## FOUNDERS ADVANTAGE RELEASES Q3 2018 RESULTS

**Calgary, Alberta** – November 21, 2018 – Founders Advantage Capital Corp. (TSXV: FCF) ("FAC" or the "Corporation") is pleased to report its financial results for the three and nine months ended September 30, 2018 ("Q3 2018"). For complete information, readers should refer to the full Q3 2018 Report or to the consolidated financial statements and management discussion and analysis ("MD&A"), which are available on SEDAR at www.sedar.com and the Corporation's website at www.advantagecapital.ca. All amounts are presented in Canadian dollars unless otherwise stated.

***Strategic Alternatives Review Impacts Q3 2018***

As a result of a strategic alternatives review process, the Corporation entered into a letter of intent on September 25, 2018 (the "LOI") to acquire the remaining 40% interest (the "Proposed Transaction") in Dominion Lending Centres Limited Partnership ("DLC") from companies controlled by Gary Mauris and Chris Kayat (the "DLC Principals") and certain minority holders of DLC for $75.772 million (the "Purchase Price"). The Purchase Price will be funded through a combination of: (i) 41,012,571 class "A" common shares of the Corporation (the "Common Shares"), with each Common Share having a deemed price of $1.75 per share; and (ii) subordinated 6% promissory notes issued to the DLC Principals and the other vendors in the aggregate amount of $4.0 million.

On November 16, 2018, the Corporation entered into a definitive agreement for the Proposed Transaction (the "Share Purchase Agreement") with the DLC Principals and the other vendors. The Share Purchase Agreement contemplates that the proposed transaction will be completed on December 31, 2018. The Proposed Transaction, if completed, will be a related-party transaction as both the DLC Principals are directors of the Corporation and are management of DLC. Completion of the Proposed Transaction is subject to a number of conditions, including approval by a majority of the minority shareholders; approval by the TSX Venture Exchange; and approval by the Corporation's senior lender.

The Corporation has called a special meeting of shareholders for December 18, 2018 (the "Meeting") for consideration of the Proposed Transaction. The Corporation has mailed a management information circular dated November 16, 2018 (the "Circular") to all shareholders in connection with the Meeting which contains full disclosure on the Proposed Transaction. A copy of the Circular is available on SEDAR.

As a result of the Proposed Transaction the Corporation recorded a $2.6 million restructuring provision during the three months ended September 30, 2018 for anticipated management severance costs, lease costs for the Calgary head office, and the expenses related to the Proposed Transaction.

In addition, in light of the Proposed Transaction, FAC assessed the impact of the transaction on the existing deferred tax asset. As at September 30, 2018, the Corporation had a non-capital loss carry forward balance of $38.7 million, representing deferred tax asset value of $10.4 million. FAC recognized a non-cash deferred tax expense of $10.4 million during the third quarter given the uncertainty on the timing and ability to use the non-capital losses.

As such, with a $2.6 million accrual for restructuring expenses and a non-cash deferred tax expense of $10.4 million, the Proposed Transaction had a significant negative impact on the Corporation's reported net income for the quarter.

*Q3 2018 Highlights*

- Revenue of $33.1 million, an increase of 52% over the three-month period ending September 30, 2017.
- Adjusted EBITDA of $9.6 million and proportionate share of investee adjusted EBITDA of $6.0 million representing a 16% and 3% increase, respectively, over the three month period ending September 30, 2017.
- Q3 free cash flow of $2.0 million which is 41% higher than the same quarter of the previous year.
- Adjusted net income attributable to shareholders of $0.4 million resulting in adjusted earnings per share of $0.01.
- The Corporation entered into the LOI to acquire the remaining 40% interest in DLC.

Please see the Corporation's MD&A and financial statements for additional information relating to the financial results.

Stephen Reid, President and CEO, commented, "We are excited about the DLC transaction and continue to work toward closing. In the meantime, we are continuing to focus on growing our four investments while managing our corporate costs. We are pleased to have another consecutive quarter with positive free cash flow generation as well as year over year growth in both free cash flow and adjusted EBITDA during Q3 2018. Further, we continue to achieve strong funded volume growth in our Franchise Segment, which is comprised primarily of DLC. Funded mortgage volumes increased 5% from Q3 2017 and 22% increase from Q2 2018."

