

Crown Capital Partners Announces Financial Results for Q2 2017

Strong transaction activity in the quarter drives significant growth in interest revenue and fees

CALGARY, August 9, 2017 – Crown Capital Partners Inc. (“**Crown**” or the “**Corporation**”) (TSX: CRWN), which provides growth capital to successful mid-market companies, today announced its financial results for the second quarter ended June 30, 2017. Crown’s complete financial statements and management’s discussion and analysis for the three- and six-month periods ended June 30, 2017 are available on SEDAR at www.sedar.com.

Q2 2017 Financial & Operating Highlights

- Total revenue increased to \$7.7 million (2016 - \$5.0 million), including interest revenue of \$5.6 million, fees and other income of \$3.1 million, and net realized gain on sale of investments of \$2.7 million, offset by net change in unrealized gains in fair value of investments of \$(4.8) million;
 - The net change in unrealized gains includes \$(2.8) million of reversals of previously-recognized unrealized gains upon the recognition of realized gains from the repayments of the CRH Medical Corporation and Distinct Infrastructure Group Inc. loans and the disposition of the Distinct shares.
- Net income, net of non-controlling interests, of \$1.8 million (2016 - \$1.7 million), or \$0.19 per common share (basic) (2016 - \$0.18);
- Adjusted EBIT¹ of \$3.1 million (2016 - \$3.0 million);
- Total equity per common share (basic) of \$10.86 at June 30, 2017;
- Total assets of \$222.4 million at June 30, 2017, up from \$182.4 million at December 31, 2016;
- Cash and cash equivalents of \$23.5 million, compared with \$19.3 million at December 31, 2016;
- On June 2, 2017, paid a quarterly dividend of \$0.12 per common share to shareholders of record on May 19, 2017;
- Crown Capital Fund IV, LP (“**Crown IV LP**”), an investment fund managed by Crown in which Crown held a 35% interest as at June 30, 2017, completed three transactions:
 - Amended a \$15.0 million term loan and completed a new \$12.0 million bridge loan with Petrowest Corporation (TSX: PRW);
 - \$30 million term loan with Marquee Energy Ltd. (TSXV: MQX);
 - \$25 million term loan with Ferus Inc.;
- Subsequent to quarter end, completed a \$50 million closing for Crown IV LP, bringing the current total capital committed to the fund to \$225 million; and
- On August 8, 2017, declared quarterly dividend of \$0.13 per share, an increase over the previous quarterly dividend of \$0.12 per share.

“It was a highly active quarter for Crown, as we completed three special situations transactions and had two successful loans repaid in the period,” said Chris Johnson, President and CEO of Crown. “This activity drove a strong increase in fees and other income, and interest revenue more than doubled in the second quarter over the comparable period last year. With additional capital at work, we have built a solid base of interest

revenue, which enabled us to announce, subsequent to quarter end, an increase in the quarterly dividend to 13 cents per share, the second increase since the dividend was initiated in January 2016. Year to date, we have raised \$100 million of committed capital in Crown IV LP, which, when combined with cash on hand and our credit facility, gives us considerable resources to continue building the portfolio.”

Q2 2017 Financial Results Summary

Selected Quarterly Information (\$ in 000s, except per share and number of shares)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue:				
Fees and other income	\$ 3,080	\$ 814	\$ 3,606	\$ 1,368
Interest revenue	5,623	2,568	10,008	4,953
Performance fee distributions	1,044	-	1,044	-
Net realized gain on sale of investments	2,733	-	3,286	1,741
Net change in unrealized gains in fair value of investments	(4,765)	1,602	(3,473)	2,013
Total Revenue	\$ 7,715	\$ 4,984	\$ 14,471	\$ 10,075
Total comprehensive income, net of non-controlling interests	\$ 1,767	\$ 1,749	\$ 3,511	\$ 3,387
Weighted average shares outstanding - basic	9,519,598	9,492,045	9,520,471	9,492,699
Total comprehensive income per share - basic	\$ 0.19	\$ 0.18	\$ 0.37	\$ 0.36
Weighted average shares outstanding - diluted	9,853,463	9,744,369	9,846,354	9,744,373
Total comprehensive income per share - diluted	\$ 0.18	\$ 0.18	\$ 0.36	\$ 0.35
Adjusted EBIT ¹	\$ 3,079	\$ 2,968	\$ 6,069	\$ 5,713
Investments, at fair value through profit or loss	\$ 194,096	\$ 99,414	\$ 194,096	\$ 99,414
Total assets	\$ 222,445	\$ 138,226	\$ 222,445	\$ 138,226
Total non-current liabilities	\$ 110,105	\$ 34,365	\$ 110,105	\$ 34,365
Total equity	\$ 103,376	\$ 101,368	\$ 103,376	\$ 101,368
Common Shares outstanding at June 30,	9,517,432	9,495,210	9,517,432	9,495,210
Total equity per share - basic	\$ 10.86	\$ 10.68	\$ 10.86	\$ 10.68

