

Crown Capital Partners Announces Q3 2019 Financial Results

CALGARY, November 7, 2019 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN), a capital partner to entrepreneurs and growth businesses, today announced its financial results for the third quarter of 2019. Crown’s complete financial statements and management’s discussion and analysis for the three and nine months ended September 30, 2019 are available on SEDAR at www.sedar.com.

Q3 2019 Financial & Operating Highlights

- Interest revenue increased to \$7.5 million, compared with \$7.2 million in Q3 2018, due primarily to revenue of \$1.3 million from the repayment of the Canadian Helicopters Limited loan, which offset the impact of a lower average level of interest-yielding investments held by Crown Capital Partner Funding, LP (“Crown Partners Fund”).
- Fees and other income increased to \$0.5 million (Q3 2018 - \$0.2 million).
- Total revenues were \$8.0 million, compared with \$7.9 million in Q3 2018. Compared with the prior year, the change in net investment loss, mostly comprised of a reduction in the carrying value of equity-related investments and a reversal of an unrealized gain upon repayment of the Canadian Helicopters Limited loan, was offset by the inclusion of \$1.9 million of revenue from WireIE Holdings International Inc. (“WireIE”) and increases in interest and fee income.
- On July 12, 2019, Crown acquired WireIE, which deploys carrier-grade data networks to underserved communities. Crown believes this industry provides an attractive new avenue for growth, and intends to leverage this operating platform to develop a third-party fund. While WireIE generates positive cash flow from recurring contracts, the business incurred a net loss before income taxes of \$0.6 million in the quarter, inclusive of depreciation expense of \$1.2 million.
- Net income, net of non-controlling interests, of \$0.5 million (Q3 2018 – \$1.8 million), or \$0.05 per common share (basic) (Q3 2018 – \$0.19 per share). Net income for Q3 2019 was affected by net investment losses and a net loss from the operations of WireIE.
- Adjusted Funds from Operations¹ of \$(0.5) million, compared with \$3.2 million in Q3 2018
- Total assets of \$276.5 million at quarter-end, compared with \$275.9 million at December 31, 2018.
- On August 30, 2019 paid a quarterly dividend of \$0.15 per common share.
- Announced an agreement with Concentra Bank to provide investment management services for Concentra Bank’s \$20 million investment in a senior secured credit facility.
- Crown Partners Fund advanced an additional \$26.5 million to two portfolio companies:
 - \$7 million advanced to DATA Communications Management Corp, bringing its total investment to \$19 million; and
 - \$19.5 million advanced to Rokstad Holdings Corporation (“Rokstad”) through two transactions, bringing its total investment to \$35 million.
- Subsequent to quarter end, Crown Partners Fund increased its loans to three portfolio companies:
 - \$7 million advanced to Triple Five Intercontinental, increasing the existing term loan to \$27 million;
 - \$5 million advanced to Touchstone Exploration, increasing the existing term loan to \$20 million; and
 - \$15 million advanced to Rokstad, increasing its aggregate loan investment in Rokstad to \$50 million.

“Our core operating performance remains solid and we made steady progress during the quarter building our lending and power platforms,” said Chris Johnson, President and CEO of Crown. “Since the end of the second quarter, we have taken advantage of opportunities to increase our investment in several of the quality companies in Crown Partners Fund, putting over \$50 million to work to support the growth of these businesses. We were also able to leverage our deep relationships and origination capabilities in the middle market to provide investment management services for Concentra, which we view as a new revenue growth avenue going forward. We continue to monitor the challenges facing the oil and gas sector and the impacts that they might have on our investments. We remain confident in the fundamentals and overall quality of the companies in our portfolio.”

Mr. Johnson added: “Although we have faced delays in the development of Crown Power Fund this year, we are making progress with key projects that were under construction with one of our previous operating partners. We also advanced multiple other late-stage projects during the quarter, which we expect to be operational in the coming quarters. One of our priorities is to onboard new partners to accelerate the growth of the transaction pipeline for this fund.”