***Selected Consolidated Financial Highlights:***

| (in thousands except per share amounts) | Three months ended September 30, 2018 | Three months ended September 30, 2017 | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|---|---|
| **Revenues** | **$ 33,117** | $ 21,759 | **$ 98,884** | $ 54,953 |
| **Income from operations** | **2,508** | 4,537 | **9,781** | 5,387 |
| **Adjusted EBITDA** [(1)] | **9,565** | 8,262 | **26,517** | 16,006 |
| **Adjusted EBITDA attributable to:** [(1)] | | | | |
| Shareholders | **5,219** | 4,092 | **13,859** | 7,800 |
| Non-controlling interests | **4,346** | 4,170 | **12,658** | 8,206 |
| **Adjusted EBITDA margin** [(1)] | **29%** | 38% | **27%** | 29% |
| **Proportionate share of adjusted EBITDA** [(1)] | **5,985** | 5,827 | **16,430** | 12,074 |
| **Free cash flow** [(1)] | **2,001** | 1,415 | **3,444** | 2,633 |
| **Net income (loss) for the period** | **(10,209)** | 3,611 | **(11,585)** | 5,042 |
| **Net income (loss) attributable to:** | | | | |
| Shareholders | **(11,080)** | 1,140 | **(14,347)** | 485 |
| Non-controlling interests | **871** | 2,471 | **2,762** | 4,557 |
| **Adjusted net income** [(1)] | **1,871** | 1,959 | **5,545** | 2,306 |
| **Adjusted net income (loss) attributable to:** [(1)] | | | | |
| Shareholders | **403** | 46 | **509** | (1,252) |
| Non-controlling interests | **1,468** | 1,913 | **5,036** | 3,558 |
| **Diluted (loss) income per share** | **(0.29)** | 0.03 | **(0.38)** | 0.01 |
| **Adjusted income (loss) per share** [(1)] | **0.01** | - | **0.01** | (0.03) |
| **Dividend declared per share** | **0.0125** | 0.0125 | **0.0375** | 0.0375 |

(1) We use non-IFRS measures to assess our overall performance. Please see the "Non-IFRS Financial Performance Measures" section of the MD&A for additional information on these measures.

***Selected Segmented Financial Highlights:***

We currently operate a corporate head office and three business segments being– Business Products and Services, Consumer Products and Services and Franchise. Please see the Corporation's MD&A for a comprehensive discussion relating to the financial results for the segments.

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| **(in thousands except per share amounts)** | **September 30, 2018** | September 30, 2017 | **September 30, 2018** | September 30, 2017 |
| **Adjusted EBITDA (1)** | | | | |
| Franchise | $ **6,816** | $ 7,626 | $ **15,188** | $ 12,306 |
| Consumer Products and Services | **1,312** | 1,493 | **5,145** | 5,904 |
| Business Products and Services | **2,203** | 878 | **8,755** | 2,070 |
| Corporate and consolidated | **(766)** | (1,735) | **(2,571)** | (4,274) |
| **Total adjusted EBITDA (1)** | **9,565** | 8,262 | **26,517** | 16,006 |
| **Proportionate share of adjusted EBITDA (1)** | | | | |
| Franchise | **3,967** | 4,476 | **8,913** | 7,456 |
| Consumer Products and Services | **787** | 895 | **3,087** | 3,542 |
| Business Products and Services | **1,231** | 456 | **4,430** | 1,076 |
| **Total Proportionate share of adjusted EBITDA (1)** | $ **5,985** | $ 5,827 | $ **16,430** | $ 12,074 |

(1) We use non-IFRS measures to assess our overall performance. Please see the "Non-IFRS Financial Performance Measures" section of the MD&A for additional information on these measures.

The value of an expanding and diversified portfolio has provided us with growth in both revenue and adjusted EBITDA for the third quarter of 2018.

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| **(in thousands)** | **September 30, 2018** | September 30, 2017 | **September 30, 2018** | September 30, 2017 |
| Revenues | $ **33,117** | $ 21,759 | $ **98,884** | $ 54,953 |
| Income from operations | **2,508** | 4,537 | **9,781** | 5,387 |
| Adjusted EBITDA (1) | **9,565** | 8,262 | **26,517** | 16,006 |

(1) We use non-IFRS measures to assess our overall performance. Please see the "Non-IFRS Financial Performance Measures" section of the MD&A for additional information on these measures.

