets	<b><u>In Progress.</u></b> Various workstreams are in motion to monetize non-income producing assets.



# 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)	3/31/22 (unaudited)
Investments at fair value	\$321,227	\$287,266	\$280,249	\$274,692	\$258,170	\$228,048	\$195,385	\$198,189	206,905
Cash and cash equivalents	56,431	95,226	43,687	49,942	59,727	26,144	37,386	39,056	15,838
Other assets	2,423	3,019	2,667	3,363	2,014	8,964	7,803	4,972	11,248
Total assets	\$380,081	\$385,511	\$326,603	\$327,997	\$319,911	\$263,156	\$240,574	\$242,217	\$233,991
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	22,815
2022 Convertible Notes, net of deferred financing costs	51,261	51,352	51,443	51,536	51,630	51,726	51,823	51,921	52,020
2026 Notes, net of deferred financing costs	-	-	-	-	-	-	-	48,448	48,460
Credit Facility, net of deferred financing costs	(1,165)	-	-	(546)	(499)	24,550	(402)	(353)	(305)
Other liabilities	5,220	6,026	4,477	5,558	4,693	856	6,466	12,385	4,830
Total liabilities	278,126	280,456	218,194	219,050	198,610	149,409	130,313	135,188	127,820
Net assets	101,955	105,055	108,409	108,947	121,301	113,747	110,261	107,029	106,171
Total liabilities and net assets	\$380,081	\$385,511	\$326,603	\$327,997	\$319,911	\$263,156	\$240,574	\$242,217	\$233,991
Number of portfolio investments	41	37	36	36	35	32	33	40	42
Leverage ratio-actual	2.72x	2.64x	1.99x	1.98x	1.62x	1.32x	1.13x	1.17x	1.18x
Leverage ratio - regulatory	1.25x	1.21x	1.15x	1.15x	1.03x	1.32x	1.13x	1.17x	1.18x
Non-accrual loans at fair value	\$42,926	\$23,886	\$18,019	\$20,767	\$16,610	\$9,761	\$9,246	\$7,626	\$7,050

# Financial Statements

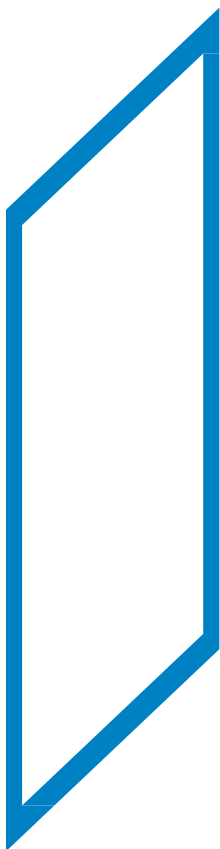


## Statements of Operations

(\$ 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)	3/31/22 (unaudited)
<b>Investment Income</b>									
Interest, PIK, and fees	\$6,730	\$6,908	\$6,465	\$5,539	\$4,762	\$4,252	\$3,120	\$3,147	\$3,329
Dividends	25	-	-	-	155	560	24	167	-
Other income	319	91	229	140	9	232	229	97	8
<b>Total investment income</b>	<b>7,074</b>	<b>6,999</b>	<b>6,694</b>	<b>5,679</b>	<b>4,926</b>	<b>5,044</b>	<b>3,373</b>	<b>3,411</b>	<b>3,337</b>
<b>Expenses</b>									
Interest and financing expense	3,826	4,885	3,423	3,009	3,037	2,728	2,296	2,508	2,188
Management fees	1,757	1,666	1,565	1,440	1,398	1,272	1,111	1,065	1,027
Incentive fees, net of waivers	-	-	-	-	-	-	-	-	-
Other expenses	1,504	1,057	964	1,292	1,274	1,010	1,476	1,172	1,173
<b>Total expenses</b>	<b>7,087</b>	<b>7,608</b>	<b>5,952</b>	<b>5,741</b>	<b>5,709</b>	<b>5,010</b>	<b>4,883</b>	<b>4,745</b>	<b>4,388</b>
<b>Net Investment Income (loss)</b>	<b>(13)</b>	<b>(609)</b>	<b>742</b>	<b>(62)</b>	<b>(783)</b>	<b>34</b>	<b>(1,510)</b>	<b>(1,334)</b>	<b>(1,051)</b>
Net realized gain (loss) on investments	968	(13,285)	(12,344)	612	(14,023)	6,947	7,426	(8,317)	(36)
Net unrealized (depreciation) appreciation on investments	(43,395)	16,994	14,802	(12)	27,160	(13,720)	(9,402)	6,629	229
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)	193
Net realized (loss) gain on extinguishment of debt	-	-	155	-	-	(815)	-	(210)	-
<b>Net (decrease) increase in assets resulting from operations</b>	<b>(\$42,440)</b>	<b>\$3,100</b>	<b>\$3,355</b>	<b>\$538</b>	<b>\$12,354</b>	<b>(\$7,554)</b>	<b>(\$3,486)</b>	<b>(3,232)</b>	<b>(\$858)</b>
Net investment income per share	(\$0.00)	(\$0.22)	\$0.27	(\$0.02)	(\$0.29)	\$0.01	(\$0.56)	(\$49.00)	(\$0.39)
Net realized gain (loss) per share	\$0.36	(\$4.90)	(\$4.55)	\$0.23	(\$5.17)	\$2.26	\$2.74	(\$3.15)	(\$0.01)
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)	(\$0.32)
Distributions declared during quarter	\$1.50	\$0.00	\$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



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 cyclicity and operating risk.

## INVESTMENT OBJECTIVES

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- 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

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- 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

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

## INDUSTRY

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

## **Board of Directors**

Ted Goldthorpe  
Chairman of the Board

Robert Warshauer  
Independent Director

Alex Duka  
Independent Director

George Grunebaum  
Independent Director

Jennifer Kwon Chou  
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**

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