



Crown Capital Partners Announces Financial Results for Q3 2021

CALGARY, November 9, 2021 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN) today announced its financial results for the third quarter ended September 30, 2021. Crown’s complete financial statements and management’s discussion and analysis for the three- and nine-month periods ended September 30, 2021 are available on SEDAR at www.sedar.com.

Effective July 13, 2021, in connection with previously announced transactions that included a divestment of 87.5% of our 100% interest in our alternative lending fund management business (Crown Private Credit Partners or CPCP), the transfer of the management contracts for our credit funds to CPCP, and a partial sale of our interest in Crown Partners Fund (reducing our effective ownership to 28.0%), Crown Partners Fund is no longer being recognized as a subsidiary but rather an *investment in associate* using the equity method. As a result, many of our asset, liability, revenue and expense balances as at and for the three months ended September 30, 2021 are not directly comparable to equivalent balances for prior periods.

These transactions were consistent with management’s plan to shift towards a capital-light business model and to achieve liquidity in our lending portfolio, where possible. We intend to use the proceeds from such realizations to pursue strategic growth opportunities and to rationalize our capital structure.

Q3 2021 Financial & Operating Highlights

- Continued growth of the Network Services platform, revenue stream and operating profit. Network Services revenue increased to \$7.4 million in Q3 2021 (76% of total revenue for the quarter), up from \$2.5 million in Q3 2020 and \$6.8 million in Q2 2021, and income (before income tax, financing charges and depreciation and amortization) of \$2.0 million, up from \$0.9 million in Q3 2020. The year-over revenue increase reflects the addition of Galaxy Broadband Communications Inc. (acquired in September 2020) as well as organic growth.
- Interest revenue, which now solely includes revenue from Crown Power Fund, was \$0.3 million, compared with \$6.9 million in the prior year. The decrease reflects the above-mentioned deconsolidation of Crown Partners Fund, formerly the primary source of total interest revenue, as a subsidiary.
- Q3 2021 results now include Crown’s *share of earnings in Crown Partners Fund* of \$2.0 million, which is comprised of its proportionate share of the reported earnings of Crown Partners Fund in respect of its limited partnership and general partnership interests in that fund.
- Adjusted Funds from Operations¹ were \$2.4 million (\$0.28 per basic share) in the quarter, compared with \$2.4 million (\$0.25 per basic share) in Q3 2020, with the aggregate impact of the derecognition of Crown Partners Fund as a subsidiary, a reduction in the balance of Crown Partners Fund’s investments and a reduction in Crown’s percentage ownership of Crown Partners Fund offsetting an increased contribution from the Network Services platform.
- Net income and comprehensive income of \$0.8 million, compared with a net loss of \$(8.2) million in Q3 2020. Upon the derecognition of Crown Partners Fund as a subsidiary, a gain on derecognition of subsidiary totaling \$1.6 million was recognized in the third quarter, consisting of \$1.2 million recognized in relation to the remeasurement of our interest to fair value and \$0.4 million realized from the partial sale of our interest in Crown Partners Fund. Also recognized in Q3 was an aggregate loss of \$2.0 million relating to the remeasurement of each of the lease earn-out receivable in respect of PRC Stoney Creek Corp. and the contingent consideration liability in respect of the Galaxy acquisition.

- Total equity at quarter-end was \$79.0 million, or \$9.37 per basic share, compared with \$81.2 million, or \$8.98 per share, at year-end 2020.
- Proceeds of \$16.3 million raised from the partial sale of Crown’s interest in Crown Partners Fund were applied as a partial repayment of the balance outstanding on the Crown Credit Facility. As at the end of the third quarter, the balance outstanding on Crown’s revolving credit facility was \$nil compared with \$24.7 million as at June 30, 2021.
- Crown announced the results of its substantial issuer bid, which resulted in the purchase and cancellation of 559,854 Common Shares at a price of \$5.50 per Common Share in cash for an aggregate cost of \$3.1 million excluding fees and expenses.

“With the divestment of a majority stake in the lending business and substantially reduced exposure to Crown Partners Fund, the transformation of Crown’s operations and balance sheet are now coming into greater focus,” said Chris Johnson, President and CEO of Crown. “Over the past year, these strategies and transactions have accelerated the return of approximately \$40 million of capital, which has allowed us to reduce debt while also returning \$4.3 million to shareholders through our issuer bids. At the same time, our Network Services business, now the largest segment, continues to perform strongly, highlighted by another quarter of sequential revenue growth in Q3 as well as \$2.1 million and \$6.9 million of income (before income tax, financing charges and depreciation and amortization) in the quarter and year-to-date, respectively.”

