Consolidated Financial Statements of

CROWN CAPITAL PARTNERS INC.

Years ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Crown Capital Partners Inc.

Opinion

We have audited the consolidated financial statements of Crown Capital Partners Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial statements, which indicates that the Entity is subject to certain liquidity pressures including a significant amount of borrowings from its credit facility classified as a current liability due to non-compliance of debt covenants.

As stated in Note 2(b) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(b) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the ***"Material Uncertainty Related to Going Concern"*** section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the fair value less costs of disposal of equipment classified as assets held for sale

Description of the matter

We draw attention to Notes 2(e)(xi), 3(s)(ii) and 4 to the financial statements. The Entity has recorded assets held for sale at the lower of their carrying amount and the estimated fair value less expected costs of disposal for an amount of $7,811 thousand. The assets or disposal groups are measured at the lower of their carrying amount and estimated fair value less costs of disposal. Impairment losses on initial classification as well as subsequent gains or losses on remeasurement are recognized into income.

Why the matter is a key audit matter

We identified the evaluation of the fair value less costs of disposal of equipment classified as assets held for sale to be a key audit matter. This matter represented an area of higher assessed risk of material misstatement given the magnitude of equipment classified as assets held for sale and the high degree of estimation uncertainty in determining the fair value less costs of disposal of the equipment. As a result, increased audit effort and significant auditor judgment was required in performing our procedures and evaluating the results.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- For a selection of equipment classified as assets held for sale, we evaluated:
  - Fair value by comparing the estimated selling price to offers from prospective buyers, original invoices as well as values estimated by third party appraisals for the equipment or similar equipment.
  - Costs of disposal by comparing expected costs of disposal against historical invoices or third-party invoices from similar transactions.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Gurdev Singh Narula.

Toronto, Canada

March 25, 2024

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Financial Position

(expressed in thousands of Canadian dollars)

As at		**December 31, 2023**		**December 31, 2022**
Assets				
Current assets:				
Cash and cash equivalents	$	4,849	$	7,244
Accounts receivable		21,633		14,195
Income taxes recoverable		-		314
Prepaid expenses and deposits		4,979		4,275
Inventory		1,789		1,458
Assets held for sale (Note 4)		7,811		-
Current portion of net investment in leased distributed power equipment (Note 6)		113		642
		41,174		28,128
Non-current assets:				
Investments (Note 5)		25		2,101
Investment in Crown Partners Fund (Note 7)		24,315		34,557
Customer contracts (Note 8)		6,364		7,051
Property and equipment (Note 9)		60,880		35,219
Net investment in leased distributed power equipment (Note 6)		4,699		11,352
Property and equipment under development and related deposits (Note 10)		38,904		46,356
Deferred income taxes (Note 27)		-		1,605
Goodwill		293		293
Total Assets	**$**	**176,654**	**$**	**166,662**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	17,345	$	12,302
Income taxes payable		677		-
Factor facility		487		968
Contingent consideration (Note 11)		950		950
Mortgage payable (Note 12)		11,900		11,900
Current portion of deferred revenue (Note 13)		1,483		1,130
Current portion of lease obligations		3,839		3,552
Current portion of credit facilities (Note 16)		26,688		-
Current portion of debentures and convertible debentures - liability component (Note 17)		19,760		19,770
Current portion of long-term debt		11		60
		83,140		50,632
Non-current liabilities:				
Deferred revenue (Note 13)		8,515		849
Lease obligations		15,302		16,753
Deferred compensation (Note 14)		1,279		1,588
Provision for performance bonus (Notes 7 and 15)		3,533		3,109
Credit facilities (Note 16)		-		18,067
Subordinated debentures (Note 18)		1,316		-
Long-term debt		2,353		2,924
Non-controlling interests (Note 20)		22,988		22,070
Total Liabilities		138,426		115,992
Equity				
Share capital (Note 22)		47,820		48,281
Convertible debentures - equity component (Note 17)		-		483
Contributed surplus		15,728		15,184
Translation reserve		97		35
Deficit		(25,417)		(13,313)
Total Equity		38,228		50,670
	$	**176,654**	**$**	**166,662**
Commitments and contingencies (Note 29)				

See accompanying notes to consolidated financial statements.

