



# Q2 2021 Investor Update

AUGUST 13, 2021

TSX: CRWN

## FORWARD-LOOKING STATEMENTS

This presentation contains certain “forward looking statements” and certain “forward looking information” as defined under applicable Canadian 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 presentation include, but are not limited to, statements with respect to Crown’s future targets, strategic priorities, transaction pipeline, and the Corporation’s business plans and strategy. 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. 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.

## SPEAKERS & AGENDA



**Chris Johnson**  
President &  
Chief Executive  
Officer



**Michael Overvelde**  
Senior Vice President,  
Chief Financial Officer

- 01 Review Strategic Priorities
- 02 Progress Report
- 03 Q2 2021 Financial Update
- 04 Q&A

## TRANSFORMING CROWN CAPITAL

- New multi-year strategy implemented mid-2020
- Reflected persistent discount to underlying market value since IPO
- Leverages core capabilities and relationships
- Key milestones achieved in 2021

01

### Reposition Balance Sheet

Capital-light model  
Reduce loan-based  
investments  
Improve capital efficiency

02

### Expand & Diversify Platform

Increase market opportunity  
Focus on recurring revenue  
assets, asset-light businesses  
Increase non-investment  
earnings

**Deliver long-term growth in earnings per share**

# REPOSITION THE BALANCE SHEET

## KEY STEPS

01

### Reduce lending exposure

- Sale of LP units for net proceeds of \$20+mm (CRWN retains a 28% ownership in Crown Partners Fund)
- Divestiture of majority of CPCP
  - Crown retains 100% of performance fees
  - Accelerates plans to redirect capital toward strategic initiatives

02

### Return capital to shareholders

- Substantial Issuer Bid
  - 559,854 shares acquired @ \$5.50
- Ongoing use of Normal Course Issuer Bid

03

### Reduce debt

- CCPF Credit Facility has declined from \$34.6mm at June 30, 2020 to \$24.5mm at June 30, 2021 and \$19.0mm currently
- CCPI Credit Facility has declined from \$29.6mm at June 30, 2020 to \$24.7mm at June 30, 2021 and to \$8.4 mm currently

**11%**

Decreased ownership in Crown Partners Fund

**\$20+mm**

Capital return accelerated

**~10%**

Decrease in shares outstanding

**\$4.8mm**

Dollar value of shares repurchased

## REPOSITION THE BALANCE SHEET

### REDUCE ALTERNATIVE LENDING EXPOSURE

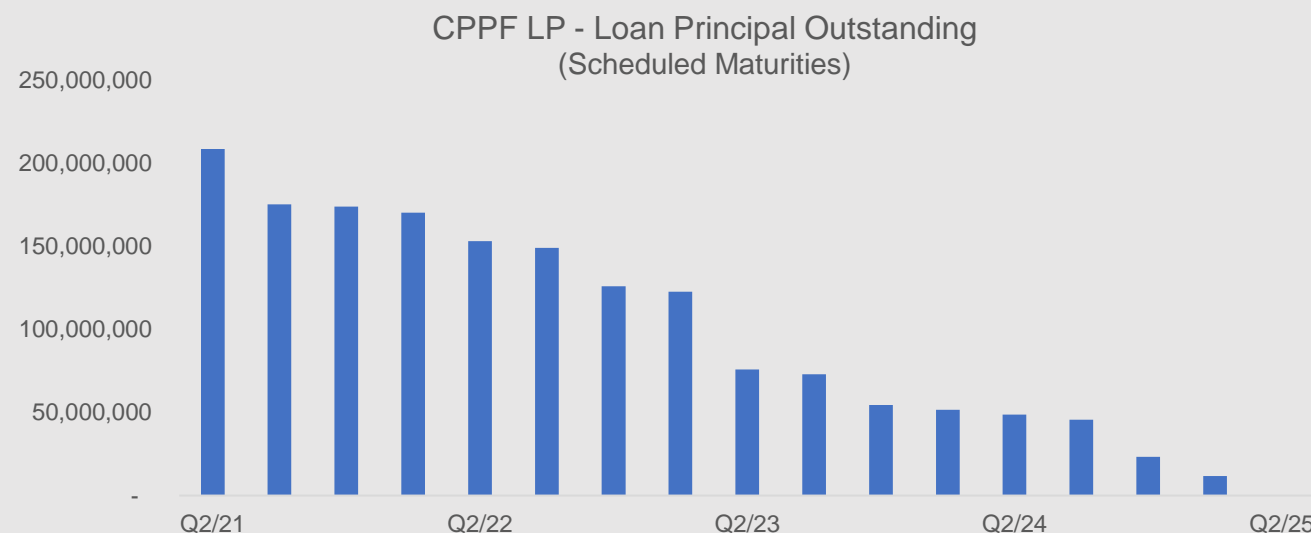
~\$218mm remaining gross investment in Crown Partners Fund

