
Condensed Consolidated Interim Financial Statements of

CROWN CAPITAL PARTNERS INC.

Three months ended March 31, 2022 and 2021

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(expressed in thousands of Canadian dollars)

As at	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,346	\$ 10,842
Accounts receivable	7,651	6,056
Income taxes recoverable	221	-
Prepaid expenses and deposits	2,188	1,721
Inventory	2,290	1,552
Lease earn-out note receivable (Note 4)	903	4,603
Current portion of investments (Note 5)	3,500	1,750
Current portion of net investment in leased distributed power equipment (Note 6)	589	578
	23,688	27,102
Non-current assets:		
Investments (Note 5)	2,301	2,601
Investment in Crown Partners Fund (Note 7)	40,029	47,369
Network services contracts (Note 8)	4,659	4,963
Credit reporting customer contracts	853	903
Property and equipment (Note 9)	13,834	14,279
Net investment in leased distributed power equipment (Note 6)	8,843	8,986
Property and equipment under development and related deposits (Note 10)	35,415	33,619
Deferred income taxes	345	-
Goodwill	293	293
Total Assets	\$ 130,260	\$ 140,115
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,037	\$ 7,081
Distributions payable to non-controlling interests	197	-
Income taxes payable	-	525
Mortgages payable (Note 11)	9,150	12,450
Contingent consideration	1,600	1,600
Network services vendor note payable	473	612
Current portion of deferred revenue	1,113	1,059
Current portion of lease obligations	1,158	1,282
	19,728	24,609
Non-current liabilities:		
Deferred revenue	1,134	1,231
Lease obligations	463	644
Deferred compensation (Note 12)	1,153	1,063
Provision for performance bonus (Note 13)	3,356	4,597
Credit facilities (Note 14)	10,691	(334)
Convertible debentures - liability component (Note 15)	19,438	19,334
Deferred income taxes	-	1,100
Non-controlling interests (Note 17)	18,740	18,796
Total Liabilities	74,703	71,040
Equity		
Share capital (Note 18)	48,281	60,693
Convertible debentures - equity component (Note 15)	483	483
Contributed surplus	15,181	15,180
Deficit	(8,388)	(7,281)
Total Equity	55,557	69,075
	\$ 130,260	\$ 140,115

Commitments and contingencies (Note 21)

Subsequent events (Note 22)

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss) (unaudited)

(expressed in thousands of Canadian dollars, except earnings per share and weighted average number of shares)

	For the three months ended	
	March 31,	
	2022	2021
Revenues		
Network services revenue	\$ 6,739	\$ 6,386
Interest revenue	319	6,554
Fees and other income	451	559
Net (loss) gain on investments		
Net realized gain from investments	-	1,120
Net change in unrealized loss of investments	(300)	(575)
	7,209	14,044
Share of losses of Crown Partners Fund (Note 7)	(4,446)	-
Expenses		
Salaries and benefits	1,892	1,718
Share-based compensation (Note 12)	165	217
Performance bonus (recovery) expense (Note 13)	(1,241)	338
General and administration	678	800
Cost of network services revenue	3,068	3,164
Depreciation	968	926
Provision for expected credit losses	23	561
Finance costs (Note 16)	576	1,491
	6,129	9,215
Income (loss) before other adjustments and income taxes	(3,366)	4,829
Non-controlling interests (Note 17)	(141)	(3,493)
Income (loss) before income taxes	(3,507)	1,336
Income taxes		
Current tax expense	488	35
Deferred tax (recovery) expense	(1,445)	41
	(957)	76
Net income (loss) and comprehensive income (loss)	\$ (2,550)	\$ 1,260
Earnings (loss) per share attributable to shareholders		
Basic	\$ (0.38)	\$ 0.14
Diluted	\$ (0.38)	\$ 0.14
Weighted average number of shares, basic	6,735,756	9,040,845
Weighted average number of shares, diluted	6,735,756	9,040,845

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

For the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars, except number of shares)

	Number of shares	Share capital	Convertible debentures - equity component	Contributed surplus	Retained earnings (deficit)	Total Equity
Balance as at January 1, 2021	9,056,468	\$ 77,470	\$ 483	\$ 15,716	\$ (12,495)	\$ 81,174
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	-	-	1,260	1,260
Share-based compensation (Note 12)	-	-	-	(245)	-	(245)
Cash-settled share-based compensation (Note 12)	-	-	-	(98)	47	(51)
Issuance of common shares (Note 18)	18,951	184	-	(184)	-	-
Shares repurchased (Note 18)	(38,030)	(325)	-	-	150	(175)
Balance as at March 31, 2021	9,037,389	\$ 77,329	\$ 483	\$ 15,189	\$ (11,038)	\$ 81,963
Balance as at January 1, 2022	7,093,102	\$ 60,693	\$ 483	\$ 15,180	\$ (7,281)	\$ 69,075
Net loss and comprehensive loss attributable to shareholders of the Corporation	-	-	-	-	(2,550)	(2,550)
Share-based compensation (Note 12)	-	-	-	1	-	1
Shares repurchased (Note 18)	(1,450,556)	(12,412)	-	-	1,443	(10,969)
Balance as at March 31, 2022	5,642,546	\$ 48,281	\$ 483	\$ 15,181	\$ (8,388)	\$ 55,557

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(expressed in thousands of Canadian dollars)

For the three months ended March 31,	2022	2021
Cash provided by (used in) operating activities		
Net income (loss)	\$ (2,550)	\$ 1,260
Non-controlling interests (Note 17)	141	3,493
Adjustments for:		
Net realized gain from investments	-	(1,120)
Net change in unrealized loss in fair value of investments	300	575
Share of losses of Crown Partners Fund (Note 7)	4,446	-
Income distributions received from Crown Partners Fund	857	-
Interest income	(319)	(6,554)
Interest income received in the period	192	4,916
Provision for expected credit loss	23	561
Amortization of deferred finance costs (Note 16)	146	250
Depreciation	968	926
Current income tax expense	488	35
Income taxes paid, net of refunds received	(1,234)	-
Deferred income tax (recovery) expense	(1,445)	41
Share-based compensation, net of cash settlements	165	50
Performance bonus (recovery) expense (Note 13)	(1,241)	338
Proceeds from repayment of lease earn-out note receivable (Note 4)	4,386	-
Net change in non-cash working capital (Note 19)	(5,935)	2,345
	(612)	7,116
Cash provided by (used in) investing activities		
Proceeds from repayment of debt securities	-	1,287
Proceeds from sale of equity securities	-	1,760
Addition of investments	(1,750)	(30)
Purchase of property and equipment	(169)	(738)
Acquisition of subsidiaries, net of cash acquired	-	3
Lease payments received on distributed power equipment	133	103
Additions to, net of proceeds from sale of, property and equipment under development and related deposits	(1,669)	(826)
	(3,455)	1,559
Cash provided by (used in) financing activities		
Distributions paid by Crown Partners Fund to non-controlling interests	-	(2,385)
Payments of lease obligations	(305)	(331)
Repayment of network services vendor note payable	(139)	(188)
Credit facility advances, net of repayments (Note 14)	11,000	(3,100)
Shares repurchased (Note 18)	(10,969)	(175)
Deferred financing costs (Note 14)	(16)	(96)
	(429)	(6,275)
Increase (decrease) in cash and cash equivalents	(4,496)	2,400
Cash and cash equivalents, beginning of period	10,842	19,150
Cash and cash equivalents, end of period	\$ 6,346	\$ 21,550
Supplemental cash flow information:		
Interest paid in the period	\$ 426	\$ 1,241