*Franchise Segment*

The mortgage regulations that became effective January 1, 2018 have had a minimal impact on DLC to date. DLC, the largest mortgage brokerage firm in Canada (by volume), realized solid funded mortgage volumes in Q3 showing funded mortgage growth of 5% from the prior year and 22% increase from Q2 2018. The increase in funded volumes over the prior year may be reflective of an increase in the number of borrowers using a mortgage broker in light of the recent mortgage rule changes. The decrease in revenue is largely attributable to a decrease in connectivity fees primarily due to the timing of the execution of a large contract in the three months ended September 30, 2017, thereby increasing the prior period above normal trend levels.

| **Franchise Segment** | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| (in thousands, unless otherwise noted) | **September 30, 2018** | September 30, 2017 | **September 30, 2018** | September 30, 2017 |
| Revenues | $ **11,549** | $ 12,895 | **$ 29,704** | $ 29,035 |
| Income from operations | **5,212** | 6,186 | **10,428** | 8,025 |
| Adjusted EBITDA (1) | **6,816** | 7,626 | **15,188** | 12,306 |
| Funded mortgage volumes | **11,204,710** | 10,658,943 | **27,418,601** | 26,194,373 |
| Number of franchises | **512** | 478 | **512** | 478 |
| Number of brokers | **5,347** | 5,436 | **5,347** | 5,436 |

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*Consumer Products and Services Segment*

Club16 Trevor Linden Fitness ("Club16") continues to grow its member numbers and is performing in line with management expectations. In January, the new South Surrey club was opened, (which included the relocation of the White Rock She's Fit! facility and transition of the facility into a larger co-ed Club16 location). This updated facility has shown strong early growth with 6,812 members at September 30, up 7% from June 30, and up 26% from the end of March. The revenue potential has not yet been fully realized for the new clubs, which is typical for new club openings from standard ramp up periods to reach anticipated member numbers. In addition, Club16 has received building permits for a facility in Tsawwassen Commons, the second part of a Tsawwassen megamall development. Construction on this facility started in July and it is expected to open in early 2019.

| **Consumer Products and Services Segment** | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| (in thousands, unless otherwise noted) | **September 30, 2018** | September 30, 2017 | **September 30, 2018** | September 30, 2017 |
| Revenues | $ **6,279** | $ 5,933 | $ **20,422** | $ 19,210 |
| Income from operations | **419** | 330 | **2,570** | 3,396 |
| Adjusted EBITDA (1) | **1,312** | 1,493 | **5,145** | 5,904 |
| Member count | **83,849** | 80,078 | **83,849** | 80,078 |

(1) We use non-IFRS measures to assess our overall performance. Please see the "Non-IFRS Financial Performance Measures" section of the MD&A for additional information on these measures.

*Business Products and Services Segment*

The Business Products and Services segment Q3 2018 adjusted EBITDA was $2.2 million, representing a $1.3 million decrease compared to the three months ended June 30, 2018. The segment was impacted by the anticipated Canadian postal strike reducing revenue at Astley Gilbert Limited ("AG") and by a softening of blueprinting product and services revenue due to contraction in the construction market within Ontario. In addition, a hurricane near the Impact Radio Accessories ("Impact") warehouse distribution center in North Carolina delayed the shipment of orders in the later part of September, decreasing Impact revenues.

The 2017 results do not include AG as it was acquired in October 2017 and only include a partial period for Impact from the date of acquisition on March 1, 2017.

| **Business Products and Services Segment** | Three months ended | | | Nine months ended | |
|---|---|---|---|---|---|
| (in thousands) | **September 30, 2018** | June 30, 2018 | September 30, 2017 | **September 30, 2018** | September 30, 2017 |
| Revenues | $ **15,289** | 17,345 | $ 2,931 | $ **48,758** | $ 6,708 |
| Income from operations | **219** | 1,689 | 580 | **2,579** | 1,354 |
| Adjusted EBITDA (1) | **2,203** | 3,761 | 878 | **8,755** | 2,070 |

*Corporate G&A*

During the third quarter 2018, when compared to the same quarter of 2017, corporate general and administrative expenses decreased by $1.1 million on lower salary, acquisition costs, and travel related expenses, the decreases were offset by $2.6 million restructuring provision recorded in the three months ended September 30, 2018. Corporate general and administrative expenses were $3.3 million as compared to $1.8 million in the same quarter of 2017.