Crown Partners remaining capital investment of \$52mm, down from \$75mm 12 months ago

10 loans remaining in Crown Partners Fund

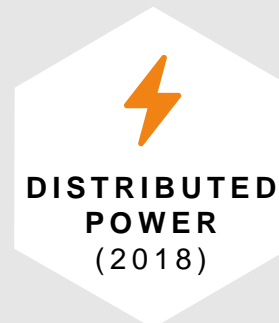
Natural run-off mode; prepayments expected

Strong fund returns to date: 13.4% Gross IRR



**Material prepayments expected in next 12 months**

## EXPAND & DIVERSIFY PLATFORM



### Market focus

Addressing the requirement for high-speed data connectivity to enterprise customers and community organizations in rural or remote areas.

Addressing the growing need for lower cost and predictable electricity through onsite power generation solutions.

High-growth, capital light businesses where we have domain knowledge

Opportunistic investing

### Revenue streams

Operating profits  
Management fees (upon fund formation)  
Investment income from ownership of fund units (upon fund formation)

Operating profits  
Management fees (upon fund formation)  
Investment income from ownership of fund units (upon fund formation)

Operating profits

### Target investment

**\$25mm**

**\$25mm**

### Opportunity

**>\$1.0B**

**>\$1.0B**



## NETWORK SERVICES

### WHY WE LIKE THE MARKET

Rural and remote telecommunications market is underserved with low broadband speeds and poor reliability

Up to 20-year network management agreements provide long-term recurring cash flow

Strong and stable counterparties

Niche networks with barriers to entry

Opportunity to accelerate growth through M&A

**3**

Operating  
Businesses

**\$40+mm**

Revenue target  
through identified  
M&A opportunities

**\$80+mm**

Current project  
pipeline

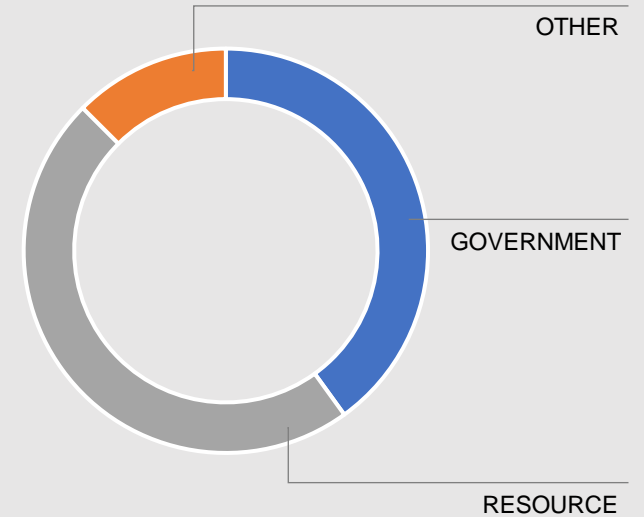
**100+**

Community network  
partnership opportunities

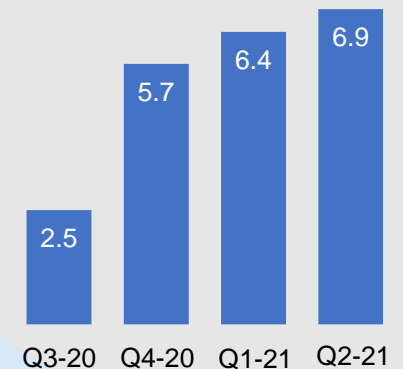
### PROGRESS REPORT

- Growing and diversified group of end customers: governments, resource customers, remote communities
- Growing pipeline of projects
- Accelerated growth in 2021

### REVENUE BY SECTOR



### NETWORK SERVICES REVENUE (\$MM)







## NETWORK SERVICES: SAMPLE PROJECTS

1

### **Horizon North/Dexterra Since 2007**

Galaxy provides a full turn-key Smart Site solution to Horizon/Dexterra camps across Canada. The camps range in size from 30 to 500 guests and require a high speed data link of up to 50 Mbps, VoIP phone service, corporate and public WiFi service with security and management. Their comms provide a vital connection from these remote sites to their offices and families hundreds of kilometres away.