On behalf of the Board:

signed "Alan Rowe" Chairman
Alan Rowe

signed "Chris Johnson" Director
Chris Johnson

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Comprehensive Loss

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

		2023		2022
Revenues				
Distribution services revenue	$	34,377	$	14,071
Network services revenue		26,929		27,262
Fees and other income		5,866		1,909
Distributed power interest revenue		2,132		1,593
Merchant power revenue		247		-
Net gain (loss) on investments				
Net realized loss from investments		-		(1,268)
Net change in unrealized gain of investments		-		1,270
		69,551		44,837
Share of earnings (losses) of Crown Partners Fund (Note 7)		2,983		(4,656)
Expenses				
Cost of distribution services revenue		23,369		10,041
Cost of network services revenue		15,750		13,789
Cost of merchant power revenue		233		-
Salaries and benefits		14,300		10,244
Share-based compensation (recovery) expense (Note 14)		(309)		530
Performance bonus expense (recovery) (Notes 7 and 15)		424		(1,488)
General and administration		8,750		5,711
Foreign exchange loss (gain)		219		(166)
Depreciation and amortization		10,233		6,175
Provision for bad debt		189		12
Recovery of expected credit losses		(74)		(590)
Finance costs (Note 19)		6,589		3,635
Impairment of property and equipment (Note 9)		5,171		350
Impairment of distributed power equipment under development and related deposits (Note 10)		895		3,291
		85,739		51,534
Loss before other adjustments and income taxes		(13,205)		(11,353)
Gain on acquisition		-		73
Remeasurement of financial instruments		611		144
Non-controlling interests (Note 20)		2,890		1,548
Loss before income taxes		(9,704)		(9,588)
Income taxes expense (recovery) (Note 27)				
Current tax expense		863		715
Deferred tax expense (recovery)		1,585		(2,828)
		2,448		(2,113)
Net loss		(12,152)		(7,475)
Other comprehensive income				
Items that will be reclassified subsequently to net income				
Foreign currency translation adjustment		62		35
Comprehensive loss	$	(12,090)	$	(7,440)
Loss per share attributable to shareholders				
Basic	$	(2.16)	$	(1.26)
Diluted	$	(2.16)	$	(1.26)
Weighted average number of shares, basic		5,616,684		5,912,105
Weighted average number of shares, diluted		5,616,684		5,912,105

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2023 and 2022

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

	Number of shares		Share capital		Convertible debentures - equity component		Contributed surplus		Translation reserve		Deficit		Total Equity
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	-		-		-		-		-		(7,475)		(7,475)
Other comprehensive income for the period	-		-		-		-		35		-		35
Share-based compensation (Note 14)	-		-		-		4		-		-		4
Shares repurchased (Note 22)	(1,450,556)		(12,412)		-		-		-		1,443		(10,969)
Balance as at December 31, 2022	5,642,546	$	48,281	$	483	$	15,184	$	35	$	(13,313)	$	50,670
Net loss and comprehensive loss attributable to shareholders of the Corporation	-		-		-		-		-		(12,152)		(12,152)
Other comprehensive income for the period	-		-		-		-		62		-		62
Removal of conversion option (Note 17)	-		-		(483)		483		-		-		-
Issuance of warrants (Note 18)	-		-		-		61		-		-		61
Shares repurchased (Note 22)	(53,900)		(461)		-		-		-		48		(413)
Balance as at December 31, 2023	5,588,646	$	47,820	$	-	$	15,728	$	97	$	(25,417)	$	38,228