Reconciliation of Earnings before Income Taxes to Adjusted EBIT (\$ in 000s)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Earnings before income taxes	\$ 4,735	\$ 3,578	\$ 9,786	\$ 6,965
Add: financing costs	141	-	288	-
Add: non-cash share-based compensation	402	473	745	848
Deduct: net income attributable to non-controlling interests	(2,200)	(1,083)	(4,750)	(2,100)
Adjusted EBIT	\$ 3,079	\$ 2,968	\$ 6,069	\$ 5,713

- Adjusted EBIT is not a measure of financial performance (nor does it have a standardized meaning) under IFRS. In evaluating this measure, investors should consider that the methodology applied in calculating this measure may differ among companies and analysts. Adjusted EBIT is calculated by Crown as earnings before non-cash share-based compensation, finance costs and income taxes less net income and comprehensive income attributable to non-controlling interests. The Corporation has provided a reconciliation of earnings before income taxes to Adjusted EBIT in this news release. The Corporation believes Adjusted EBIT is a useful supplemental measure that may assist investors in assessing the financial performance and the cash anticipated to be generated by Crown’s business. Adjusted EBIT should not be considered as the sole measure of Crown’s performance and should not be considered in isolation from, or as a substitute for, analysis of the Corporation’s financial statements.

Conference Call & Webcast

Crown will host a conference call to discuss its Q2 2017 financial results at 8:30 a.m. EDT on August 9, 2017. The call will be hosted by Chris Johnson, President & CEO, and Michael Overvelde, CFO. To participate in the call, dial 647-427-7450 or 1-888-231-8191 using the conference ID 59205747. The audio webcast can be accessed at www.crowncapital.ca under Investor Relations or at <https://bit.ly/2ueMEpT>. Listeners should access the webcast or call 10-15 minutes before the start time to ensure they are connected.

ABOUT CROWN

Crown (TSX: CRWN) is a specialty finance company focused on providing capital to successful Canadian and select U.S. companies that are unwilling or unable to obtain suitable financing from traditional capital providers such as banks and private equity funds. Crown also manages capital pools, including some in which Crown has a direct ownership interest. Crown originates, structures and provides tailored special situation and long-term financing solutions to a diversified group of private and public mid-market companies in the form of loans, royalties and other structures with minimal or no ownership dilution.

FORWARD-LOOKING STATEMENTS

This news release contains certain “forward looking statements” and certain “forward looking information” as defined under applicable Canadian and U.S. securities laws. Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “continue”, “plans” or similar terminology. Forward-looking statements in this news release include, but are not limited to, statements, management’s beliefs, expectations or intentions regarding the alternative financial market and the general economy, transaction pipeline, Crown’s business plans and strategy, including anticipated capital deployments and the timing thereof, and Crown’s future cash flow and shareholder value. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties concerning the specific factors identified in the Crown’s periodic filings with Canadian securities regulators. See Crown’s most recent annual information form for a detailed discussion of the risk factors affecting Crown. In addition, Crown’s dividend policy will be reviewed from time to time in the context of the Corporation’s earnings, financial requirements for its operations, and other relevant factors and the declaration of a dividend will always be at the discretion of the board of directors of the Corporation. Crown undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management’s best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

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Additional information relating to Crown is available on SEDAR at www.sedar.com