*2018 Outlook*

Previously, FAC issued 2018 guidance for our expected proportionate share of annual adjusted EBITDA from our four investees of approximately $21.5 million to $22.5 million for the year ended December 31, 2018. Overall, the results to date for 2018 are generally in-line with managements' expectations given the seasonality of some of our investees. However, considering the softening revenue for AG due to the anticipated postal strike and contraction in construction activity, and lower than anticipated revenue ramp up for Newton Connectivity Systems ("NCS") within the Franchise segment, we expect proportionate share of annual adjusted EBITDA from our four investees to be between $19.0 million and $20.0 million for the year ended December 31, 2018.

***About Founders Advantage Capital Corp.***

The Corporation is listed on the TSX Venture Exchange as an Investment Issuer (Tier 1) and employs a permanent investment approach.

The Corporation's common shares are listed on the TSX Venture Exchange under the symbol "FCF".

For further information, please refer to the Corporation's website at www.advantagecapital.ca.

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***Non-IFRS Financial Performance Measures***

Management presents certain non-IFRS financial performance measures which we use as supplemental indicators of our operating performance. Non-IFRS financial performance measures include EBITDA and adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA attributed to shareholders and NCI, proportionate share of investee EBITDA, adjusted net income, adjusted earnings per share, and free cash flow. Readers are cautioned that these non-IFRS measures should not be construed as a substitute or an alternative to applicable generally accepted accounting principle measures as determined in accordance with IFRS. Please see the Corporation's MD&A for a description these measures and a reconciliation of these measures to their nearest IFRS measure.

***Cautionary Note Regarding Forward-looking Information***

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate," "believe," "estimate," "will," "expect," "plan," "intend," or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to, the 2018 outlook; completion of the Proposed Transaction; general business strategies and objectives; the increased usage of mortgage brokers by the public; that new Club16 facilities are still growing; that Canadian postal workers will strike; that the construction industry in Ontario is contracting; and that revenues for NCS are still ramping up.

Such forward-looking information is necessarily based on many estimates and assumptions, including material estimates and assumptions, related to the factors identified below that, while considered reasonable by the Corporation as at the date of this MD&A considering management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, not satisfying all conditions to close the Proposed Transaction, changes in taxes and capital; increased operating, general and administrative, and other costs; changes in interest rates; general business, economic and market conditions; our ability to obtain services and personnel in a timely manner and at an acceptable cost to carry out our activities; DLC's ability to maintain its existing number of franchisees and add additional franchisees; changes in Canadian mortgage lending and mortgage brokerage laws; material decreases in the aggregate Canadian mortgage lending business; the timely receipt of required regulatory approvals; changes in the fees paid for mortgage brokerage services in Canada; the realization of lower DLC dealer commission costs as a result of the terminated dealer agreement; changes in the regulatory framework for the Canadian housing sector; demand for DLC, Club16, Impact and AG's products remaining consistent with historical demand; our ability to realize the expected benefits of the DLC, Club16, Impact and AG transactions; our ability to generate sufficient cash flow from investees and obtain financing to fund planned investment activities and meet current and future commitments and obligations; the uncertainty of estimates and projections relating to future revenue, taxes, costs and expenses; changes in, or in the interpretation of, laws, regulations or policies; the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and other risks and uncertainties described elsewhere in this document and in our other filings with Canadian securities authorities.

Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All forward-looking statements made in this MD&A are qualified by these cautionary statements. The foregoing list of risks is not exhaustive. For more information relating to risks, see the Business Risks and Uncertainties section herein and the risk factors identified in our 2017 Annual Information Form and our 2017 Annual Report. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities laws, we undertake no obligation to update publicly or revise any forward-looking statements or information, whether because of new information, future events or otherwise.