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

1. Reporting entity:

Crown Capital Partners Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act on September 8, 1999 and commenced operations effective October 1, 2000. The Corporation makes strategic investments, provides investment management services and co-invests in certain of its managed funds. The Corporation's registered office is 700 2nd Street S.W., Suite 19-131, Calgary, Alberta. These condensed consolidated interim financial statements as at and for the three months ended March 31, 2022 and 2021 comprise the Corporation and its subsidiaries, which include:

- A 100% interest (March 31, 2021 – 100%) in Crown Capital Funding Corporation ("CCFC");
- Through CCFC, a 100% interest (March 31, 2021 – 100%) in Crown Capital Private Credit Fund, LP ("Crown Private Credit Fund");
- A 100% interest (March 31, 2021 – 100%) in Crown Capital Private Credit Management Inc. ("CCPC MI"), the general partner of Crown Private Credit Fund;
- A 100% interest (March 31, 2021 – 100%) in Crown Capital LP Partner Funding Inc. ("CCPF MI"), the general partner of Crown Capital Partner Funding, LP ("Crown Partners Fund") and Crown Capital Fund IV Investment, LP ("CCF IV Investment");
- A 100% interest (March 31, 2021 – 100%) in Crown Capital Fund III Management Inc. ("CCF III"), the general partner and manager of Norrep Credit Opportunities Fund, LP ("NCOF LP");
- A 100% interest (March 31, 2021 – 100%) in 10824356 Canada Inc. ("Crown Power Fund GP"), the general partner of Crown Capital Power Limited Partnership ("Crown Power Fund");
- Through CCFC, an interest of 43.2% (March 31, 2021 – 43.2%) in Crown Power Fund;
- A 100% interest (March 31, 2021 – 100%) in WireIE Holdings International Inc., WireIE (Canada) Inc. and WireIE (Development) Inc. (hereinafter collectively referred to as "WireIE");
- An effective interest of 85.8% (March 31, 2021 – 85.8%) in Onsite Power Partners Ltd. ("Onsite Power"), including a direct 75% interest in addition to a 25% interest held through Crown Power Fund;
- A 100% interest (March 31, 2021 – 100%) in WireIE Inc. ("WireIE Inc.");
- A 100% interest (March 31, 2021 – 100%) in Galaxy Broadband Communications Inc. ("Galaxy");
- A 100% interest (March 31, 2021 – 100%) in PenEquity Development GP Inc., the general partner of PenEquity Development Limited Partnership ("PDLP");
- Through Crown Private Credit Fund, a 100% interest (March 31, 2021 – 100%) in PDLP;
- Effective March 1, 2021, through PDLP, a 100% interest in PRC Stoney Creek Corp. ("PSCC");
- Effective March 25, 2021, a 100% interest in Community Network Partners Inc. ("CNP");
- Effective April 15, 2021, through PDLP, a 100% interest in PRC Barrie Corp. ("PBC");
- Effective May 6, 2021, through Crown Private Credit Fund, a 100% interest in Lumbermens Credit Group Ltd. ("Lumbermens");

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

1. Reporting entity (continued):

- Effective July 13, 2021, an effective interest of 28.0% in Crown Partners Fund as an investment in associate (see Note 7). Prior to July 13, 2021, through CCFC, an effective interest of 36.5% (January 1, 2021 to March 30, 2021 – 38.8%, March 31, 2021 to July 12, 2021 – 36.5%) in Crown Partners Fund as a subsidiary; and
- Effective July 13, 2021, a 12.5% interest in Crown Private Credit Partners Inc. (“CPCP”) as an investment carried at fair value through profit or loss (“FVTPL”). Prior to July 13, 2021, a 100% interest from April 8, 2021 to July 12, 2021 as a subsidiary.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Corporation’s financial position and results of operations since the last annual consolidated financial statements as at and for the year ended December 31, 2021. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2021.

These condensed consolidated interim financial statements were authorized for issue by the Corporation’s Board of Directors on May 10, 2022.

(b) Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis, other than investments and certain share-based awards carried at FVTPL.

(c) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

(d) Use of estimates and judgments:

The preparation of the condensed consolidated interim financial statements in accordance with the financial reporting framework requires management to make judgments, estimates and assumptions that affect the application of the Corporation’s accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities at the reporting date. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

2. Basis of preparation (continued):

(d) Use of estimates and judgments (continued):

The significant judgments made by management in applying the Corporation's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2021.

(e) Fair value of financial instruments:

A number of the Corporation's accounting policies require the measurement of fair values, for financial assets and liabilities.

The fair values of financial assets and financial liabilities that are traded on active markets are based on closing quoted market prices at the reporting date. For all other financial instruments, the Corporation determines fair values using other valuation techniques.

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and distributions payable to non-controlling interests approximate their fair values due to their short term to maturity.

Contingent consideration in relation to the Galaxy acquisition is valued using the discounted present value of aggregate expected cash flows in excess of prescribed percentages of cumulative earnings and revenues arising from the Corporation's investment in Galaxy.

(f) Reclassification of prior period presentation:

Certain comparative figures have been reclassified to conform with the current period's presentation.

3. Significant accounting policies:

The accounting policies applied to these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as at and for the year ended December 31, 2021. There were no new accounting standards adopted for the three months ended March 31, 2022.

