



FOR IMMEDIATE RELEASE

MOSAIC CAPITAL CORPORATION
Reports Q2 2020 Financial Results

Calgary, Alberta – August 5, 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 June 30, 2020. The Company's financial statements and management's discussion and analysis ("**MD&A**") for the three and six months ended June 30, 2020 and 2019 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 June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
CONTINUING OPERATIONS						
Revenue	\$ 69,702	\$ 103,086	-32%	\$ 145,738	\$ 184,378	-21%
Adjusted EBITDA ⁽¹⁾	\$ 12,347	\$ 8,424	47%	\$ 17,782	\$ 14,231	25%
Net loss and comprehensive loss	\$ (19,320)	\$ (782)	-2,371%	\$ (15,342)	\$ (4,581)	-235%
Free Cash Flow ⁽¹⁾	\$ 5,541	\$ 2,727	103%	\$ 6,077	\$ 3,483	74%
DISCONTINUED OPERATIONS						
Revenue	\$ 223	\$ 13,768	-98%	\$ 2,703	\$ 28,584	-91%
Adjusted EBITDA ⁽¹⁾	\$ (753)	\$ 1,369	-155%	\$ (510)	\$ 2,782	-118%
Net (loss) income and comprehensive (loss) income	\$ (4,230)	\$ 519	-916%	\$ (4,558)	\$ 1,226	-471%
Free Cash Flow ⁽¹⁾	\$ (851)	\$ 823	-203%	\$ (885)	\$ 1,798	-149%
AGGREGATE						
Revenue	\$ 69,925	\$ 116,854	-40%	\$ 148,441	\$ 212,962	-32%
Adjusted EBITDA ⁽¹⁾	\$ 11,594	\$ 9,793	18%	\$ 17,272	\$ 17,013	5%
per share	\$ 1.08	\$ 0.92	17%	\$ 1.62	\$ 1.60	4%
as a % of revenue	16.58%	8.38%		11.64%	7.99%	
Net loss and comprehensive loss	\$ (23,550)	\$ (263)	-8,844%	\$ (19,900)	\$ (3,355)	-357%
Net loss attributable to common equity holders	\$ (21,860)	\$ (2,811)	-678%	\$ (20,602)	\$ (7,702)	-111%
Free Cash Flow ⁽¹⁾	\$ 4,690	\$ 3,550	32%	\$ 5,192	\$ 5,281	15%
per share	\$ 0.44	\$ 0.33	31%	\$ 0.49	\$ 0.50	15%
Preferred securities distributions declared	\$ 1,496	\$ 1,496	-	\$ 2,992	\$ 2,975	1%
Common share dividends declared	\$ -	\$ 1,128	-100%	\$ 1,126	\$ 2,242	-50%
per share	\$ -	\$ 0.105	-100%	\$ 0.105	\$ 0.210	-50%
TTM Preferred Distribution Payout Ratio ⁽¹⁾				39%	37%	4%
TTM Combined Payout Ratio ⁽¹⁾				60%	65%	-7%
Weighted avg. common shares outstanding	10,704,739	10,617,235	-	10,663,310	10,612,672	-

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 June 30, 2020, Mosaic:

- implemented an action plan in response to the COVID-19 pandemic ("**Pandemic**") that included initiatives to:
 - increase working capital efficiencies across Mosaic's portfolio of companies;
 - reduce overall cost structures and capital spending levels;
 - access the Canada Emergency Wage Subsidy ("**CEWS**") as implemented by the federal government;
 - suspend common share dividends; and

- engage with the Company's lenders and financial partners to ensure appropriate liquidity levels and access to capital.
- generated \$69.7 million in revenue from continuing operations which was 32% below the same period in 2019 largely due to the negative influences of the Pandemic;
- generated Adjusted EBITDA from continuing operations of \$12.3 million which exceeded the same period last year by 47% due to solid performances at certain portfolio companies and the receipt of CEWS funds;
- reduced corporate overhead costs by 12% over the same period in 2019;
- posted a trailing twelve-month Combined Payout Ratio of 60%. This represents an improvement from 73% as at March 31, 2020 and is the result of the combined impact from growth in Free Cash Flow and the Company's decision to suspend common share dividends in reaction to the economic uncertainty caused by the Pandemic;
- maintained a healthy balance sheet with \$34.4 million in cash and \$43.1 million in working capital. Mosaic was in compliance with all of its financial covenants highlight by Total Debt to Gross EBITDA leverage of 1.27;
- incurred a \$27.5 million impairment of goodwill and intangible assets related to certain portfolio companies that have been impacted by the Pandemic and depressed Energy sector fundamentals; and
- decided to divest its ownership interest in Remote Waste to reduce further cash flow losses from the operating subsidiary.