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

For the years ended December 31,		**2023**		**2022**
Cash provided by (used in) operating activities				
Net loss	$	(12,152)	$	(7,475)
Non-controlling interests (Note 20)		(2,890)		(1,548)
Adjustments for:				
Net realized loss from investments		-		1,268
Net change in unrealized gain in fair value of investments		-		(1,270)
Share of (earnings) losses of Crown Partners Fund (Note 7)		(2,983)		4,656
Income distributions received from Crown Partners Fund		3,614		3,018
Distributed power interest income		(2,132)		(1,593)
Distributed power interest income received in the period		39		432
Provision for expected credit losses		(74)		(590)
Non-cash finance fees		-		(172)
Amortization of deferred finance costs (Note 19)		693		807
Depreciation and amortization		10,233		6,175
Current income tax expense		863		715
Income tax refunds received, net of payments		133		(1,554)
Deferred tax expense (recovery)		1,585		(2,828)
Share-based compensation, net of cash settlements		(309)		530
Performance bonus expense (recovery)		424		(1,488)
Provision for bad debt		189		12
Impairment of property and equipment (Note 9)		5,171		350
Impairment of distributed power equipment under development and related deposits (Note 10)		895		3,291
Remeasurement of financial instruments		(611)		(144)
Gain on acquisition		-		(73)
Net proceeds from repayment of lease earn-out note receivable		-		4,747
Net change in non-cash working capital (Note 25)		3,132		(4,165)
		5,820		3,101
Cash provided by (used in) investing activities				
Proceeds from repayment of debt securities		-		502
Addition of investments		-		(2,063)
Capital distributions received from Crown Partners Fund		11,223		4,383
Purchase of property and equipment (Note 9)		(2,506)		(2,602)
Acquisition of subsidiaries, net of cash acquired		-		621
Principal repayments of, net of additions to, net investment in leased distributed power equipment		17		342
Additions to property and equipment under development and related deposits		(25,316)		(17,560)
		(16,582)		(16,377)
Cash provided by (used in) financing activities				
Non-controlling interests contributions to Crown Power Fund (Note 20)		3,808		5,116
Distributions paid by Crown Power Fund to non-controlling interests (Note 20)		-		(294)
Payments of lease obligations		(3,865)		(1,542)
Repayment of network services vendor note payable		-		(612)
Credit facility advances, net of repayments		9,151		18,250
Repayment of mortgages payable		-		(550)
Advances of long-term debt, net of repayments		(9)		(90)
Issuance of subordinated debentures and warrants, net of issuance costs		1,397		-
Repayment of factor facility, net of advances		(481)		382
Shares repurchased (Note 22)		(413)		(10,969)
Financing costs		(1,233)		(17)
		8,355		9,674
Effect of foreign exchange rate difference on cash		12		4
Decrease in cash and cash equivalents		(2,395)		(3,598)
Cash and cash equivalents, beginning of period		7,244		10,842
Cash and cash equivalents, end of period	$	4,849	$	7,244
Supplemental cash flow information:				
Interest paid in the period	$	4,509	$	2,826

See accompanying notes to consolidated financial statements.

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 SW, Suite 19-131, Calgary, Alberta. These consolidated financial statements as at and for the years ended December 31, 2023 and 2022 comprise the Corporation and its subsidiaries, which include:

- A 100% interest (December 31, 2022 – 100%) in Crown Capital Funding Corporation ("CCFC");
- Through CCFC, a 100% interest (December 31, 2022 – 100%) in Crown Capital Private Credit Fund, LP ("Crown Private Credit Fund");
- A 100% interest (December 31, 2022 – 100%) in Crown Capital Private Credit Management Inc. ("CCPC MI"), the general partner of Crown Private Credit Fund;
- A 100% interest (December 31, 2022 – 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 (December 31, 2022 – 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 (December 31, 2022 ─ 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% (December 31, 2022 – 43.2%) in Crown Power Fund;
- An effective interest of 85.8% (December 31, 2022 – 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 (December 31, 2022 – 100%) in WireIE Holdings International Inc., WireIE (Canada) Inc. and WireIE (Development) Inc. (hereinafter collectively referred to as "WireIE");
- A 100% interest (December 31, 2022 – 100%) in WireIE Inc. ("WireIE Inc.");
- A 100% interest (December 31, 2022 – 100%) in Community Network Partners Inc. ("CNP");
- A 100% interest (December 31, 2022 – 100%) in Galaxy Broadband Communications Inc. ("Galaxy");
- A 100% interest (December 31, 2022 – 100%) in PenEquity Development GP Inc., the general partner of PenEquity Development Limited Partnership ("PDLP");
- Through Crown Private Credit Fund, a 100% interest (December 31, 2022 – 100%) in PDLP;
- Through PDLP, a 100% interest (December 31, 2022 – 100%) in PRC Stoney Creek Corp. ("PSCC");
- Through PDLP, a 100% interest (December 31, 2022 – 100%) in PRC Barrie Corp. ("PBC");
- Through Crown Private Credit Fund, a 100% interest (December 31, 2022 – 100%) in Lumbermens Credit Group Ltd. ("Lumbermens");

1. Reporting entity (continued):

- An effective interest of 28.0% (December 31, 2022 – 28.0%) in Crown Partners Fund as an investment in associate (see Note 7).
- A 12.5% interest (December 31, 2022 – 12.5%) in Crown Private Credit Partners Inc. (“CPCP”) as an investment carried at fair value through profit or loss (“FVTPL”).
- Effective June 24, 2022, a 100% interest (December 31, 2022 – 100%) in Go Direct Global Inc. (“Go Direct Global”) and its wholly-owned subsidiaries, Go Direct Supply Chain Solutions Inc. (“Go Direct SCS”) and Go Direct America Inc. (“Go Direct America”);
- Effective January 1, 2023, a 70% common equity interest and a 100% preferred equity interest in PenEquity Inc. (“PenEquity”); and
- Effective August 3, 2023, an effective interest of 44.5% in each of Lionstooth Energy Services Corp. (“LESC”) and Wilson Creek Energy Corp. (“Wilson Creek”), including, for each, a 10% interest held directly by the Corporation and an 80% interest held by Crown Power Fund.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

These consolidated financial statements were authorized for issue by the Corporation’s Board of Directors on March 25, 2024.

(b) Going concern:

These consolidated financial statements have been prepared on the basis that the Corporation is a going concern, which assumes that the Corporation will continue to realize its assets and discharge its liabilities in the normal course of operations. Since September 30, 2023, the Corporation has not met certain key financial ratio requirements of its current credit facility (see Note 16). Accordingly, Canadian Western Bank (“CWB”) is contractually entitled to request immediate repayment of the outstanding loan amount of $27,401. The outstanding balance is presented as a current liability, contributing to negative working capital of $(41,966) as at December 31, 2023. CWB had not requested early repayment of the loan as of the date when these consolidated financial statements were approved by the Corporation’s Board of Directors.

2. Basis of preparation (continued):

(b) Going concern (continued):

Based on the Corporation's liquidity position as at the date of these consolidated financial statements, management has forecasted its cash flow requirements, considering the Corporation's negative working capital and cash balance at December 31, 2023, and estimates that it will need to seek financing arrangements that provide appropriate capacity and covenants matched to the Corporation's anticipated financial performance and operations to meet its financial obligations. The Corporation is currently in discussions with lenders regarding replacing or extending its current credit facility and there are multiple financing options being considered. The Corporation is targeting completion of these new arrangements within the next twelve months; however, there is no assurance that such arrangements will become available. As a result, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern.

The continuity of the Corporation as a going concern is dependent on its ability to achieve and maintain positive cash flow from operations, to maintain or obtain additional debt or equity financing and/or to realize proceeds from the disposition of assets. These consolidated financial statements do not give effect to any adjustments to the carrying value of recorded assets and liabilities, revenue and expenses, the consolidated statements of financial position classifications used and disclosures that might be necessary should the Corporation be unable to continue as a going concern. Such adjustments, if any, could be material.

(c) Basis of measurement:

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

(d) Functional and presentation currency:

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

(e) Use of estimates and judgments:

The preparation of the consolidated 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.