Q3 2021 Financial Results Summary

| <i>Selected Quarterly Information</i> | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-----------|-------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| FOR THE PERIODS ENDED SEP. 30 (THOUSANDS, EXCEPT PER SHARE AND NUMBER OF COMMON SHARES) | | | | |
| Revenue: | | | | |
| Network services revenue..... | \$ 7,445 | \$ 2,526 | \$ 20,674 | \$ 6,377 |
| Interest revenue..... | 278 | 6,878 | 13,235 | 21,435 |
| Share of earnings of Crown Partners Fund..... | 1,959 | - | 1,959 | - |
| Fees and other income..... | 151 | 304 | 1,342 | 1,420 |
| Net gain (loss) on investments..... | - | 2,884 | (236) | 3,034 |
| Total revenue..... | 9,833 | 12,592 | 36,974 | 32,266 |
| Net income (loss) attributable to Shareholders..... | 844 | (8,183) | 1,810 | (11,027) |
| Adjusted Funds from Operations ¹ | 2,421 | 2,355 | 10,113 | 10,106 |
| Total assets..... | 151,038 | 330,011 | 151,038 | 330,011 |
| Total equity..... | 78,989 | 84,353 | 78,989 | 84,353 |
| Per share: | | | | |
| - Net income (loss) to Shareholders - basic..... | \$ 0.10 | \$ (0.88) | \$ 0.20 | \$ (1.18) |
| - Net income (loss) to Shareholders - diluted..... | 0.10 | (0.87) | 0.20 | (1.17) |
| - Adjusted Funds from Operations per share - basic ¹ | 0.28 | 0.25 | 1.14 | 1.08 |
| - Total equity per share - basic..... | 9.37 | 9.13 | 9.37 | 9.13 |
| Number of common shares: | | | | |
| - Outstanding at end of period..... | 8,426,835 | 9,239,168 | 8,426,835 | 9,239,168 |
| - Weighted average outstanding - basic..... | 8,593,542 | 9,293,730 | 8,883,945 | 9,374,701 |
| - Weighted average outstanding - diluted..... | 8,593,542 | 9,352,607 | 8,883,945 | 9,432,773 |

| Reconciliation of Income (Loss) before Income Taxes to Adjusted Funds from Operations | | | | |
|---|--------------------|----------|-------------------|-----------|
| | Three Months Ended | | Nine Months Ended | |
| FOR THE PERIODS ENDED SEP. 30 (THOUSANDS) | 2021 | 2020 | 2021 | 2020 |
| Income (loss) before income taxes attributable to Shareholders | 529 | (10,875) | 1,500 | (13,878) |
| Adjustments for amounts attributable to Shareholders in relation to: | | | | |
| Finance costs..... | 670 | 1,258 | 3,001 | 3,733 |
| Depreciation expense, net of lease payments on right-of-use assets..... | 646 | 681 | 1,738 | 2,970 |
| Subtotal - Earnings attributable to Shareholders before and depreciation expense, net of lease payments on right-of-use assets..... | 1,845 | (8,936) | 6,239 | (7,175) |
| Adjustments for amounts attributable to Shareholders in relation to: | | | | |
| Non-cash share-based compensation..... | (1,019) | 394 | (546) | 458 |
| Asset impairment expense..... | 2,212 | 178 | 2,283 | 504 |
| Share of earnings of Crown Partners Fund attributable to limited partnership interest..... | (1,616) | - | (1,616) | - |
| Income distributions received from Crown Partners Fund..... | 1,071 | - | 1,071 | - |
| Gain on acquisition..... | - | - | (73) | - |
| Net unrealized investment (gains) losses..... | - | (694) | 1,299 | (334) |
| Provision for credit losses..... | (19) | 11,147 | 1,213 | 15,347 |
| Finance fees received in investments carried at amortized cost but not included in fees and other income..... | - | - | - | 851 |
| Amortization component of interest revenue on loans carried at amortized cost..... | - | (116) | (173) | (393) |
| Network services fees received on customer contracts but not included in contractual network services revenue..... | 78 | 444 | 882 | 974 |
| Amortization component of network services revenue..... | (131) | (62) | (466) | (126) |
| Adjusted Funds from Operations¹ | \$ 2,421 | \$ 2,355 | \$ 10,113 | \$ 10,106 |

¹ 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 in this news release. 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.

Conference Call & Webcast

Crown will host a conference call and webcast to discuss its Q3 2021 financial results at 11:00 a.m. ET on November 10, 2021. The call will be hosted by Chris Johnson, President & CEO, and Michael Overvelde, CFO. To participate in the call, dial (647) 792-1240 or (888) 269-4260 using the conference ID 2526291. The

webcast can be accessed at www.crowncapital.ca under Investor Relations. 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 within Crown Life Insurance Company, Crown Capital Partners is a leading specialty finance company operating mainly in the distributed power and telecommunications infrastructure markets. We focus on alternative asset classes that require a specialized capital partner, and we aim to create long-term value by acting as both a manager of investment funds for institutional partners and as a direct investor in operating businesses serving these markets. For additional information, please visit crowncapital.ca.

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, the network services market and the general economy, transaction pipeline, Crown’s business plans and strategy, including anticipated investment dispositions and capital deployments and the timing thereof, and Crown’s future earnings. 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.

For further information, please contact:

Craig Armitage
Investor Relations
craig.armitage@crowncapital.ca
(416) 347-8954