2

### **Wiikwemkoong First Nations Wireless Broadband Network Build and Management Since 2017**

The Wiikwemkoong First Nations project on Manitoulin Island provides broadband connectivity, including internet and IPTV services, to 120 customers within the Wiikwemkoong First Nations community. This project enabled FirstTel to provide service to its community members that previously had limited to poor connectivity, if any.

3

### **De Beers Group Diamond Mines Since 2013**

De Beers are one of the worlds largest diamond produces with Canadian mines in ON and NT. Galaxy provide multiple satellite links to their various mines that are used for mining operations and corporate communications.





## DISTRIBUTED POWER

### WHY WE LIKE THE MARKET

Distributed generation addresses real need for reliable and affordable power supply

Utility-like recurring revenue with downside protection; 10-20 year Power Purchase agreements

Strong and stable counterparties

Diversified group of end customers

Attractive characteristics to attract third-party investors and build managed funds

**5**

Developer partners

**11**

Projects operating  
or under  
development

**~\$125+mm**

Pipeline

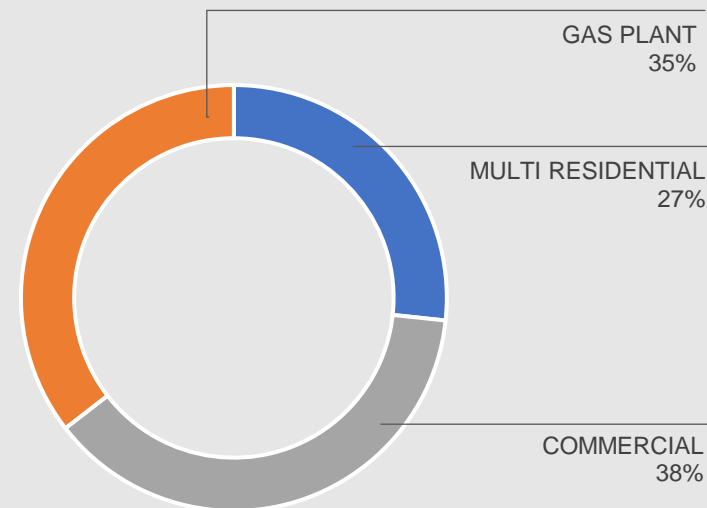
**\$22mm**

Committed capital

### PROGRESS REPORT

- Slower-than-expected ramp
- Some industry headwinds from modifications to Global Adjustment Rates in Ontario and federal carbon tax policies
- Seeing an accelerated conversion of multi residential projects

### COMMITTED CAPITAL BY PROJECT TYPE





## Multi-Unit Residential Buildings (“MURB”)

A 22-storey apartment building in Toronto, housing 1,500 residents, is under a 20-year PPA contract, escalating annually with CPI. The project is forecast to supply approximately 285 kW of the building’s current peak demand of 525 kW power demand.

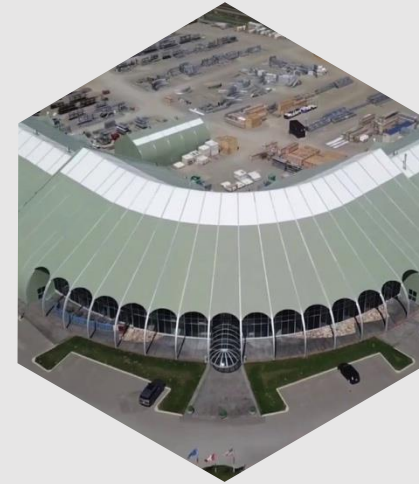
This project has been structured as a tolling model, with the fuel gas and carbon tax paid by the customer. In return, the customer receives the thermal output at no charge.



## Gas Plant

7.3 MW of project installed at a large central Alberta gas plant, supplying 100% of the facility’s electrical load under a 10-year PPA.