2. Basis of preparation (continued):

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

Information about judgments, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

(i) Note 2(b) – judgments in the assessment of the Corporation's ability to continue as a going concern when preparing its consolidated financial statements;

(ii) Note 3(d)(iii) – fair value measurement of a financial liability that is measured at FVTPL in relation to the Corporation's long-term debt payable through Go Direct SCS;

(iii) Note 3(e)(i) – identification and timing of satisfaction of performance obligations in relation to the Corporation's distribution services revenues;

(iv) Note 3(e)(ii) – identification and timing of satisfaction of performance obligations in relation to the Corporation's network services revenues;

(v) Notes 3(f)(i)-(ii) and 3(m) – lease identification and the estimated discount rate used in respect of network co-location arrangements and premises and related equipment;

(vi) Notes 3(f)(i) and 9 – estimated useful lives and recoverability of network services equipment and estimated allocation of capitalized labour;

(vii) Notes 3(f)(iii)-(iv), 3(g), 9 and 10 – recoverability of costs capitalized in relation to distributed power equipment, distributed power equipment under development through lease contracts and property and equipment under development;

(viii) Notes 3(h), 8 and 23 – estimated useful lives and recoverability of intangible assets with finite lives;

(ix) Notes 3(l) and 27 – recognition of deferred tax assets;

(x) Note 3(r) – recoverable amount of non-financial assets for impairment testing;

(xi) Note 4 – fair value less cost of disposal of assets held for sale;

(xii) Note 5 – fair value measurement of investments, classification of financial assets and determination of expected credit losses on financial assets;

(xiii) Note 7 – the Corporation's investment in Crown Partners Fund, which is accounted for under the equity method. The underlying investment is based on the net asset value of Crown Partners Fund as determined by the investment manager, CPCP;

(xiv) Note 18 – fair value measurement of warrants issued; and

(xv) Notes 23 and 24 – fair value measurement of net identifiable assets acquired in a business combination or asset acquisition.

2. Basis of preparation (continued):

(f) Measurement of fair values:

A number of the Corporation's accounting policies require the measurement of fair values, for financial and non-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 assets and liabilities, the Corporation determines fair values using other valuation techniques.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The carrying values of the net investment in leased distributed power equipment, network services vendor note payable, mortgage payable, lease obligations, credit facilities, subordinated debentures and debentures approximate their fair values due to the market interest rates on the loans.

Long-term debt payable through Go Direct Supply Chain Solutions Inc. ("Go Direct SCS") is valued using the net present value of aggregate expected cash flows of Go Direct SCS available to service this debt.

Contingent consideration in relation to the Galaxy Broadband Communications Inc. ("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.

The deferred compensation liability is measured based on the market value of the Corporation's share price with the impact of any resultant change included in share-based compensation expense in the period.

3. Material accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. All inter-company accounts and transactions have been eliminated on consolidation.

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Business combinations:

The Corporation accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Corporation. In determining whether a particular set of activities and assets is a business, the Corporation assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Corporation has an option to apply the concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any excess of consideration given over the fair value of net assets acquired is recognized as goodwill. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except to the extent related to the issuance of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of the acquisition. Liabilities to pay contingent consideration are remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

3. Material accounting policies (continued):

(c) Non-controlling interests:

Non-controlling interests are measured at the proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition plus the non-controlling interests' share of net (loss) income and comprehensive income and contributions, less any distributions paid to the non-controlling interests.

Non-controlling interests on the consolidated statement of financial position are classified as a liability as the corresponding net assets attributable to the limited partners of the subsidiaries are classified as liabilities rather than equity, and because these limited partnership interests do not qualify to be equity as a result of the limited life nature of the limited partnership interests pursuant to the related limited partnership agreements.

