



FOR IMMEDIATE RELEASE

MOSAIC CAPITAL CORPORATION
Reports Q1 2020 Financial Results

Calgary, Alberta – May 6, 2020. Mosaic Capital Corporation ("Mosaic" or the "Company") (TSX–V Symbols: **M** and **M.DB**) has released its unaudited consolidated financial results for the three months ended March 31, 2020. The Company's financial statements and management's discussion and analysis ("**MD&A**") for the period ended March 31, 2020 can be accessed under Mosaic's profile on SEDAR at www.sedar.com and on the Company's website at www.mosaiccapitalcorp.com.

Selected Financial Highlights

<i>(in \$000s, except as noted)</i>	Three months ended March 31,		
	2020	2019	% Change
CONTINUING OPERATIONS			
Revenue	\$ 78,516	\$ 84,732	-7%
Adjusted EBITDA ⁽¹⁾	\$ 5,677	\$ 6,420	-12%
Net income (loss) and comprehensive income (loss)	\$ 3,649	\$ (3,521)	204%
Free Cash Flow ⁽¹⁾	\$ 502	\$ 1,370	-63%
DISCONTINUED OPERATIONS			
Revenue	\$ -	\$ 11,381	NA
Adjusted EBITDA ⁽¹⁾	\$ -	\$ 799	NA
Net income and comprehensive income	\$ -	\$ 429	NA
Free Cash Flow ⁽¹⁾	\$ -	\$ 360	NA
AGGREGATE			
Revenue	\$ 78,516	\$ 96,113	-18%
Adjusted EBITDA ⁽¹⁾	\$ 5,677	\$ 7,219	-21%
per share	\$ 0.53	\$ 0.68	-21%
as a % of revenue	7.23%	7.51%	
Net income (loss) and comprehensive income (loss)	\$ 3,649	\$ (3,092)	218%
Net income (loss) attributable to equity holders	\$ 1,257	\$ (4,891)	126%
Free Cash Flow ⁽¹⁾	\$ 502	\$ 1,731	-71%
per share	\$ 0.05	\$ 0.16	-71%
Preferred securities distributions declared	\$ 1,496	\$ 1,479	1%
Common share dividends declared	\$ 1,116	\$ 1,115	-
per share	\$ 0.105	\$ 0.105	-
TTM Preferred Distribution Payout Ratio ⁽¹⁾	42%	45%	-7%
TTM Combined Payout Ratio ⁽¹⁾	73%	78%	-7%
Weighted avg. common shares outstanding	10,621,420	10,608,058	-

Note:

(1) Adjusted EBITDA, Free Cash Flow, Trailing twelve-month ("**TTM**") Preferred Distribution Payout Ratio and TTM Combined Payout Ratio are not a recognized measure under IFRS. Refer to "*Non-GAAP Measures*".

For the three-month period ended and as at March 31, 2020, Mosaic:

- generated \$78.5 million in revenue from continuing operations which, while 7% below last year's record setting level, represents the Company's second highest first quarter performance;
- generated Adjusted EBITDA from continuing operations of \$5.7 million which, while 12% below last year's record setting level, represents the Company's second highest first quarter performance;
- reduced corporate overhead costs by 11% over the same period in 2019;
- provided dividends of \$1.1 million to our shareholders;

- posted a trailing twelve-month Combined Payout Ratio of 73%, which represents an improvement from 78% as at March 31, 2019; and
- maintained a healthy balance sheet with \$30.1 million in cash, \$47.3 million in working capital and Total Debt to Gross EBITDA leverage of 1.13.

Subsequent to March 31, 2020, Mosaic:

- provided an operational update on April 8, 2020 that outlined the Company's two-pronged approach to manage liquidity amid the economic uncertainty caused by the on-going COVID-19 pandemic (the "**Pandemic**"). This approach incorporated the suspension of common share dividends and the engagement with the Company's lenders and financial partners regarding options to enhance near term liquidity. Additionally, as part of this engagement, the Company is negotiating revised terms with its lenders so that it has the necessary headroom in its financial covenants to operate through the uncertain future business environment.

Segmented Financial Performance

<i>(in \$000s, except as noted)</i>	Three months ended March 31,		
	2020	2019	% Change
Revenue:			
Infrastructure	\$ 47,968	\$ 55,135	-13%
Diversified	27,667	25,895	7%
Energy	2,881	3,702	-22%
Corporate	-	-	-
Total revenue	\$ 78,516	\$ 84,732	-7%
Adjusted EBITDA: ⁽¹⁾			
Infrastructure	\$ 3,340	\$ 3,592	-7%
Diversified	3,241	3,691	-12%
Energy	301	498	-40%
Corporate	(1,205)	(1,361)	11%
Total adjusted EBITDA	\$ 5,677	\$ 6,420	-12%
<i>as a % of revenue</i>	7.23%	7.58%	

Note:

(1) Adjusted EBITDA is defined as earnings before finance costs, taxes, depreciation and amortization, and other non-cash items. Adjusted EBITDA is not a recognized measure under IFRS. Refer to "Non-GAAP Measures".

Outlook

Management is pleased with the Company's first quarter 2020 financial and operating results that met budgeted expectations despite being negatively impacted by the Pandemic related influences in the final weeks of the quarter. In reaction to this challenge, Mosaic acted swiftly to reduce cost structures in each of its operating subsidiaries and at the corporate level that resulted in only a modest decline in profitability levels over the same period last year.