Subsequent to June 30, 2020, Mosaic:

- reached an agreement with its secured lender to revise certain terms related to its \$50 million revolving credit facility that included an extension of its maturity date to May 31, 2023 and a relaxation of financial covenants designed to provide additional flexibility, if it should be required, during Pandemic related uncertainty.

Segmented Financial Performance

<i>(in \$000s, except as noted)</i>	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Revenue:						
Infrastructure	\$ 52,268	\$ 71,186	-27%	\$ 100,236	\$ 126,523	-21%
Diversified	17,285	31,197	-45%	44,952	56,886	-21%
Energy	149	703	-79%	550	969	-43%
Corporate	-	-		-	-	
Total revenue	69,702	103,086	-32%	145,738	184,378	-21%
Adjusted EBITDA: ⁽¹⁾						
Infrastructure	9,665	4,883	98%	12,898	8,581	50%
Diversified	3,766	4,571	-18%	6,975	8,056	-13%
Energy	(50)	148	-134%	21	132	-84%
Corporate	(1,034)	(1,178)	12%	(2,112)	(2,538)	17%
Total adjusted EBITDA	\$ 12,347	\$ 8,424	46%	\$ 17,782	\$ 14,231	25%
<i>as a % of revenue</i>	17.71%	8.17%		12.20%	7.72%	

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 remains focused on the Company's on-going plan to deal with the evolving nature and impact of the Pandemic. Mosaic's second quarter 2020 financial results reflect constrained operating conditions as large parts of the economy were essentially halted in mid-March with widespread effects related to the Pandemic. Our individual portfolio companies within each business segment were impacted to varying degrees depending on government-imposed restrictions for their operations in the jurisdictions for where they operate, customer-driven changes in the requirement for the delivery of goods and services and implementation of Pandemic specific work-safe protocols to

protect the active workforce. Partially offsetting this, certain portfolio companies were only minimally affected and delivered results that were consistent with the same period last year.

The federal government implemented several programs to support companies and mitigate the financial impact the Pandemic is having on their operations. To date, Mosaic has been eligible for the CEWS program which commenced on March 15, 2020. Importantly, because Mosaic qualified to receive CEWS funds, the Company was able to maintain staffing levels through this difficult period and began to ramp-up activity levels in response to increasing customer demand in the final weeks of the second quarter.

Moving into the third quarter of 2020, the negative operational influences of the Pandemic continue to wane for most of our operating subsidiaries evidenced by increasing activity levels and new business inquiries. Unfortunately, the Pandemic compounded the already severely challenged energy sector fundamentals, which led to the Company's decision to divest the operations of Remote Waste. With the exception of this operating subsidiary, management believes the remainder of portfolio operations are positioned to continue on a path to more normal activity and profitability levels.

Furthermore, on July 27, 2020, the federal government passed legislation extending the length and increasing the breadth of the CEWS program to November 21, 2020, which Mosaic believes it will likely continue to be eligible for. The magnitude of future subsidies is not determinable with relative certainty as it is dependent on the percentage of revenue decline experienced as compared to the prior year or period and employee wages incurred.

Mark Gardhouse, President and CEO commented "Mosaic's prompt reaction to the Pandemic has proven to be appropriate and has positioned the Company to endure what could be a prolonged period of economic uncertainty. Our action plan has improved the Company's liquidity and enabled us to maintain operational capacity as we continue to engage with our customers to accommodate their plans to increase activity levels. While we are mindful of the potential risks of a COVID-19 resurgence and the resultant economic impacts, our action plan and the strong level of support from our lenders has ensured we have suitable liquidity and covenant headroom to manage these potential challenges should they arise."

Mosaic's long-term 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 robust 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.

Conference Call

Management will hold a conference call to discuss second quarter 2020 results on Thursday, August 6th, 2020 at 10:00 AM ET. All interested parties are invited to join the conference call by dialing 1-855-353-9183 from within Canada or the U.S. or 403-532-5601 from Calgary or internationally, then entering the participant Code 63121#. 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Cam Deller
Vice President, Corporate Development
Mosaic Capital Corporation
400, 2424 - 4th Street SW
Calgary, AB T2S 2T4

T: (403) 930-6576
E: cdeller@mosaiccapitalcorp.com

Reader Advisory

Non-GAAP Measures

Selected financial information for the three and six month period ended June 30, 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 and six months ended June 30, 2020 and 2019 and Mosaic's MD&A for the period ended June 30, 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 overall business strategy and objectives of Mosaic;*
- *the Company's expectation to successfully manage the current business environment;*
- *the Company's ability to manage the impact of the Pandemic and its impact on operations;*
- *the Company's eligibility for government financial assistance programs; 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, the Pandemic impact, risks related to: 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.