4. Lease earn-out note receivable:

The lease earn-out note receivable represents entitlements to future cash flows in respect of PSCC's sale of its interest in a grocery-anchored community retail plaza located in Hamilton, Ontario. The entitlements to future cash flows are based on leases secured by PSCC in respect of a prescribed area of available density as at September 30, 2021, and are valued based on expected cash flows, which considers the expected future payments, net of expected costs, in relation to this arrangement. The lease earn-out note receivable is classified as a Level 3 financial instrument. During the three months ended March 31, 2022, the lease earn-out note receivable decreased by \$3,700 to \$903 due to cash proceeds received of \$4,386, net of a reclassification of \$686 of estimated associated costs to accounts payable and accrued liabilities.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

5. Investments:

As at	March 31, 2022	December 31, 2021
Investments at FVTPL:		
Canadian debt security at FVTPL	\$ 200	\$ 500
Canadian equity security	25	25
Total Investments at FVTPL	225	525
Canadian debt securities at amortized cost	21,248	19,498
Allowance for credit losses	(15,672)	(15,672)
Total Investments at amortized cost, net of allowance for credit losses	5,576	3,826
Total Investments	\$ 5,801	\$ 4,351
Current portion	(3,500)	(1,750)
Non-current portion	\$ 2,301	\$ 2,601

For investments carried at FVTPL, the amounts are classified in the fair value hierarchy based on the values recognized in the condensed consolidated interim statement of financial position. The Canadian debt security at FVTPL is valued based on the estimated recoverable amount and the Canadian equity security is valued based on its transaction price. As at March 31, 2022, total investments at FVTPL of \$225 (December 31, 2021 - \$525) and total investments at amortized cost, net of allowance for credit losses, of \$5,576 (December 31, 2021 - \$3,826) are classified as Level 3 financial instruments. There were no transfers between levels during the three months ended March 31, 2022. The carrying value of investments at amortized cost, net of allowance for credit losses, approximates its fair value.

The total gross carrying value of Canadian debt securities at amortized cost is \$21,248 (December 31, 2021 - \$19,498) of which \$3,500 and \$17,748 are classified as Stage One and Stage Three, respectively (December 31, 2021 - \$1,750 and \$17,748, respectively). There were no changes in, or transfers between stages during the three months ended March 31, 2022.

The following tables reconcile opening balances to closing balances for fair value measurements of investments carried at FVTPL in Level 3 of the fair value hierarchy as at and for the three months ended March 31, 2022 and March 31, 2021:

For the three months ended	March 31, 2022	March 31, 2021
Level 3 securities at FVTPL		
Opening balance	\$ 525	\$ 74,015
Net change in unrealized (losses) gains	(300)	96
Ending balance	\$ 225	\$ 74,111

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

6. Net investment in leased distributed power equipment:

The Corporation did not enter into any new finance lease contracts in the three months ended March 31, 2022. The Corporation entered into one finance lease contract in the three months ended March 31, 2021 upon completion of the development of the related distributed power assets. There was no resultant gain or loss on reclassification of the distributed power equipment under development to net investment in leased distributed power equipment.

For the three months ended March 31, 2022, the Corporation recognized interest income in relation to its net investment in leased distributed power equipment of \$192 (for the three months ended March 31, 2021 - \$198).

The carrying value of the net investment in leased distributed power equipment approximates its fair value due to the market interest rates on the leases.

The following table sets out a maturity analysis of its net investment in leased distributed power equipment, showing the undiscounted lease payments to be received as at the reporting date.

	March 31, 2022	December 31, 2021
Less than one year	\$ 1,330	\$ 1,330
One to two years	1,330	1,330
Two to three years	1,330	1,330
Three to four years	1,330	1,330
Four to five years	1,330	1,330
Greater than five years	6,844	7,170
Total undiscounted lease payments	13,494	13,820
Unearned finance income	(5,167)	(5,359)
Undiscounted unguaranteed residual value	1,200	1,200
Net investment in leased distributed power equipment, before allowance for credit loss	9,527	9,661
Allowance for credit loss	(95)	(97)
Net investment in leased distributed power equipment	\$ 9,432	\$ 9,564
Current portion	(589)	(578)
Non-current portion	\$ 8,843	\$ 8,986

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

7. Investment in Crown Partners Fund:

The Corporation has an effective interest of 28.0% in the limited partnership units of Crown Partners Fund and, through its 100% interest in CCPF MI, it is the general partner of Crown Partners Fund. Whereas the Corporation had previously consolidated Crown Partners Fund as a subsidiary, effective as of July 13, 2021, the assets and liabilities of Crown Partners Fund and any related non-controlling interests were derecognized and the consolidation of its financial performance was discontinued with the Corporation's retained interest in Crown Partners Fund subsequently recognized as an investment in associate accounted for using the equity method.

The investment in Crown Partners Fund is comprised of the sum of the carrying values of the Corporation's limited partnership and general partnership interests. Crown Partners Fund is a limited partnership registered and domiciled in Canada. The principal activity of Crown Partners Fund is investment in loans to mid-market Canadian corporations. Crown Partners Fund is not publicly listed.

As the general partner, the Corporation is entitled to receive a performance fee distribution equal to 20% of cumulative investment returns in excess of an annual rate of return of 8% earned by Crown Partners Fund, subject to the terms of the limited partnership agreement of Crown Partners Fund. The accrued value of this performance fee as at March 31, 2022 of \$6,712 (December 31, 2021 - \$9,194) represents the carrying value of the Corporation's general partnership interest. As at March 31, 2022, the Corporation had accrued a provision for performance bonus of \$3,356 (December 31, 2021 - \$4,597) in respect of the asset performance bonus pool of Crown Partners Fund, which represents the portion of the accrued value of the performance fee that would not be retained by the Corporation upon receipt (see Note 13).

The fair value of the investment in Crown Partners Fund of \$39,735 as at March 31, 2022 (December 31, 2021 - \$47,332) is measured based on the net asset value of Crown Partners Fund as determined by the investment manager of Crown Partners Fund. The underlying investment portfolio of Crown Partners Fund is comprised of Canadian debt securities measured at amortized cost and investments measured at FVTPL including Canadian debt securities, Canadian equity securities and other investments such as royalty arrangements. As at March 31, 2022, investments held by Crown Partners Fund in the form of Canadian debt securities had coupon interest rates ranging from 10.0% to 12.5% per annum and effective interest rates ranging from 10.0% to 14.0% (December 31, 2021 - 10.0% to 12.5% and 10.0% to 14.0% respectively) for debt securities carried at amortized cost.

The following tables show the movement in the carrying value of the investment in Crown Partners Fund for the period:

As at and for the three months ended March 31,	2022		
	Limited partnership interest	General partnership interest	Total
Crown Partners Fund			
Opening balance	\$ 38,175	\$ 9,194	\$ 47,369
Share of losses	(1,964)	(2,482)	(4,446)
Distributions	(2,894)	-	(2,894)
Ending balance	\$ 33,317	\$ 6,712	\$ 40,029

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

7. Investment in Crown Partners Fund (continued):

The following tables present summarized financial information for Crown Partners Fund prepared in accordance with IFRS:

As at	March 31, 2022	December 31, 2021
Crown Partners Fund – Summary Balance Sheet Information		
Investments	\$ 122,683	\$ 141,564
Other assets	11,905	5,614
Total liabilities	(10,612)	(3,409)
Net assets	123,976	143,769
Net assets attributable to limited partners	117,264	134,575
Net assets attributable to general partner	6,712	9,194

