



FOR IMMEDIATE RELEASE

MOSAIC CAPITAL CORPORATION
Reports Q3 2020 Financial Results

Calgary, Alberta – November 4, 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 September 30, 2020. The Company's financial statements and management's discussion and analysis ("MD&A") for the period ended September 30, 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 September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
CONTINUING OPERATIONS						
Revenue	\$ 91,005	\$ 107,300	-15%	\$ 236,743	\$ 291,692	-19%
Adjusted EBITDA ⁽¹⁾	\$ 16,856	\$ 12,733	32%	\$ 34,638	\$ 26,961	28%
Net income (loss) and comprehensive income (loss)	\$ 8,328	\$ 5,023	64%	\$ (7,015)	\$ 403	-1,558%
Free Cash Flow ⁽¹⁾	\$ 8,624	\$ 6,293	37%	\$ 14,710	\$ 9,776	50%
DISCONTINUED OPERATIONS						
Revenue	\$ 41	\$ 14,530	-100%	\$ 2,744	\$ 43,114	-94%
Adjusted EBITDA ⁽¹⁾	\$ (265)	\$ 2,373	-111%	\$ (777)	\$ 5,154	-115%
Net (loss) income and comprehensive (loss) income	\$ (590)	\$ 1,587	-137%	\$ (5,148)	\$ 2,849	-281%
Free Cash Flow ⁽¹⁾	\$ (280)	\$ 1,739	-116%	\$ (1,167)	\$ 3,537	-133%
AGGREGATE						
Revenue	\$ 91,046	\$ 121,830	-25%	\$ 239,487	\$ 334,806	-28%
Adjusted EBITDA ⁽¹⁾	\$ 16,591	\$ 15,106	10%	\$ 33,861	\$ 32,115	8%
<i>per share</i>	\$ 1.55	\$ 1.42	9%	\$ 3.17	\$ 3.02	7%
<i>as a % of revenue</i>	18.22%	12.40%		14.14%	9.59%	
Net income (loss) and comprehensive income (loss)	\$ 7,738	\$ 6,610	17%	\$ (12,163)	\$ 3,252	-474%
Net income (loss) and comprehensive income (loss) attributable to common equity holders	\$ 2,215	\$ 2,731	-19%	\$ (18,388)	\$ (4,971)	-270%
Free Cash Flow ⁽¹⁾	\$ 8,344	\$ 8,032	4%	\$ 13,543	\$ 13,313	2%
<i>per share</i>	\$ 0.78	\$ 0.76	-	\$ 1.27	\$ 1.25	1%
Preferred securities distributions declared	\$ 1,512	\$ 1,512	-	\$ 4,504	\$ 4,487	-
Common share dividends declared	\$ -	\$ 1,125	-100%	\$ 1,126	\$ 3,368	-67%
<i>per share</i>	\$ -	\$ 0.105	-100%	\$ 0.105	\$ 0.315	-67%
TTM Preferred Distribution Payout Ratio ⁽¹⁾				38%	35%	10%
TTM Combined Payout Ratio ⁽¹⁾				52%	61%	-15%
Weighted avg. common shares outstanding	10,705,665	10,621,420	-	10,677,583	10,628,982	-

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".

THIRD QUARTER 2020 HIGHLIGHTS

For the three-month period ended and as at September 30, 2020, Mosaic:

- continued to see success with its response to the COVID-19 pandemic ("Pandemic"), illustrated by improved financial performance and balance sheet metrics over the second quarter ("Q2") of 2020;
- generated \$91.0 million in revenue from continuing operations which was a 30% improvement over Q2 of 2020 despite being impacted by continued, yet diminishing, influences of the Pandemic. The year-over-year revenue

decline of 15% is a significant improvement as compared to the 32% Q2 year-over-year decline and reflects improved operating conditions amid the easing of widespread economic lockdowns;

- generated Adjusted EBITDA from continuing operations of \$16.9 million which exceeded the same period last year by 32% due to improved profitability at certain portfolio companies and the receipt of Canada Emergency Wage Subsidy ("CEWS") funds;
- maintained corporate overhead cost discipline with Q3 2020 expenses roughly in line with the same period last year;
- improved non-cash working capital efficiencies illustrated by a \$12.9 million net reduction over December 31, 2019;
- maintained a healthy balance sheet with \$34.4 million in cash, \$59.7 million available on its collective credit facilities and Total Debt to Gross EBITDA leverage of 0.94; and
- reached an agreement with its lender to revise certain terms related to its \$50.0 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 during Pandemic related uncertainty.