The plant has additional capacity to ensure reliability for the gas plant. The additional capacity is sold to data center operators on an interruptible basis, with future plans of a grid interconnection that will enable the excess capacity to be sold into the Alberta energy market.



## Commercial

The 160,000 sq ft building of a large multinational modular building manufacturing company hosts the head office, onsite manufacturing, an on-site greenhouse, a research and testing structure, and over a million square feet of inventory ready to ship.

A 150 kW CHP was installed and contracted to the customer with a 20-year PPA. This project has been structured as a tolling model, with the fuel gas and carbon tax paid by the customer. In return, the customer receives the thermal output at no charge.



## MAXIMIZE VALUE OF OTHER ASSETS



### Real Estate

#### Multi-unit residential

- Stoney Creek Commercial Development
- London Commercial Development
- Barrie high density residential development



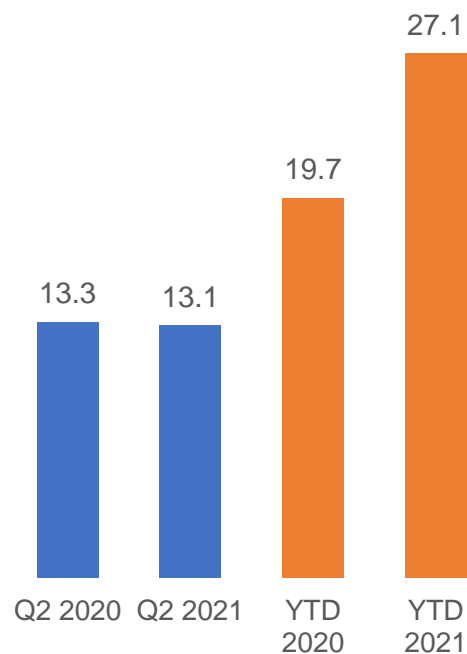
### Other Diversified Assets

Lumbermens Credit Group Ltd., an Ontario-based credit reporting company (100% ownership)

**\$16.0mm invested currently**

## Q2 2021 FINANCIAL RESULTS

### TOTAL REVENUE (\$MM)



For the periods ended Jun. 30  
(\$thousands)

### Revenue:

Interest revenue

Fees and other income

Net gain (loss) on investments

Network services revenue

### Total revenue

### THREE MONTHS ENDED

2021

2020

### SIX MONTHS ENDED

2021

2020

6,403

7,224

12,957

14,557

632

779

1,191

1,116

(781)

3,395

(236)

150

6,843

1,868

13,229

3,851

13,097

13,266

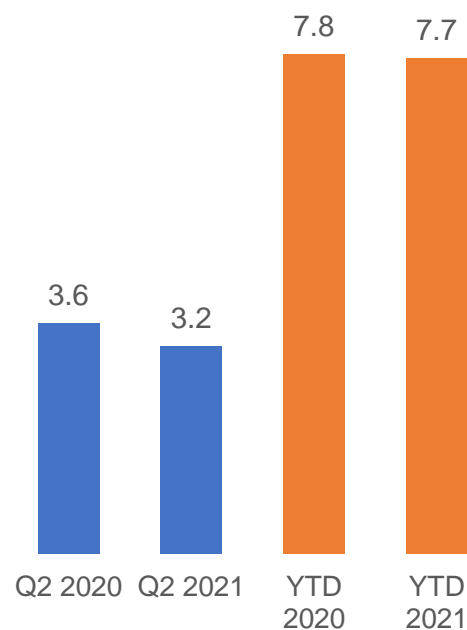
27,141

19,674

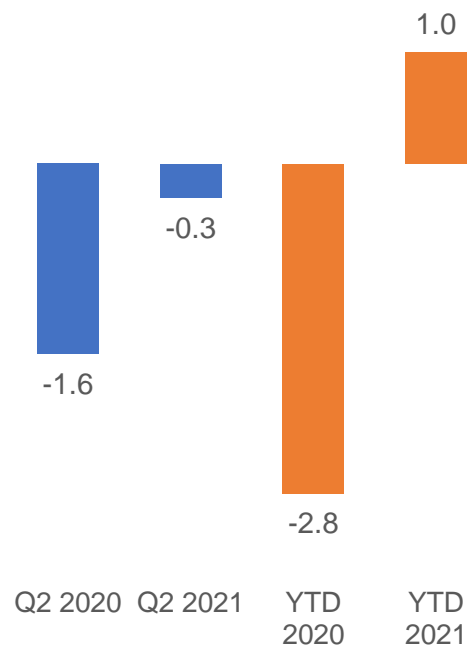
Strong growth in revenue and operating earnings in Network Services