For the three months ended	March 31, 2022
Crown Partners Fund – Summary Income Statement Information	
Interest revenue	\$ 3,162
Other revenue	922
Total operating expenses	(526)
Provision for credit loss	(13,068)
Total increase (decrease) in net assets	(9,510)
Increase (decrease) in net assets attributable to limited partners	(7,028)
Increase (decrease) in net assets attributable to general partner	(2,482)

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

8. Network services contracts:

As at and for the three months ended March 31,	2022	2021
Carrying amount		
Opening balance	\$ 9,493	\$ 9,493
Additions (disposals)	-	-
Ending balance	\$ 9,493	\$ 9,493
Accumulated depreciation and impairment of equipment		
Opening balance	\$ (4,530)	\$ (3,307)
Depreciation	(304)	(304)
Ending balance	\$ (4,834)	\$ (3,611)
Carrying value – March 31	\$ 4,659	\$ 5,882

9. Property and equipment:

As at	March 31, 2022				
	Network Co-location	Network Service Equipment	Office and Other Equipment	Distributed Power Equipment	Total
Cost					
Beginning balance, January 1, 2022	\$ 4,096	\$ 11,507	\$ 1,796	\$ 7,031	\$ 24,430
Additions (disposals)	-	226	3	(60)	169
Balance, March 31, 2022	\$ 4,096	\$ 11,733	\$ 1,799	\$ 6,971	\$ 24,599
Accumulated depreciation and impairment of equipment					
Beginning balance, January 1, 2022	\$ (2,738)	\$ (5,835)	\$ (1,020)	\$ (558)	\$ (10,151)
Depreciation	(230)	(312)	(72)	-	(614)
Balance, March 31, 2022	\$ (2,968)	\$ (6,147)	\$ (1,092)	\$ (558)	\$ (10,765)
Carrying value – March 31, 2022	\$ 1,128	\$ 5,586	\$ 707	\$ 6,413	\$ 13,834

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

9. Property and equipment (continued):

As at	March 31, 2021				
	Network Co-location	Network Service Equipment	Office and Other Equipment	Distributed Power Equipment	Total
Cost					
Beginning balance, January 1, 2021	\$ 4,096	\$ 10,444	\$ 1,446	\$ 6,901	\$ 22,887
Additions (disposals)	-	719	4	15	738
Balance, March 31, 2021	\$ 4,096	\$ 11,163	\$ 1,450	\$ 6,916	\$ 23,625
Accumulated depreciation and impairment of equipment					
Beginning balance, January 1, 2021	\$(1,805)	\$(4,326)	\$ (668)	\$ (137)	\$ (6,936)
Depreciation	(197)	(345)	(78)	-	(620)
Balance, March 31, 2021	\$ (2,002)	\$ (4,671)	\$ (746)	\$ (137)	\$ (7,556)
Carrying value – March 31, 2021	\$ 2,094	\$ 6,492	\$ 704	\$ 6,779	\$ 16,069

10. Property and equipment under development and related deposits:

Reconciliation of carrying amount:

As at	March 31, 2022		
	Real estate property under development	Distributed power equipment under development and related deposits	Total
Carrying amount			
Balance, January 1, 2022	\$ 22,658	\$ 10,961	\$ 33,619
Additions	272	1,524	1,796
Balance, March 31, 2022	\$ 22,930	\$ 12,485	\$ 35,415

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

10. Property and equipment under development and related deposits (continued):

As at	March 31, 2021		
	Real estate property under development	Distributed power equipment under development and related deposits	Total
Carrying amount			
Balance, January 1, 2021	\$ -	\$ 16,038	\$ 16,038
Additions	32	1,540	1,572
Additions through acquisition	8,300	-	8,300
Reclassification to net investment in leased distributed power equipment	-	(718)	(718)
Balance, March 31, 2021	\$ 8,332	\$ 16,860	\$ 25,192

Additions to distributed power equipment under development and related deposits includes capitalized interest of \$127 for the three months ended March 31, 2022 (March 31, 2021 - \$233).

11. Mortgages payable:

Upon acquisition of PSCC on March 1, 2021, Crown assumed a mortgage payable of \$3,300, secured by the value of property under development. The mortgage payable was repaid in full during the three months ended March 31, 2022 and the balance outstanding as at March 31, 2022 was \$nil. The mortgage payable bore interest at 8.5% per annum.

Upon acquisition of PBC on April 15, 2021, Crown assumed a mortgage payable of \$9,150, secured by the value of property under development, which had a maturity date of January 1, 2022 that has been extended to July 1, 2022. The mortgage payable is comprised of two tranches with balances outstanding of \$3,750 and \$5,400, which bear interest at 13.5% per annum and a variable interest rate based on Prime Rate plus 655 bps (with a floor of 9.00%) per annum, respectively, calculated and payable monthly on the first day of each month.

The fair value of the portion of the mortgages payable that bear variable rates of interest approximates its carrying value due to the variable rate of interest applicable to the portion of this instrument. The fair value of the portion of the mortgages payable that bear fixed rates of interest is equal to the gross contractual amounts payable.

In the three months ended March 31, 2022, \$245 (March 31, 2021 - \$nil) of interest in respect of mortgages payable was capitalized to property and equipment under development and related deposits.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

12. Share-based compensation:

Effective December 20, 2019, the Corporation revised its compensation program for employees and introduced a Medium-Term Performance Unit ("MTPU") Plan under which it issued MTPUs to employees. MTPUs vested when certain performance objectives were achieved. Vested MTPUs were settled in cash or Employee Deferred Share Units ("EDSUs") on the date of vesting. Effective July 13, 2021, the MTPU Plan was terminated.

EDSUs may be issued to employees, subject to their prior election, in lieu of cash payments in full or partial satisfaction of any settlements in respect of annual incentive awards, performance fee allocations in respect of asset performance bonus pool arrangements and, prior to July 13, 2021, the vesting of MTPUs. EDSUs vest immediately upon grant and are redeemable no earlier than the date on which an employee ceases to be an employee, and no later than 367 days following such date. Upon redemption, EDSUs are settled by cash payments based on the market value of the EDSUs being redeemed, net of applicable tax withholdings. The Corporation's liability related to its EDSU settlement obligation is measured based on the market value of the Corporation's share price and is recorded in provision for deferred compensation, with the impact of any resulting changes in carrying value included in share-based compensation expense in the period. As at March 31, 2022, there are no EDSUs outstanding and \$nil liability related to the EDSU settlement obligation.

A portion of compensation paid to directors consists of Director Deferred Share Units ("DDSU") issued pursuant to a DDSU Plan. DDSUs vest immediately upon grant and are redeemable no earlier than the date at which a director ceases to be a director, and no later than December 14 in the calendar year following such date. Upon redemption, DDSUs are settled by cash payments based on the market value of the DDSUs being redeemed, net of applicable tax withholdings. The Corporation's liability related to its DDSU settlement obligation is measured based on the market value of the Corporation's share price and is recorded in provision for deferred compensation, with the impact of any resulting changes in carrying value included in share-based compensation expense in the period. At March 31, 2022, the deferred compensation liability was \$1,153 (December 31, 2021 - \$1,063).