Subsequent to September 30, 2020, Mosaic:

- redeemed its \$20.0 million Redeemable Non-Controlling Interest ("NCI") partnership units that were issued as part of the November 2017 acquisition of Circle 5. This redemption was completed in advance of the scheduled January 2021 maturity date and was financed through the issuance of \$10.0 million in new Redeemable NCI partnership units and a \$10.0 million draw on available credit facilities.

Segmented Financial Performance

<i>(in \$000s, except as noted)</i>	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Revenue:						
Infrastructure	\$ 62,363	\$ 74,220	-16%	\$ 162,598	\$ 200,760	-19%
Diversified	28,642	33,080	-13%	74,145	90,932	-18%
Corporate	-	-		-	-	
Total revenue	91,005	107,300	-15%	236,743	291,692	-19%
Adjusted EBITDA: ⁽¹⁾						
Infrastructure	10,981	7,514	46%	23,824	16,111	48%
Diversified	6,998	6,237	12%	13,969	14,423	-3%
Corporate	(1,123)	(1,018)	-10%	(3,155)	(3,573)	-12%
Total adjusted EBITDA	\$ 16,856	\$ 12,733	32%	\$ 34,638	\$ 26,961	28%
as a % of revenue	18.52%	11.87%		14.63%	9.24%	

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

Mosaic's third quarter 2020 financial results reflect a significant improvement in operating conditions over the second quarter of the year as the economy rebounded after being essentially halted mid-March due to the Pandemic. The impact of this rebound on Mosaic's operating and financial results has been varied with some underlying portfolio companies achieving rapid fundamental improvements while others have been slower to recover due to on-going disruptions in supply chain functioning or end market demand.

Reflecting this slower ramp up at certain portfolio companies, Mosaic benefited from the Government of Canada's CEWS program which partially mitigated the financial impact of the Pandemic on operations. Similar to the positive impact CEWS had during the depth of the Pandemic in the second quarter, Mosaic's portfolio companies were able to maintain staffing levels through the third quarter in anticipation of what has proven to be a slow, yet steady increase in customer demand.

Progressing into the final months of 2020, management has an increasing level of confidence in the normalization of Mosaic's financial results towards pre-Pandemic levels. Management has observed a trend of month-over-month improvement in the financial performance of most portfolio companies during the third quarter. This outlook provides a positive bias as the Company enters its annual budgeting and 2021 strategic planning phase for its portfolio.

Mark Gardhouse, President and CEO commented "Mosaic's initial, broad-based reaction to the COVID-19 pandemic during the second quarter has now shifted to a focus on supporting certain portfolio companies that have been slower to recover lost or deferred revenue. Specifically, we are working with our minority operating partners at these particular companies to engage with existing and new customers in order to rebuild project pipelines. Complementing this effort, for those companies that have emerged from the Pandemic in a position of strength, we are looking at a number of tuck-in acquisitions that can add value to operations in the years to come. While we remain attentive to the risks related to the current resurgence in COVID-19, we are increasingly confident in the sustainability of our financial results and expect to be in a position to deliver strong returns for our shareholders that will be independent of government support or subsidies."

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 third quarter 2020 results on Thursday, November 5th, 2020 at 10:00 AM ET. All interested parties are invited to join the conference call by dialing 1-800-898-3989 from within Canada or the U.S., then entering the participant Code 4343987#. 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 and nine month period ended September 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 nine months ended September 30, 2020 and 2019 and Mosaic's MD&A for the period ended September 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.