Progressing through the second quarter of 2020, the negative impacts of the Pandemic have increased, including the deferral of some project-related business opportunities, coordinated supply chain related production delays and a general moderation of activity-levels at certain of Mosaic's operating subsidiaries. In addition, certain of the Company's subsidiaries are also dealing with the significant decline in oil prices and flooding in Fort McMurray, Alberta, which may have a material impact on their operations. Partially offsetting these negative influences, Mosaic is experiencing areas of stability in certain subsidiary operations that operate in more rural, industrial-based settings. Management has acted swiftly to reduce cost structures, cut non-essential spending and maximize working capital efficiencies across the portfolio. Additionally, the Company believes it is eligible for certain of the Government's financial assistance programs which are expected to offset some of the negative financial impacts of the Pandemic and is currently working through eligibility, timing and magnitude of the various programs.

Mark Gardhouse, President and CEO commented "Mosaic's strong first quarter results, a healthy balance sheet and our focused operational approach has favourably positioned the Company as we enter a period of economic uncertainty. I am confident that we have instituted the appropriate strategies to successfully manage through this period of uncertainty. Additionally, with the support we expect to be provided by our lenders and financial partners, I believe

Mosaic will be well positioned to capture incrementally attractive investment opportunities when conditions to transact are suitable.”

Mosaic’s growth strategy is centered on the acquisition of controlling equity interests in new portfolio companies with a specific focus on growing Free Cash Flow per share while maintaining a strong balance sheet. Supplementing this, Mosaic’s management team adds value with strong operational and strategic focus by actively engaging with its portfolio companies to improve results and capture growth opportunities.

Mosaic’s pipeline of high quality acquisition opportunities remains solid and the Company will continue to pursue its strategy to grow through acquisitions with a focus on building an increasingly diversified portfolio of private, mid-market companies that offer strong free cash flow while maintaining a healthy balance sheet. While the Pandemic has resulted in extended timelines for due diligence and negotiations, the Company remains active in its pursuit of new acquisition opportunities.

Conference Call

Management will hold a conference call to discuss first quarter 2020 results on Thursday, May 7th, 2020 at 10:00 AM ET. All interested parties are invited to join the conference call by dialing 1-800-952-5114 from within Canada or the U.S., then entering the participant Code 8147363#. Participants will need to provide the operator with the Service Confirmation number 4326428. A recording of the conference call will be made available on Mosaic's website at www.mosaiccapitalcorp.com.

ABOUT MOSAIC CAPITAL CORPORATION

Mosaic is a Canadian investment company that owns a portfolio of established businesses which span a diverse range of industries and geographies. Mosaic's strategy is to create long-term value for its shareholders through accretive acquisitions, long-term portfolio ownership, sustained cash flows and organic portfolio growth. Mosaic achieves its objectives by maintaining financial discipline, acquiring businesses at attractive valuations, performing extensive acquisition due diligence, utilizing optimal transaction structuring and working closely with subsidiary businesses after acquisition.

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Reader Advisory

Non-GAAP Measures

Selected financial information for the three-month period ended March 31, 2020 are set out above and includes the following measures that are not recognized under International Financial Reporting Standards ("IFRS") and are non-generally accepted accounting principles ("Non-GAAP") measures: Adjusted EBITDA, Free Cash Flow, Preferred Distribution Payout Ratio and Combined Payout Ratio. This information should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 and 2019 and Mosaic's MD&A for the period ended March 31, 2020 available under Mosaic's profile on SEDAR at www.sedar.com. Further information regarding these Non-GAAP measures is contained in Mosaic's MD&A.

Forward-Looking Statements

*This news release contains forward-looking information and statements within the meaning of applicable Canadian securities laws (herein referred to as "**forward-looking statements**") that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All information and statements in this press release which are not statements of historical fact may be forward-looking statements. The words "believe", "expect", "intend", "estimate", "anticipate", "project", "scheduled", and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. Forward-looking statements included in this news release include, but are not limited to:*

- the Company's ability to manage the impact of COVID-19 and its impact on operations;*
- the Company's lenders agreeing to revising terms of the loans & borrowings on a basis acceptable to the Company;*
- the Company's eligibility for government financial assistance programs;*
- the overall business strategy and objectives of Mosaic;*
- the Company's expectation to successfully manage the current business environment; and*
- the Company's expectation to be positioned to capture attractive investment opportunities in the future.*

Such statements or information, if any, are only predictions and reflect the current beliefs of management with respect to future events and are based on information currently available to management. Actual results and events may differ materially from those contemplated by these forward-looking statements due to these statements being subject to a number of risks and uncertainties.

Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

By their nature forward-looking statements involve assumptions and known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. A number of factors could cause actual results to differ materially from the results stated in the forward-looking statements, including, but not limited to, risks related to: COVID-19 impact, general economic and business conditions; the failure to realize the anticipated benefits of Mosaic's recent and future acquisitions; adverse fluctuations in commodity prices; competition for, among other things, capital, equipment and skilled personnel; the inability to generate sufficient cash flow from operations to meet current and future obligations; the inability to obtain required debt and/or equity capital on suitable terms; competition for acquisition targets; adverse weather conditions; seasonality and fluctuations in results; and limited diversification of Mosaic's subsidiaries. Should any of the risks or uncertainties facing Mosaic and its subsidiaries materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance, activities or achievements could vary materially from those expressed or implied by any forward-looking statements contained in this news release.

Although Mosaic believes that the expectations represented by any forward-looking-statements contained herein are reasonable based on the information available to them on the date of this news release, management cannot assure investors that actual results, performance or achievements will be consistent with these forward-looking statements. Any forward-looking statements herein contained are made as of the date of this press release and Mosaic does not assume any obligation to update or revise them to reflect new information, events or circumstances, except as required by law.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.