The Corporation issues additional DDSUs to directors and additional EDSUs to employees in lieu of dividends on outstanding DDSUs and EDSUs. These DDSUs and EDSUs vest on the same terms as the respective units for which they were awarded. The number of DDSUs and EDSUs issued in lieu of dividends is based on the weighted average trading price of the common shares for a ten-day period ending at the dividend payment date.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

12. Share-based compensation (continued):

Prior to December 20, 2019, the Corporation issued performance share units (“PSUs”) and restricted share units (“RSUs”) to employees. Prior to May 8, 2018, the Corporation issued RSUs to directors. PSUs and RSUs are collectively referred to as “Share Units”. On the vesting date, each Share Unit was exchanged for one common share of the Corporation, except that the holder could elect to be compensated in cash based on the fair value of such common shares to the extent necessary to pay any tax withholdings related to the vesting of the Share Units. The PSUs vested when certain performance objectives were achieved. RSUs issued to directors vested over a three-year period from the issue date provided the holder remained a director of the Corporation. There are no PSUs or RSUs outstanding as at March 31, 2022, and the Corporation does not expect to issue PSUs or RSUs in the future.

Stock options granted are valued using a Black-Scholes formula and the expense is recognized over the vesting period. The stock options vest over a three-year period, have a term of seven years and an exercise price of \$10.00. During the three months ended March 31, 2022, no stock options were granted. During the three months ended March 31, 2021, no stock options were granted and 10,606 stock options that had vested were cancelled.

Assumptions used to determine the fair value of stock options granted by the Corporation as at the dates on which they were granted are as follows:

Risk-free interest rate	0.8%
Dividend yield	8.8%
Expected life	7 years
Grant date price	\$6.80
Exercise price	\$10.00
Volatility	25.0%

The expense is recognized over the vesting period. The fair value of the options granted was \$0.13 per option. As at March 31, 2022, 188,614 (December 31, 2021 – 94,307) stock options had vested but had not been exercised, and an additional 94,307 (December 31, 2021 – 188,614) stock options which had not vested were outstanding.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

12. Share-based compensation (continued):

The tables below detail the share-based compensation expense recognized in the three months ended March 31, 2022 and 2021. Share-based compensation expense is recognized over the expected vesting period of each award.

For three months ended March 31, 2022						
	Number outstanding at January 1, 2022	Issued in the period	Vested or exercised	Cancelled or forfeited	Number outstanding at March 31, 2022	Expensed in the period
DDSU's	141,681	-	-	-	141,681	164
Stock options	282,921	-	-	-	282,921	1
Total	424,602	-	-	-	424,602	\$ 165

For three months ended March 31, 2021						
	Number outstanding at January 1, 2021	Issued in the period	Vested or exercised	Cancelled or forfeited	Number outstanding at March 31, 2021	Expensed in the period
PSUs	29,411	-	-	(29,411)	-	\$ (249)
RSUs	29,466	-	(29,466)	-	-	-
MTPUs	286,832	237,731	-	(11,298)	513,265	324
DDSU's	128,413	-	(23,587)	-	104,826	138
Total units	474,122	237,731	(53,053)	(40,709)	618,091	213
Stock options	482,141	-	-	(10,606)	471,535	4
Total	956,263	237,731	(53,053)	(51,315)	1,089,626	\$ 217

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

13. Provision for performance bonus:

The Corporation has asset performance bonus pool (“APBP”) arrangements for certain individuals, primarily employees (“APBP Participants”). For certain investment funds of which the Corporation is the general partner, 20% of investment returns in excess of an annual rate of return of 8% earned by the fund accrue to the Corporation as performance fee distributions. The Corporation’s compensation policy provides that 50% of such performance fees will be distributed to APBP Participants with the other 50% retained by the Corporation.

Allocation of the units of the APBP relating to Crown Partners Fund commenced in 2015, with a final allocation occurring on July 13, 2021. Of performance fees recognized by Crown Partners Fund, 50% is allocated to employees.

Allocation of the units of the APBP relating to Crown Power Fund commenced in 2019 and will continue until the expiration of the investment fund’s term in 2026, subject to annual one-year extensions, with 50% of performance fees recognized by Crown Power Fund allocated to employees.

Performance bonus amounts will be paid to APBP Participants in accordance with the Limited Partnership Agreement of the investment fund, upon declaration by the General Partner of the investment fund.

As at March 31, 2022, the Corporation had accrued a provision for performance bonus payable of \$3,356 (December 31, 2021 - \$4,597) relating to the APBP of Crown Partners Fund (see Note 7). In the three months ended March 31, 2022, the provision for performance bonus payable decreased by \$1,241, representing a performance bonus recovery for the period (2021 – performance bonus expense of \$338).

As at March 31, 2022, no amounts have been accrued in relation to the APBP of Crown Power Fund.

14. Credit facilities:

Prior to May 7, 2021, the Corporation had a \$35,000 senior secured revolving credit facility to fund the Corporation’s capital commitments to each of its controlled investment funds and its investments in WireIE and Galaxy (the “Preceding Crown Credit Facility”). This facility provided financing at a variable interest rate based on Prime Rate plus 275 bps to 325 bps or on Bankers Acceptance rate plus 375 to 425 bps, had a customary set of covenants, and matured on May 31, 2021.

Effective May 7, 2021, the Corporation entered into a new senior secured corporate credit facility (the “Crown Credit Facility” and, together with the Preceding Crown Credit Facility, the “Crown Credit Facilities”) that was used to fund a full repayment and cancellation of lender commitments in respect of the Preceding Crown Credit Facility. The Crown Credit Facility originally included a total lender commitment of \$41,500 including a \$30,000 revolving credit facility that declined to \$20,000 in July 2021 upon repayment to an outstanding balance below \$20,000, a \$8,000 term facility that expired unused in August 2021, and a \$3,500 dedicated-purpose letter of credit facility. As at March 31, 2022, the Crown Credit Facility is comprised of a \$20,000 revolving credit facility to be used to fund the Corporation’s capital commitments to existing investments, including its uncalled capital commitments to each of Crown Partners Fund and Crown Power Fund, potential acquisitions and for general corporate purposes, in addition to a \$3,500 dedicated-purpose letter of credit facility. The revolving credit facility provides financing at a variable interest rate based on Prime Rate plus 275 to 350 bps, has a customary set of covenants, and has a maturity date of May 7, 2024, which is subject to annual extension by one or more years at the request of the Corporation.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

14. Credit facilities (continued):

As of March 31, 2022, \$11,000 (December 31, 2021 - \$nil) has been drawn on the Crown Credit Facility, and letters of credit totalling \$8,173 were issued and outstanding, of which \$3,173 represents utilization of the dedicated-purpose letter of credit facility. The Crown Credit Facility is secured by the Corporation's ownership interest in its subsidiaries, in its affiliate, Crown Partners Fund, and in certain other investments held by the Corporation and its subsidiaries. The carrying value of assets pledged as at March 31, 2022 was \$80,240 (December 31, 2021 - \$90,762).