Q3 2019 Financial Results Summary

Selected Quarterly Information (\$ in 000s, except per share and number of shares)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue:				
Interest revenue	\$ 7,545	\$ 7,170	\$ 21,222	\$ 19,007
Fees and other income	528	208	2,910	2,043
Network operator revenue	1,885	-	1,885	-
Net realized gain on sale of investments	(10,796)	-	(9,866)	222
Net change in unrealized gains in fair value of investments	8,806	542	(1,197)	986
Total Revenue	\$ 7,968	\$ 7,920	\$ 14,954	\$ 22,258
Total comprehensive income, net of non-controlling interests	\$ 460	\$ 1,808	\$ (1,275)	\$ 4,679
Weighted average shares outstanding - basic	9,538,075	9,597,456	9,583,082	9,521,046
Total comprehensive income per share - basic	\$ 0.05	\$ 0.19	\$ (0.13)	\$ 0.49
Weighted average shares outstanding - diluted	9,649,500	9,734,031	9,692,603	9,652,456
Total comprehensive income per share - diluted	\$ 0.05	\$ 0.19	\$ (0.13)	\$ 0.48
Adjusted Funds from Operations ¹	\$ (472)	\$ 3,155	\$ 1,865	\$ 8,957
Adjusted Funds from Operations per share - basic ¹	\$ (0.05)	\$ 0.33	\$ 0.19	\$ 0.94
Investments	\$ 222,184	\$ 264,923	\$ 222,184	\$ 264,923
Total assets	\$ 276,519	\$ 288,176	\$ 276,519	\$ 288,176
Total equity	\$ 98,158	\$ 103,896	\$ 98,158	\$ 103,896
Cash dividends declared per common share	\$ 0.15	\$ 0.15	\$ 0.30	\$ 0.30
Common Shares outstanding at June 30,	9,455,843	9,624,855	9,455,843	9,624,855
Total equity per share - basic	\$ 10.38	\$ 10.79	\$ 10.38	\$ 10.79

Reconciliation of Earnings before Income Taxes to Adjusted EBIT and Adjusted Funds from Operations (In \$000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Earnings before income taxes	\$ 2,924	\$ 5,597	\$ 2,125	\$ 15,534
Deduct: Net income attributable to non-controlling interests ¹	(1,893)	(3,176)	(3,485)	(8,889)
Earnings (loss) before income taxes attributable to shareholders	1,031	2,421	(1,360)	6,645
Adjustments for amounts attributable to shareholders in relation to: ²				
Finance costs	863	768	2,338	1,247
Depreciation of property, office equipment, network services equipment and intangible assets, net of lease payments on right-of-use assets	849	15	853	19
Non-cash share-based compensation	163	(104)	261	774
Loss on acquisition	195	-	195	-
Adjusted EBITDA	3,101	3,100	2,287	8,685
Adjustments for amounts attributable to shareholders in relation to: ²				
Unrealized investment (gains)/losses	(3,314)	(280)	227	(830)
Finance fees received on investments carried at amortized cost but not included in fees and other income	96	506	559	1,518
Amortization component of interest revenue on loans carried at amortized cost	(415)	(171)	(1,268)	(416)
Network services fees received on customer contracts but not included in contractual network services revenue	229	-	229	-
Amortization component of network services revenue	(169)	-	(169)	-
Adjusted Funds from Operations	\$ (472)	\$ 3,155	\$ 1,865	\$ 8,957

- Adjusted EBITDA and Adjusted Funds from Operations are not measures of financial performance (nor do they have standardized meanings) under IFRS. In evaluating these measures, investors should consider that the methodology applied in calculating these measures might differ among companies and analysts. The Corporation has provided a reconciliation of earnings before income taxes to Adjusted EBITDA and Adjusted Funds from Operations in this news release. The Corporation believes these are useful supplemental measures that may assist investors in assessing the financial performance and the cash anticipated to be generated by Crown's business. Adjusted EBITDA and Adjusted Funds from Operations should not be considered as the sole measures 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 Q3 2019 financial results at 8:30 a.m. EDT on November 7, 2019. The call will be hosted by Chris Johnson, President & CEO, and Michael Overvelde, CFO. To participate in the call, dial (416) 764-8688 or (888) 390-0546 using the conference ID 91871635. The audio webcast can be accessed at www.crowncapital.ca under Investor Relations or <https://bit.ly/2IXNRcl>. Listeners should access the webcast or call 10-15 minutes before the start time to ensure they are connected.

About Crown Capital Partners (TSX:CRWN)

Founded in 2000, Crown is a leading specialty finance company that provides growth capital to a diversified group of successful mid-market companies that are seeking alternatives to banks and private equity funds. Crown provides customized solutions in the form of loans, royalties, and other structures with minimal or no ownership dilution. In addition to deploying capital as a principal investor, Crown develops, manages and co-invests in alternative investment funds, including Crown Partners Fund and Crown Capital Power Fund.

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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