

Crown Capital Partners Announces Q3 2022 Financial Results

CALGARY, November 9, 2022 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN) today announced its financial results for the three and nine months ended September 30, 2022. Crown’s complete financial statements and management’s discussion and analysis are available on SEDAR at www.sedar.com.

Q3 2022 Financial & Operating Highlights

- Network Services revenue was \$7.5 million in Q3 2022, compared with \$7.4 million in Q3 2021, and this segment contributed net income before income taxes of \$1.1 million in Q3 2022, inclusive of depreciation and amortization expense totaling \$1.2 million. The year-over-year revenue increase reflects growth in the volume of revenue under contract for enterprise customers of Galaxy and increased implementation of newer satellite telecommunications infrastructure. This growth was partly offset by year-over-year declines in the volume of revenue under contract with WireIE.
- On June 24, 2022, Crown expanded and diversified its operations with the acquisition of Go Direct Global, which contributed revenue of \$7.0 million in Q3 2022 and a net loss before income taxes of \$(0.7) million, inclusive of depreciation and amortization expense totaling \$0.9 million. Go Direct Global is entering a new phase of growth, and Crown expects it to be a profitable and growing operation going forward.
- For Q3 2022, Crown’s share of earnings of Crown Partners Fund totaled \$0.1 million and income distributions of Crown Partners Fund attributable to Crown totaled \$0.6 million.
- Crown Power Fund incurred total non-cash impairment charges of \$3.6 million in Q3 2022, of which \$1.6 million was attributable to Crown shareholders, in respect of (i) \$0.3 million of certain distributed power equipment in order to reflect revised estimates of recoverable value based on recently available market prices; and (ii) \$3.3 million of distributed power equipment under development and related deposits in order to reflect revised estimates of the recoverable value of one distributed power project under development.
- Net loss was \$2.1 million (\$0.38 loss per basic share), compared with a net income of \$0.8 million (\$0.10 earnings per basic share) in Q3 2021.
- Total equity at quarter-end decreased to \$53.9 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 \$4.2 million in the year-to-date period. Total equity per share decreased to \$9.56 per basic share from \$9.74 as at December 31, 2021 but increased from \$9.37 per share as at September 30, 2021.

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 nine months ended September 30, 2022 are not directly comparable to equivalent balances for the prior-year period.

“The third quarter was another successful period in the transformation of Crown to a capital-light company”, said Chris Johnson, President and CEO of Crown. “We continued to make good progress in our telecom operations and in the newly acquired e-commerce fulfilment and distribution company, Go Direct. Both Network Services and Distribution Services, which represented 95% of total revenue in the third quarter, are benefiting from long-term tailwinds and are well positioned for profitable growth. Separately, we continue to have line of sight on capital coming back from our remaining investments in the alternative lending portfolio, which will provide additional financial capacity and flexibility to support organic and inorganic expansion in

these main markets, as well as capital management priorities including repayment of our debentures and additional share buybacks, as we look out to 2023.”

Q3 2022 Financial Results Summary

<i>Selected Quarterly Information</i>	Three Months Ended		Nine Months Ended	
	2022	2021	2022	2021
FOR THE PERIODS ENDED SEP. 30 (THOUSANDS, EXCEPT PER SHARE AND NUMBER OF COMMON SHARES)				
Revenue:				
Network services revenue.....	\$ 7,522	\$ 7,445	\$ 20,648	\$ 20,674
Interest revenue.....	409	278	1,090	12,950
Fees and other income.....	428	151	1,485	1,627
Distribution services revenue.....	6,971	-	7,543	-
Net gain (loss) on investments.....	-	-	2	(236)
Total revenue.....	15,330	7,874	30,768	35,015
Share of earnings (losses) of Crown Partners Fund.....	136	1,959	(3,976)	1,959
Net income (loss) attributable to Shareholders.....	(2,122)	844	(4,210)	1,810
Comprehensive income (loss) attributable to Shareholders.....	(2,087)	844	(4,175)	1,810
Total assets.....	157,152	151,038	157,152	151,038
Total equity.....	53,934	78,989	53,934	78,989
Per share:				
- Net income (loss) to Shareholders - basic.....	\$ (0.38)	\$ 0.10	\$ (0.70)	\$ 0.20
- Net income (loss) to Shareholders - diluted.....	(0.38)	0.10	(0.70)	0.20
- Total equity per share - basic.....	9.56	9.37	9.56	9.37
Number of common shares:				
- Outstanding at end of period.....	5,642,546	8,426,835	5,642,546	8,426,835
- Weighted average outstanding - basic.....	5,642,546	8,593,542	6,002,945	8,883,945
- Weighted average outstanding - diluted.....	5,642,546	8,593,542	6,002,945	8,883,945

Conference Call & Webcast

Crown will host a conference call and webcast to discuss its Q3 2022 financial results at 11:00 a.m. ET on November 10, 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) 882-4478 using the conference ID 8931037. 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 direct investor in operating businesses serving these markets and as a manager of investment funds for institutional partners. 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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