## Q2 2021 FINANCIAL RESULTS

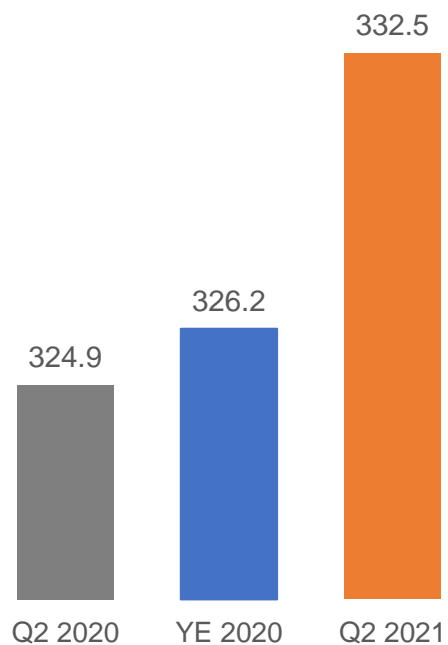
### ADJUSTED FUNDS FROM OPERATION (\$MM)



### NET INCOME (\$MM)



### TOTAL ASSETS (\$MM)



### TOTAL EQUITY PER SHARE



**Maintaining solid AFFO results during strategic transition**



## Q2 2021 SUMMARY

- Continue to make significant strides to transition the business and execute on our strategy
  - Reducing our alternative lending exposure
  - Improving balance sheet
  - Increasing operating earnings in new businesses, led by Network Services
- Additional catalysts and meaningful progress expected in H2 2021





# Q&A



## AFFO RECONCILIATION

### Reconciliation of Income (Loss) before Income Taxes to Adjusted Funds from Operations

FOR THE PERIODS ENDED JUN. 30 (THOUSANDS)	Three Months Ended		Six Months Ended	
	2021	2020	2021	2020
<b>Income (loss) before income taxes attributable to Shareholders</b>	<b>(365)</b>	<b>(1,878)</b>	<b>971</b>	<b>(3,003)</b>
Adjustments for amounts attributable to Shareholders in relation to:				
Finance costs.....	1,100	1,302	2,331	2,475
Depreciation expense, net of lease payments on right-of-use assets.....	552	711	1,092	2,289
Subtotal - Earnings attributable to Shareholders before and depreciation expense, net of lease payments on right-of-use assets.....	1,287	135	4,394	1,761
Adjustments for amounts attributable to Shareholders in relation to:				
Non-cash share-based compensation.....	423	93	473	64
Asset impairment expense.....	71	320	71	326
Gain on acquisition.....	(73)	-	(73)	-
Net unrealized investment (gains) losses.....	1,076	(979)	1,299	360
Provision for credit losses.....	679	3,909	1,232	4,200
Finance fees received in investments carried at amortized cost but not included in fees and other income.....	-	46	-	851
Amortization component of interest revenue on loans carried at amortized cost.....	(85)	(103)	(173)	(277)
Network services fees received on customer contracts but not included in contractual network services revenue.....	53	199	804	530
Amortization component of network services revenue.....	(203)	(39)	(334)	(64)
<b>Adjusted Funds from Operations<sup>1</sup></b>	<b>\$ 3,228</b>	<b>\$ 3,581</b>	<b>\$ 7,693</b>	<b>\$ 7,751</b>

<sup>1</sup> Adjusted Funds from Operations 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 these measures might differ among companies and analysts. The Corporation has provided a reconciliation of loss before income taxes to Adjusted Funds from Operations. We believe that Adjusted Funds from Operations is a useful supplemental measure in the context of Crown's specialty finance focus to assist investors in assessing the cash anticipated to be generated by Crown's business, including cash received in relation to its various revenue streams, that is attributable to Shareholders. Adjusted Funds from Operations 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.