On February 5, 2019, Crown Partners Fund entered into an agreement for a \$25,000 senior secured revolving credit facility ("CCPF Credit Facility") to fund investments in mid-market corporations. On December 17, 2019, the size of the CCPF Credit Facility was increased to \$50,000, on January 26, 2021, the size was reduced to \$35,000, and on May 31, 2021 the size was further reduced to \$25,000. The CCPF Credit Facility provided financing at a variable interest rate based on Prime Rate plus 225 bps to 325 bps or on Bankers Acceptance rate plus 325 to 425 bps and had a customary set of covenants.

Prior to July 13, 2021, Crown Partners Fund was consolidated as a subsidiary and the Corporation's credit facilities included the Crown Credit Facilities and the CCPF Credit Facility. The assets and liabilities of Crown Partners Fund, including the CCPF Credit Facility, and any related non-controlling interests were derecognized by the Corporation effective July 13, 2021.

The following table reconciles opening balances to closing balances for the Crown Credit Facility and CCPF Credit Facility as at March 31, 2022 and March 31, 2021:

As at	March 31, 2022	Crown Credit Facility
Balance drawn		
Balance, January 1, 2022	\$	-
Net advances		11,000
Balance, March 31, 2022	\$	11,000
Deferred finance costs		
Balance, January 1, 2022	\$	(334)
Amortization		41
Additions		(16)
Balance, March 31, 2022	\$	(309)
Carrying value – March 31, 2022	\$	10,691

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

14. Credit facilities (continued):

As at	March 31, 2021		
	Preceding Crown Credit Facility	CCPF Credit Facility	Total
Balance drawn			
Balance, January 1, 2021	\$ 29,100	\$ 34,300	\$ 63,400
Net advances (repayments)	-	(3,100)	(3,100)
Balance, March 31, 2021	\$ 29,100	\$ 31,200	\$ 60,300
Deferred finance costs			
Balance, January 1, 2021	\$ (149)	\$ (340)	\$ (489)
Amortization	111	43	154
Additions	(66)	(30)	(96)
Balance, March 31, 2021	\$ (104)	\$ (327)	\$ (431)
Carrying value – March 31, 2021	\$ 28,996	\$ 30,873	\$ 59,869

The carrying values of the credit facilities approximate their fair values due to the market interest rates on the loans.

15. Convertible Debentures:

On June 13, 2018 the Corporation issued \$20,000 of 6.0% convertible unsecured subordinated debentures (the “Convertible Debentures”) for net proceeds of \$18,703 with maturity date of June 30, 2023 (the “Debenture Maturity Date”). Interest on the Convertible Debentures is payable semi-annually in arrears on June 30 and December 31 of each year, commencing on December 31, 2018. The Convertible Debentures are direct, subordinated unsecured obligations of the Corporation, subordinated to the Crown Credit Facility.

Each \$1 principal amount of Convertible Debenture is convertible at the option of the holder into approximately 72.99 common shares of the Corporation (representing a conversion price of \$13.70 per share). The Convertible Debentures were not redeemable on or before June 30, 2021, except in limited circumstances following a Change of Control (as defined in the Trust Indenture). After June 30, 2021, but prior to June 30, 2022, the Convertible Debentures may be redeemed in whole or in part from time to time at the Corporation’s option, on not more than 60 days and not less than 30 days prior written notice, at a price equal to the aggregate principal amount plus accrued and unpaid interest, provided that the weighted average price of the common shares during the 20 consecutive trading days ending on the fifth day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after June 30, 2022 and prior to the Debenture Maturity Date, the Convertible Debentures may be redeemed in whole or in part from time to time at the Corporation’s option at a price equal to their aggregate principal amount plus accrued and unpaid interest.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

15. Convertible Debentures (continued):

On a Redemption Date (as defined in the Trust Indenture) or on the Debenture Maturity Date, as applicable, the Corporation may, at its option, elect to satisfy its obligation to pay the aggregate principal amount of and premiums on (if any) the Convertible Debentures by issuing common shares. Payment for such Convertible Debentures, subject to the election, would be satisfied by delivering that number of common shares obtained by dividing the aggregate principal amount of the outstanding Convertible Debentures which are to be redeemed, or which will mature, by 95% of the Weighted Average Price of the Common Shares for the 20 consecutive trading days ending five trading days prior to the date fixed for redemption or the Maturity Date, as the case may be. Any accrued and unpaid interest will be paid in cash.

The fair value of the Corporation's convertible debentures – liability component is measured at \$19,800 at March 31, 2022 (December 31, 2021 - \$19,950). The Corporation's convertible debentures – liability component is classified as Level 1 because they are actively traded on the TSX and the fair value is based on the quoted market prices.

As at	March 31, 2022			
	Liability Component		Equity Component	
Balance, January 1, 2022	\$	19,334	\$	483
Effective interest on Convertible Debentures		104		-
Balance, March 31, 2022	\$	19,438	\$	483

As at	March 31, 2021			
	Liability Component		Equity Component	
Balance, January 1, 2021	\$	18,932	\$	483
Effective interest on Convertible Debentures		96		-
Balance, March 31, 2021	\$	19,028	\$	483

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

16. Finance costs:

The following table reconciles total finance costs to costs recognized in relation to the Crown Credit Facilities, the CCPF Credit Facility, the Convertible Debentures, promissory notes payable and the Corporation's lease obligations, including its office leases, vehicle leases and network co-location arrangements for the three months ended March 31, 2022 and March 31, 2021:

For the three months ended	March 31, 2022			
	Crown Credit Facility	Convertible Debentures	Lease and other Obligations	Total
Interest	\$ 37	\$ 296	\$ 60	\$ 393
Standby and other lending fees	37	-	-	37
Amortization of deferred finance costs	42	104	-	146
Total Finance Costs	\$ 116	\$ 400	\$ 60	\$ 576

For the three months ended	March 31, 2021					
	Preceding Crown Credit Facility	CCPF Credit Facility	Convertible Debentures	Promissory Notes	Lease and other Obligations	Total
Interest	\$ 431	\$ 377	\$ 296	\$ 16	\$ 103	\$ 1,223
Standby and other lending fees	14	4	-	-	-	18
Amortization of deferred finance costs	111	43	96	-	-	250
Total Finance Costs	\$ 556	\$ 424	\$ 392	\$ 16	\$ 103	\$ 1,491

