



Crown Capital Partners Announces Financial Results for Q4 & Full-Year 2018

CALGARY, March 5, 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 fourth quarter and year ended December 31, 2018. Crown’s complete financial statements and management’s discussion and analysis for the three- and 12-month periods ended December 31, 2018 are available on SEDAR at www.sedar.com.

2018 Financial & Operating Highlights

- Total revenue of \$32.7 million, an increase of 13% compared with \$29.0 million in 2017. Interest revenue grew by 31% year over year to \$26.6 million in 2018.
- Net income, net of non-controlling interests, of \$7.1 million (2017 - \$6.7 million), or \$0.74 per common share (basic) (2017 - \$0.71).
- Adjusted Funds from Operations¹ of \$13.2 million, compared with \$12.7 million in 2017.
- Total assets of \$275.9 million at year-end, up from \$229.1 million at December 31, 2017.
- Crown paid quarterly dividends totaling \$0.60 per common share in 2018, an increase of 20% compared with 2017.
- Crown Capital Partner Funding, LP (“Crown Partners Fund”), an investment fund managed by Crown, completed five transactions totaling more than \$95 million.
- Completed two long-term transactions for up to \$20 million through Crown Capital Private Credit Fund, LP (“Crown Private Credit Fund”).
- Completed a \$75 million upsizing of Crown Partners Fund, extended the investment period, and raised the maximum size of the fund to \$500 million, from \$300 million previously.
- Launched Crown Power Fund, which intends to provide investors with attractive, utility-like income through the direct ownership of integrated energy platforms.
- Expanded the team to support growth, with the addition of experienced professionals in business development, investment management, finance and operations.

Q4 2018 Financial & Operating Highlights

- Total revenue of \$10.4 million, a 16% increase from \$8.9 million in 2017. Interest revenue grew by 38% over the comparable period to \$7.6 million.
- Net income, net of non-controlling interests, of \$2.4 million (2017 - \$2.1 million), or \$0.25 per common share (basic) (2017 - \$0.22).
- Adjusted Funds from Operations¹ of \$3.9 million, compared with \$3.3 million in 2017.
- On November 30, 2018 paid a quarterly dividend of \$0.15 per common share.
- Crown Partners Fund announced an agreement to provide a \$15 million, 60-month loan to VIQ Solutions.
- Announced the full repayment by Marquee Energy Ltd. of its \$30 million special situations loan to Crown Partners Fund.

“It was a very productive year for the company in terms of capital deployment and capital development, as we increased fee-generating assets and our capital base to support future growth,” said Chris Johnson, President and CEO of Crown. “The most important strategic development was the launch of Crown Power Fund, which targets a new, high-growth market segment that aligns well with our expertise in sourcing and structuring transactions that create strong risk-adjusted recurring cash flows. In the past several quarters, we have expanded our base of operating partners in the fund, financed multiple new projects, and built a robust pipeline of new customers. With the recently announced subscription that increased Crown Power Fund’s total committed capital to \$58 million – led by key institutional limited partners – our operators can execute on these projects.”

Mr. Johnson added: “While we have recently seen additional competition from traditional financing sources in the special situations market in recent months, we are a recognized leader in this segment and are confident in our ability to expand our loan portfolio to \$500 million or more over time. In 2019, we will be focused on originating new transactions for this fund, building out assets in Crown Power Fund, and securing additional third-party funding to grow these two segments.”

Q4 & FY2018 Financial Results Summary

On January 1, 2018, the Corporation adopted IFRS 9 “Financial Instruments” (“IFRS 9”) resulting in fundamental changes to the accounting for financial assets. As a result, some of the Corporation’s debt investments are now carried at amortized cost, with other debt investments and all equity investments carried at fair value through profit and loss (“FVTPL”). Previously, all investments had been carried at FVTPL. The impact of the adoption of IFRS 9 on the carrying value of investments and retained earnings as at January 1, 2018 was a reduction of \$2.1 million and \$0.9 million, respectively. Financing fees earned in relation to debt investments carried at amortized cost are now deferred and amortized over the term of related loans as part of the effective interest rate and are no longer recognized immediately in revenues. Comparative periods prior to January 1, 2018 were not restated for the impact of IFRS 9.

Selected Quarterly Information (\$ in 000s, except per share and number of shares)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017 ²	2018	2017 ²
Revenue:				
Interest revenue	\$ 7,585	\$ 5,487	\$ 26,592	\$ 20,311
Fees and other income	1,497	1,888	3,540	5,634
Performance fee distributions	-	-	-	1,044
Net realized gain on sale of investments	-	1,144	222	3,344
Net change in unrealized gains in fair value of investments	1,326	417	2,312	(1,325)
Total Revenue	\$ 10,408	\$ 8,936	\$ 32,666	\$ 29,008
Total comprehensive income, net of non-controlling interests	\$ 2,373	\$ 2,112	\$ 7,051	\$ 6,735
Weighted average shares outstanding - basic	9,620,530	9,520,611	9,546,122	9,524,972
Total comprehensive income per share - basic	\$ 0.25	\$ 0.22	\$ 0.74	\$ 0.71
Weighted average shares outstanding - diluted	9,759,027	9,837,088	9,679,289	9,825,532
Total comprehensive income per share - diluted	\$ 0.24	\$ 0.21	\$ 0.73	\$ 0.69
Adjusted Funds from Operations ¹	\$ 3,893	\$ 3,328	\$ 13,164	\$ 12,672
Adjusted Funds from Operations per share - basic ¹	\$ 0.40	\$ 0.35	\$ 1.38	\$ 1.33
Investments	\$ 246,862	\$ 181,302	\$ 246,862	\$ 181,302
Total assets	\$ 275,921	\$ 229,050	\$ 275,921	\$ 229,050
Total equity	\$ 104,892	\$ 104,449	\$ 104,892	\$ 104,449
Cash dividends declared per common share	\$ 0.15	\$ 0.13	\$ 0.60	\$ 0.50
Common Shares outstanding at December 31,	9,616,555	9,510,017	9,616,555	9,510,017
Total equity per share - basic	\$ 10.91	\$ 10.98	\$ 10.91	\$ 10.98

Reconciliation of Earnings before Income Taxes to Adjusted Funds from Operations (\$ in 000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017 ²	2018	2017 ²
Earnings before income taxes	\$ 7,647	\$ 6,987	\$ 23,181	\$ 20,867
Add: financing costs	849	137	2,096	559
Add: non-cash share-based compensation	226	382	1,000	1,378
Deduct: net income attributable to non-controlling interests	(4,336)	(4,092)	(13,225)	(11,336)
Adjusted EBIT ¹	4,386	3,414	13,052	11,468
Add: finance fees attributable to shareholders received on investments carried at amortized cost but not included in fee income	391	-	1,908	-
Deduct: unrealized investment (gains)/losses attributable to shareholders	(570)	(86)	(1,066)	1,204
Deduct: amortization component of interest revenue attributable to shareholders on loans carried at amortized cost	(314)	-	(730)	-
Adjusted Funds from Operations ¹	\$ 3,893	\$ 3,328	\$ 13,164	\$ 12,672

- Adjusted EBIT 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 EBIT 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 EBIT 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.
- IFRS 9 was adopted on January 1, 2018 on a retrospective basis without restatement of prior periods. Accordingly, 2017 and prior periods are not presented on a comparable basis.

Conference Call & Webcast

Crown will host a conference call to discuss its Q4 2018 financial results at 8:30 a.m. EDT on March 5, 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 05451885. The audio webcast can be accessed at www.crowncapital.ca under Investor Relations or <https://bit.ly/2RE72cw>. 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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