

Crown Capital Partners Announces Q1 2023 Financial Results

CALGARY, May 10, 2023 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN) today announced its financial results for the three months ended March 31, 2023. Crown’s complete financial statements and management’s discussion and analysis are available on SEDAR at www.sedar.com.

Q1 2023 Financial & Operating Highlights

- Network Services revenue was \$7.3 million, an increase of 10% compared with \$6.6 million in Q4 2022, largely due to the commencement of new projects at Community Network Partners, offset by a decline in the revenues of WireIE. The Network Services segment contributed net income before income taxes of \$0.8 million, inclusive of depreciation expense totaling \$0.7 million. This compares with net income before income taxes, excluding \$0.6 million of accrued decommissioning costs, of \$0.2 million in Q4 2022. The suppressed level of profitability in this segment in recent quarters has been consistent with expectations as the WireIE business is contracting and the growth initiatives in Community Network Partners and Galaxy’s recently announced expansion of low Earth orbit connectivity solutions are in the early stages.
- Distribution Services revenue was \$8.4 million, an increase of 28% compared with Q4 2022, due primarily to increased capacity utilization and customer activity levels at facilities that commenced operations in 2022 and to contractual price increases that came into effect on January 1, 2023. This segment contributed a net loss before income taxes of \$0.9 million, inclusive of depreciation expense totaling \$1.3 million and a \$0.6 million non-recurring gain resulting from the remeasurement of certain long-term debt. Overall capacity utilization was 53% compared to 39% in Q4 2022. Crown expects capacity utilization to increase significantly in 2023 leading to a material increase in the revenues and profitability of this segment.
- In Q1 2023, Crown’s share of earnings of Crown Partners Fund totaled \$1.4 million (Q4 2022 – loss of \$(0.7) million), including \$0.4 million in respect of Crown’s general partnership interest as a result of an increase in the accrued performance bonus payable to Crown by the fund and \$1.0 million in respect of Crown’s limited partnership interest. The carrying value of Crown’s investment in Crown Partners Fund decreased by \$7.5 million in Q1 2023 as a result of the declaration of \$8.9 million (i.e., Crown’s share) of distributions in respect of loan repayments within the Fund.
- Crown reported a net loss of \$0.7 million (\$0.13 loss per basic share) in Q1 2023, compared with a net loss of \$2.6 million (\$0.38 loss per basic share) in Q1 2022.
- Total equity at quarter-end was \$49.9 million, down from \$50.7 million at the end of 2022, reflecting the net loss attributable to shareholders in Q1 2023. Total equity per share decreased to \$8.85 per basic share from \$8.98 as at December 31, 2022.
- Crown entered an agreement for a new senior secured corporate credit facility of up to \$43.5 million with Canadian Western Bank.
- Subsequent to quarter end, Crown announced it is seeking the approval of the holders of its 6% convertible unsecured subordinated debentures to amend certain terms of such debentures, as set out in its [press release](#) dated April 11, 2023 and in the management information circular relating to the special meeting of debentureholders, which is available at www.sedar.com. The board of directors of Crown believe that these amendments would be beneficial to debentureholders and to the Corporation.

“We continue to make progress with our two main platforms – Network Services and Distribution Services – with both divisions securing new contracts and customers” said Chris Johnson, President and CEO of Crown. “We expect revenues and profits from these two divisions to increase significantly in 2023, as well as modest contributions to revenue and profitability from Crown’s other operating divisions. We are also focused on

generating liquidity from our investment portfolio with the proceeds to be used to repay the convertible debentures as well as return additional capital to shareholders.”

Q1 2023 Financial Results Summary

<i>Selected Quarterly Information</i>		
AS AT AND FOR THE THREE MONTHS ENDED MAR. 31 (THOUSANDS, EXCEPT PER SHARE AND NUMBER OF COMMON SHARES)	2023	2022
Revenue:		
Distribution services revenue.....	\$ 8,357	\$ -
Network services revenue.....	7,273	6,739
Fees and other income.....	883	451
Interest revenue.....	542	319
Net loss on investments.....	-	(300)
Total revenue.....	17,055	7,209
Share of earnings (losses) of Crown Partners Fund.....	1,350	(4,446)
Net loss attributable to Shareholders.....	(712)	(2,550)
Comprehensive loss attributable to Shareholders.....	(712)	(2,550)
Total assets.....	172,763	130,260
Total equity.....	49,943	55,557
Per share:		
- Net income (loss) to Shareholders - basic.....	\$ (0.13)	\$ (0.38)
- Net income (loss) to Shareholders - diluted.....	(0.13)	(0.38)
- Total equity per share - basic.....	8.85	9.85
Number of common shares:		
- Outstanding at end of period.....	5,640,546	5,642,546
- Weighted average outstanding - basic.....	5,642,524	6,735,756
- Weighted average outstanding - diluted.....	5,642,524	6,735,756

Conference Call & Webcast

Crown will host a conference call and webcast to discuss its Q1 2023 financial results at 11:30 a.m. ET on May 11, 2023. The call will be hosted by Chris Johnson, President & CEO, and Michael Overvelde, CFO. To participate in the call, dial (416) 764-8650 or (888) 664-6383 using the conference ID 84346037. 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 distribution services market, the network services market and the general economy, 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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