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

17. Non-controlling interests (NCI):

As at and for the three months ended	March 31, 2022
	Crown Power Fund
NCI percentage	56.8%
Beginning balance, January 1, 2022	\$ 18,796
Allocation of net income	141
Distributions	(197)
Balance, March 31, 2022	\$ 18,740

As at and for the three months ended	March 31, 2021		
	Crown Partners Fund	Crown Power Fund	Total
NCI percentage	63.5% ¹	56.8%	
Beginning balance, January 1, 2021	\$ 115,603	\$ 23,903	\$ 139,506
Allocation of net income	3,267	226	3,493
Distributions	(2,379)	-	(2,379)
Acquisition of units ²	4,381	-	(4,381)
Balance, March 31, 2021	\$ 120,872	\$ 24,129	\$ 145,001

1 NCI percentage in Crown Partners Fund increased from 61.2% to 63.5% effective March 31, 2021.

2 Relates to the sale by the Corporation of units to non-controlling interests effective March 31, 2021.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

18. Share capital:

The authorized share capital of the Corporation consists of an unlimited number of common shares, each carrying the right to one vote per common share at all meetings of shareholders of the Corporation and fully participating as to dividends of the Corporation.

On April 13, 2021, the Corporation renewed its normal course issuer bid ("NCIB") to purchase up to 600,000 of its common shares, representing approximately 6.6% of its issued and outstanding shares as at March 31, 2021, over the next twelve months, or until such time as the bid is completed or terminated at the Corporation's option. Any shares purchased under this bid are purchased on the open market at the prevailing market price at the time of the transaction. Common shares acquired under this bid are cancelled. Total shares purchased and cancelled under the current NCIB up to March 31, 2022 was 170,156, including 120,556 in the three months ending March 31, 2022.

On June 16, 2021 the Corporation announced a substantial issuer bid ("the First Offer"), pursuant to which the Corporation offered to purchase for cancellation up to 1,800,000 of its outstanding common shares at a purchase price of \$5.50 per common share in cash for an aggregate purchase price not to exceed \$9,900. On July 27, 2021, the Corporation purchased and subsequently cancelled 559,854 common shares pursuant to the First Offer for total consideration of \$3,079, excluding fees and expenses relating to the First Offer totaling \$162.

On November 9, 2021 the Corporation announced a substantial issuer bid ("the Second Offer"), pursuant to which the Corporation offered to purchase for cancellation up to \$10,000 in value of its outstanding common shares in cash by way of a "modified Dutch auction" with a tender price range from \$6.50 to \$7.50 per common share. On December 23, 2021, the Corporation purchased and subsequently cancelled 1,333,333 common shares pursuant to the Second Offer at a purchase price of \$7.50 per share, for total consideration of \$10,000, excluding fees and expenses relating to the Second Offer totaling \$114.

On January 24, 2022, the Corporation announced a substantial issuer bid ("the Third Offer"), pursuant to which the Corporation offered to purchase for cancellation up to 1,330,000 of its outstanding common shares at a purchase price of \$7.50 per common share in cash for an aggregate purchase price not to exceed \$9,975. On March 8, 2022, the Corporation purchased and subsequently cancelled 1,330,000 common shares pursuant to the Third Offer for total consideration of \$9,975, excluding fees and expenses relating to the Third Offer totaling \$87.

During the three months ended March 31, 2022, the Corporation purchased and cancelled a total of 1,450,556 shares (March 31, 2021 – 38,030 shares) for total consideration of \$10,969 (March 31, 2021 - \$175). The difference between the total consideration paid in respect of these purchases and the average carrying value of cancelled shares was \$1,443 (March 31, 2021 - 150), net of fees and expenses relating to the purchases, and was recognized as a reduction to deficit.

During the three months ended March 31, 2022, the Corporation issued nil shares as vested share-based compensation (March 31, 2021 – 18,951 shares) (see Note 12).

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

19. Net change in non-cash working capital:

Three months ended March 31,	2022	2021
Accounts receivable	\$ (535)	\$ 2,742
Prepaid expenses	1,464	242
Inventory	(738)	14
Accounts payable and accrued liabilities	(6,126)	(653)
Total	\$ (5,935)	\$ 2,345

20. Segment information:

Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses. The Corporation has five reportable segments. These reportable segments offer different services and are managed separately because they invest in different asset classes, serve different customer types, require different operational strategies and involve different regulatory treatment.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Specialty finance	Investments in Crown Partners Fund and in corporate debt and equity securities. Prior to July 13, 2021, included the origination and management of alternative lending investment funds.
Network services	Provision of network services segment in relation to the deployment and management of carrier-grade data networks.
Distributed power	Origination and management of, and investment in, distributed power investments.
Real estate	Investment in, and development of, real estate development assets.
Corporate and other	Includes the Corporation's credit reporting subsidiary, in addition to assets, liabilities, revenues and expenses that do not pertain directly to other reportable segments.

Information in respect of reportable segments for the three months ended March 31, 2022 and March 31, 2021 is presented in the tables below. Segment income (loss) before income taxes is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

20. Segment information (continued):

For the three months ended	March 31, 2022					
Reportable segments	Specialty finance	Network services	Distributed power	Real estate	Corporate and other	Total
External revenues ¹	\$ -	\$ 6,739	\$ 325	\$ -	\$ 445	\$ 7,509
Net change in unrealized loss of investments	(300)	-	-	-	-	(300)
Revenues	(300)	6,739	325	-	445	7,209
Share of losses of Crown Partners Fund²	(4,446)	-	-	-	-	(4,446)
Segment income (loss) before income taxes³	(3,505)	1,298	106	-	(1,406)	(3,507)
Cost of network services	-	3,068	-	-	-	3,068
Financing costs	-	54	-	-	522	576
Depreciation	-	874	-	-	94	968
Income tax expense (recovery) – current	-	434	-	198	(144)	488
Income tax recovery – deferred	-	(106)	-	(283)	(1,056)	(1,445)
Other material non-cash items:						
Performance bonus recovery	(1,241)	-	-	-	-	(1,241)
Net additions to (disposals of) property and equipment	-	229	(60)	-	-	169

1 Revenues from three customers of the Corporation's "network services" segment represented approximately \$3,051 of the Corporation's total revenues.

2 The Corporation's share of losses from Crown Partners Fund in respect of its limited partnership and general partnership interests, is a non-cash item that does not equal the value of distributions paid to the Corporation by Crown Partners Fund (see Note 7).

