

## Crown Capital Partners Announces Q2 2023 Financial Results

**CALGARY, August 10, 2023** – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN) today announced its financial results for the three and six months ended June 30, 2023. Crown’s complete financial statements and management’s discussion and analysis are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Q2 2023 Financial & Operating Highlights

- Network Services revenue was \$6.4 million, consistent with \$6.4 million in Q2 2022, with the commencement of new projects at Community Network Partners being offset by declines in the revenues of WireIE and Galaxy. The Network Services segment contributed net income before income taxes of \$0.5 million, inclusive of depreciation and amortization expense totaling \$0.7 million. This compares with net income before income taxes of \$1.0 million in Q2 2022. The reduction in profitability in this segment is due to both an ongoing contraction of WireIE’s business and the wind-down of certain high-margin contracts at Galaxy, with multiple growth initiatives within its Community Network Partners and Galaxy subsidiaries still at early stages of ramping up.
- Distribution Services revenue was \$8.9 million, an increase of 6% compared with Q1 2023, due primarily to increased capacity utilization and customer activity levels at facilities that commenced operations in 2022. This segment reported a net loss before income taxes of \$1.2 million, inclusive of depreciation expense totaling \$1.3 million. Overall capacity utilization continues to increase and was 70% at the end of Q2 2023, compared to 53% in Q1 2023 and 39% in Q4 2022. Crown expects capacity utilization to increase significantly in 2023 leading to a material increase in the revenue and operating earnings from this segment.
- In Q2 2023, Crown’s share of earnings of Crown Partners Fund totaled \$0.9 million (Q2 2022 – \$0.3 million), including \$0.3 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 \$0.6 million in respect of Crown’s limited partnership interest. Compared with March 31, 2023, the carrying value of Crown’s investment in Crown Partners Fund decreased by \$3.1 million as a result of \$4.0 million (i.e., Crown’s share) of distributions in respect of loan repayments within the Fund.
- Crown reported a net loss of \$1.2 million (\$0.21 loss per basic share) in Q2 2023, compared with a net income of \$0.5 million (\$0.08 income per basic share) in Q2 2022. The reduction in net income compared with the prior year period is the result of losses from Distribution Services during the ramp up of its operations, slightly lower earnings from Network Services and higher finance costs due to a higher level of debt, partially offset by a higher share of earnings of Crown Partners Fund.
- Total equity at quarter-end was \$48.6 million, down from \$50.7 million at the end of 2022, reflecting the net losses attributable to shareholders in the first six months of 2023. Total equity per share was \$8.66 per basic share, compared with \$8.98 as at December 31, 2022.
- On May 16, 2023, the holders of Crown’s convertible debentures approved an extraordinary resolution approving a package of amendments to the terms of the convertible debentures, including an extension of the maturity date to December 31, 2024, an increase in the interest rate from 6% to 10%, a removal of conversion rights and a removal of Crown’s ability to repay principal in common shares.

“Our Network Services and Distribution Services businesses continue to advance their growth initiatives, which should translate to meaningful increases in revenues and profits in both segments. We have a significant pipeline of fibre optic projects that, as they are constructed, will add new customers and contribute to revenue and profit growth for years to come. Similarly, in our Go Direct business, we continue to add both new

customers and warehouse capacity while improving warehouse utilization, which we expect will directly translate into growing revenues and profits” said Chris Johnson, President and CEO of Crown.

## Q2 2023 Financial Results Summary

<i>Selected Quarterly Information</i>				
	Three Months Ended		Six Months Ended	
FOR THE PERIODS ENDED JUN. 30 (THOUSANDS, EXCEPT PER SHARE AND NUMBER OF COMMON SHARES)	2023	2022	2023	2022
Revenue:				
Distribution services revenue.....	\$ 8,882	\$ 572	\$ 17,239	\$ 572
Network services revenue.....	6,414	6,387	13,687	13,126
Fees and other income.....	1,416	606	2,299	1,057
Interest revenue.....	624	362	1,166	681
Net gain (loss) on investments.....	-	302	-	2
Total revenue.....	17,336	8,229	34,391	15,438
Share of (losses) earnings of Crown Partners Fund.....	940	334	2,290	(4,112)
Net (loss) income attributable to Shareholders.....	(1,155)	462	(1,867)	(2,088)
Comprehensive (loss) income attributable to Shareholders.....	(1,121)	462	(1,833)	(2,088)
Total assets.....	173,872	153,154	173,872	153,154
Total equity.....	48,594	56,020	48,594	56,020
Per share:				
- Net (loss) income to Shareholders - basic.....	\$ (0.21)	\$ 0.08	\$ (0.33)	\$ (0.34)
- Net (loss) income to Shareholders - diluted.....	(0.21)	0.08	(0.33)	(0.34)
- Total equity per share - basic.....	8.66	9.93	8.66	9.93
Number of common shares:				
- Outstanding at end of period.....	5,610,646	5,642,546	5,610,646	5,642,546
- Weighted average outstanding - basic.....	5,630,743	5,642,546	5,636,601	6,186,131
- Weighted average outstanding - diluted.....	5,630,743	5,642,546	5,636,601	6,186,131

## Conference Call & Webcast

Crown will host a conference call and webcast to discuss its Q2 2023 financial results at 10:00 a.m. ET on August 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 50976765. The webcast can be accessed at [www.crowncapital.ca](http://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](http://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 expected growth in revenue and profitability from its Network Services and Distribution Services segments. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties concerning the specific factors identified in the Crown’s periodic filings with Canadian securities regulators. See Crown’s most recent annual information form for a detailed discussion of the risk factors affecting Crown. In addition, Crown’s dividend policy will be reviewed from time to time in the context of the Corporation’s earnings, financial requirements for its operations, and other relevant factors and the declaration of a dividend will always be at the discretion of the board of directors of the Corporation. Crown undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management’s best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.*

### **For further information, please contact:**

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