

Crown Capital Partners Announces Q2 2022 Financial Results

CALGARY, August 11, 2022 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN) today announced its financial results for the three and six months ended June 30, 2022. Crown’s complete financial statements and management’s discussion and analysis are available on SEDAR at www.sedar.com.

Q2 2022 Financial & Operating Highlights

- Network Services revenue was \$6.4 million in Q2 2022, compared with \$6.8 million in Q2 2021, and this segment contributed net income before income taxes of \$1.0 million, versus \$1.7 million in Q2 2021, inclusive of depreciation and amortization expense totaling \$0.9 million. The year-over-year decrease reflects a modest reduction in revenues in the quarter, an increase in marketing-related activity, and a \$(0.3) million expense recovery recognized in the prior-year period. Although revenues from this segment decreased year-over-year due to a combination of a repricing of select contracts and to a modest reduction in the volume of revenue under contract, revenues were consistent with prior year levels on a year-to-date basis.
- For Q2 2022, Crown’s share of earnings of Crown Partners Fund totaled \$0.3 million, including \$(0.1) million in respect of its general partnership interest as a result of a reduction in the accrued performance bonus payable to Crown by Crown Partners Fund and \$0.4 million in respect of its limited partnership interest.
- Net income was \$0.5 million (\$0.08 earnings per basic share), compared with a net loss of \$(0.3) million (\$0.03 loss per basic share) in Q2 2021.
- Total equity at quarter-end decreased to \$56.0 million, from \$69.1 million at the end of Q4 2021, mainly because of share repurchases totaling \$11.0 million and a net loss attributable to shareholders of \$2.1 million in the year-to-date period. Total equity per share increased to \$9.93 per basic share from \$9.74 as at December 31, 2021 and \$9.05 per share as at June 30, 2021.
- Crown announced that its subsidiary, Community Network Partners Inc. (“CNPI”), was selected as an Internet Service Provider under the *Ontario Connects: Accelerated High Speed Internet Program*. The aim of the program is to make reliable, high-speed internet connectivity available to every region in Ontario by the end of 2025. The maximum subsidy available to CNPI under this program is approximately \$150 million, which is expected to be a material proportion of the network cost.
- Crown expanded and diversified its operations with the acquisition, on June 24, 2022, of a 100% equity interest in Go Direct Global, an e-commerce fulfillment and distribution company, which contributed earnings before income taxes of \$0.1 million in Q2 2022. Through its management of an investment fund that previously owned Go Direct Global, Crown has a long history with, and a deep understanding of, this business which is entering a new phase of growth.

Effective July 13, 2021, Crown began recognizing Crown Partners Fund as an investment in associate using the equity method rather than recognizing it as a subsidiary. As a result, many of our asset, liability, revenue and expense amounts as at and for the three and six months ended June 30, 2022 are not directly comparable to equivalent balances for the prior-year period.

Management commentary: “Our Network Services business continues to perform well and is particularly well positioned for growth given the demand for enhanced broadband connectivity in rural and remote locations. The recent contract award under the Ontario Connects program is an important catalyst, and we are pursuing additional avenues of organic and inorganic growth to add scale and diversification to this operating segment. With the acquisition of Go Direct Global in the quarter, we have added a growing and profitable operating

business providing end-to-end integrated e-commerce fulfillment and distribution services. This gives us a foothold in a new market – distribution services – where we see attractive long-term growth potential.

Q2 2022 Financial Results Summary

<i>Selected Quarterly Information</i>	Three Months Ended		Six Months Ended	
	2022	2021	2022	2021
FOR THE PERIODS ENDED JUN. 30 (THOUSANDS, EXCEPT PER SHARE AND NUMBER OF COMMON SHARES)				
Revenue:				
Network services revenue.....	\$ 6,387	\$ 6,843	\$ 13,126	\$ 13,229
Interest revenue.....	362	6,118	681	12,672
Fees and other income.....	606	917	1,057	1,476
Distribution services revenue.....	572	-	572	-
Net gain (loss) on investments.....	302	(781)	2	(236)
Total revenue.....	8,229	13,097	15,438	27,141
Share of earnings (losses) of Crown Partners Fund.....	334	-	(4,112)	-
Net income (loss) attributable to Shareholders.....	462	(294)	(2,088)	966
Total assets.....	153,154	332,545	153,154	332,545
Total equity.....	56,020	81,478	56,020	81,478
Per share:				
- Net income (loss) to Shareholders - basic.....	\$ 0.08	\$ (0.03)	\$ (0.34)	\$ 0.11
- Net income (loss) to Shareholders - diluted.....	0.08	(0.03)	(0.34)	0.11
- Total equity per share - basic.....	9.93	9.05	9.93	9.05
Number of common shares:				
- Outstanding at end of period.....	5,642,546	8,999,489	5,642,546	8,999,489
- Weighted average outstanding - basic.....	5,642,546	9,022,364	6,186,131	9,031,553
- Weighted average outstanding - diluted.....	5,642,546	9,022,364	6,186,131	9,031,553

Conference Call & Webcast

Crown will host a conference call and webcast to discuss its Q2 2022 financial results at 8:30 a.m. ET on August 12, 2022. The call will be hosted by Chris Johnson, President & CEO, and Michael Overvelde, CFO. To participate in the call, dial (647) 484-0475 or (888) 220-8474 using the conference ID 1883356. 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 capital partner to entrepreneurs and growth businesses mainly operating in the telecommunications infrastructure, distribution services, and distributed power markets. We focus on growth industries 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.

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