3 Total segment income (loss) before income taxes represents the Corporation's consolidated income (loss) before income taxes. Management fee revenue earned from a certain consolidated entity is eliminated on consolidation from segment income (loss) before income taxes attributable to the "corporate and other" segment. The related management fee expense is eliminated on consolidation from segment income (loss) before income taxes attributable to the "distributed power" segment.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

20. Segment information (continued):

For the three months ended	March 31, 2021					
Reportable segments	Specialty finance	Network services	Distributed power	Real estate	Corporate and other	Total
External revenues ¹	\$ 6,573	\$ 6,386	\$ 508	\$ -	\$ 32	\$ 13,499
Net realized gain (loss) on investment	1,231	-	-	-	(111)	1,120
Net change in unrealized loss of investments	(575)	-	-	-	-	(575)
Revenues	7,229	6,386	508	-	(79)	14,044
Segment income (loss) before income taxes²	1,738	1,148	154	-	(1,704)	1,336
Cost of network services	-	3,164	-	-	-	3,164
Financing costs	424	99	-	-	968	1,491
Depreciation	-	894	-	-	32	926
Income taxes (recovery) – current	-	-	-	-	35	35
Income taxes (recovery) – deferred	-	122	(5)	-	(76)	41
Other material non-cash items:						
Provision for expected credit loss	673	11	7	-	(130)	561
Performance bonus expense	338	-	-	-	-	338
Net additions to property and equipment	-	719	15	-	4	738

1 External revenues of the “specialty finance” segment include interest revenue of \$6,123 and fees and other income of \$450. Revenues from three customers of the Corporation’s “network services” segment represented approximately \$2,805 of the Corporation’s total revenues.

2 Total segment income (loss) before income taxes represents the Corporation’s consolidated income (loss) before income taxes. Management fee revenue earned from certain consolidated entities is eliminated on consolidation from segment income (loss) before income taxes attributable to the “corporate and other” segment. The related management fee expense is eliminated on consolidation from segment income (loss) before income taxes attributable to the “specialty finance” and “distributed power” segments. Interest revenue earned on certain intercompany debt amounts is eliminated on consolidation from segment income (loss) before income taxes attributable to the “specialty finance” segment. The related interest expense is eliminated on consolidation from segment income (loss) before income taxes attributable to the “network services” segment.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

20. Segment information (continued):

As at	March 31, 2022					
Reportable segments	Specialty finance	Network services	Distributed power	Real estate	Corporate and other	Total
Segment assets ^{1,2}	\$ 45,805	\$ 16,660	\$ 32,681	\$ 25,932	\$ 9,182	\$ 130,260
Segment liabilities ^{1,2}	3,356	6,492	19,323	10,706	34,826	74,703

1 Total segment assets and total segment liabilities represent the consolidated assets and liabilities of the Corporation, respectively.

2 Intercompany debt amounts are eliminated on consolidation from segment assets and segment liabilities presented above.

As at	December 31, 2021					
Reportable segments	Specialty finance	Network services	Distributed power	Real estate	Corporate and other	Total
Segment assets ^{1,2}	\$ 51,695	\$ 19,752	\$ 32,354	\$ 28,251	\$ 8,063	\$ 140,115
Segment liabilities ^{1,2}	4,597	9,642	18,996	13,375	24,430	71,040

1 Total segment assets and total segment liabilities represent the consolidated assets and liabilities of the Corporation, respectively.

2 Intercompany debt amounts are eliminated on consolidation from segment assets and segment liabilities presented above.

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

21. Commitments and contingencies:

The following is a summary of the Corporation's financial commitments as at March 31, 2022:

As at March 31, 2022 the Corporation, through Crown Power Fund, had committed to contracts valued at \$27,797 in relation to the construction of power generation assets, of which \$12,025 was funded and included in property and equipment under development and related deposits, \$4,355 was funded and included in property and equipment and \$11,417 was unfunded, of which \$6,489 was attributable to non-controlling interests.

The Corporation, through CCFC, has an aggregate commitment to provide funding to Crown Partners Fund and CCF IV Investment of \$16,028 as at March 31, 2022. This commitment is in respect of limited partnership units held by the Corporation and is pursuant to the related limited partnership agreements. The investment period of each of Crown Partners Fund and CCF IV Investment expired on December 31, 2021, and the assets of these funds will be managed down with a view to dissolving the funds in an orderly fashion prior to the end of their terms on September 30, 2025. After the December 31, 2021 expiration of the investment period of these funds, additional committed capital may be called but only to extent required for certain purposes including to cover operating deficits and, to a maximum of 20% of the committed capital, to make follow-on investments. The Corporation does not expect any future funding requirements in respect of its uncalled capital commitments to Crown Partners Fund and CCF IV Investment.

The Corporation, through CCFC, has an aggregate commitment to provide funding to Crown Power Fund of \$10,195 as at March 31, 2022. This commitment is in respect of limited partnership units held by the Corporation and is pursuant to the related limited partnership agreement.

The Corporation, through WireIE, has an aggregate commitment with respect to its use of broadband network infrastructure of \$645 as at March 31, 2022.

The Corporation, through Galaxy has an aggregate commitment with respect to its use of broadband network infrastructure of \$3,515 as at March 31, 2022.

The Corporation has provided guarantees of the financial obligations of Go Direct America Inc. and Go Direct Global Inc. in respect of the lease of logistics facilities in Groveport, Ohio and Calgary, Alberta, respectively. The Groveport lease has a 63-month term, commenced in April 2022, and represents an aggregate commitment over its term of US\$6,700 in respect of base rent payments. The Calgary lease has an 84-month term, will commence in June 2022, and represents an aggregate commitment over its term of \$3,230 in respect of base rent payments. These guarantees were provided in relation to the Corporation's plan to acquire an equity interest in Go Direct Global Inc., the parent company of Go Direct America Inc.

The Corporation has guaranteed repayment of loans advanced to participants in the Corporation's executive share purchase plan (the "Share Purchase Plan") by a third-party financial institution pursuant to the Share Purchase Plan which totaled \$1,591 as at March 31, 2022 (December 31, 2021 - \$1,656), and which are secured by common shares of the Corporation owned by such participants with a value of \$3,233 as at March 31, 2022 (December 31, 2021 - \$2,979).

CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2022 and 2021

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

21. Commitments and contingencies (continued):

From time to time, the Corporation is party to legal proceedings. Based on current knowledge, the Corporation does not expect the outcome of such proceedings to have a material effect on the consolidated statement of financial position or consolidated statement of comprehensive income (loss).

22. Subsequent events:

The Corporation announced on April 8, 2022 that it received approval to renew its NCIB for a 12-month period commencing on April 13, 2022. Under the terms of the renewed NCIB, the Corporation will have the right to purchase up to 280,000 of its common shares, representing approximately 5.0% of its issued and outstanding shares as at March 31, 2022, over the next twelve months, or until such time as the bid is completed or terminated at the Corporation's option. Shares purchased under this bid are purchased on the open market at the prevailing market price at the time of the transaction. Common shares acquired under this bid are cancelled.

Subsequent to March 31, 2022, the Corporation, through CNP, entered into surety bonds totaling \$163,500. These bonds are security agreements necessary to support CNP's participation as an internet service provider under the *Ontario Connects: Accelerated High Speed Internet Program*, through which the maximum subsidy available to CNP is approximately \$150,000.