(d) Financial assets and financial liabilities:

(i) Recognition and initial measurement

The Corporation initially recognizes financial assets and financial liabilities at fair value when the Corporation becomes a party to the contractual provisions of the instruments.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and measurement

Classification of financial assets is based on the business model for managing the portfolio of assets and the contractual cash flow characteristics of these financial assets. There are three principal classification categories for financial assets that are debt securities: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and FVTPL. Equity securities are generally measured at FVTPL unless an election is taken to measure at FVOCI.

The Corporation's equity investments, deferred compensation, and contingent consideration are measured at FVTPL.

Certain of the Corporation's financial assets, including accounts receivable and net investment in leased distributed power equipment, and certain of its financial liabilities, including accounts payable and accrued liabilities, factor facility, mortgage payable, lease obligations, long-term debt, debentures, subordinated debentures, and credit facility, are measured at amortized cost.

The Corporation, through Go Direct SCS, has long-term debt of $2,313, representing a financial liability that is measured at FVTPL. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of comprehensive (loss) income. Any gain or loss on derecognition is also recognized in the statement of comprehensive (loss) income.

3. Material accounting policies (continued):

(d) Financial assets and financial liabilities (continued):

(ii) Classification and measurement (continued):

The Corporation's financial assets that are debt instruments are held within a business model where the objective is achieved by holding to collect the contractual cash flows, rather than holding to sell. The Corporation therefore is required to assess the contractual terms of the cash flows to determine the appropriate classification and measurement of its debt instruments. For those debt instruments which give rise to cash flows that are solely payments of principal and interest, these financial assets are classified and measured at amortized cost. For those debt instruments which give rise to cash flows that are other than solely payments of principal and interest, these financial assets are classified and measured at FVTPL. The Corporation measures some of its debt instruments at amortized cost and others at fair value based on these requirements.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the asset.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Corporation also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amounts presented in the statement of financial position when, and only when, the Corporation currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

3. Material accounting policies (continued):

(d) Financial assets and financial liabilities (continued):

(iv) Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at recognition, minus principal repayments (if applicable), plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount (if applicable), minus any reduction for impairment (if applicable), and for financial assets, adjusted for any loss allowance.

(v) Impairment of financial assets

An expected credit loss model applies to financial assets, including debt securities carried at amortized cost, as well as to certain loan commitments and financial guarantees but not to equity investments or to debt instruments carried at FVTPL. Expected credit losses are the difference between all contractual cash flows that are due to the Corporation and all the cash flows the Corporation expects to receive, discounted at the original effective interest rate.

The expected loss impairment model is based on a forward-looking approach and contains a three-stage methodology to evaluate changes in credit risk since initial recognition. For assets where there has not been a significant increase in credit risk since initial recognition (Stage One), a loss provision equal to 12 months expected credit losses is recognized. If credit risk increases significantly from initial recognition (Stage Two) or if a financial asset is considered credit impaired (Stage Three), a loss provision equal to the lifetime expected credit losses is recognized. In considering the lifetime of a loan, the contractual period of the loan is generally used.

Debt securities measured at amortized cost are classified as credit impaired when it is determined that there is no longer reasonable assurance that principal or interest will be collected in their entirety or on a timely basis as a result of one or more loss events, including default, bankruptcy or delinquency. In determining whether or not a default has occurred, the Corporation considers both qualitative and quantitative factors, including compliance with financial covenants and days past due. Interest income on impaired debt securities measured at amortized cost is recognized based on amortized cost, net of allowance, and the original effective interest rate on the impaired debt security.

The Corporation elects to measure the loss allowance for its net investment in leased distributed power equipment, receivables from distribution services and receivables from network services at an amount equal to lifetime expected credit losses under a simplified approach that does not require the Corporation to track changes in credit risk. In considering the lifetime of the net investment in leased distributed power equipment, receivables from distribution services and receivables from network services, the contractual period of the underlying assets are generally used.

3. Material accounting policies (continued):

(d) Financial assets and financial liabilities (continued):

(v) Impairment of financial assets (continued)

On an ongoing basis, the Corporation assesses whether any investment should be classified as credit impaired and whether any resulting write-off or change in allowance should be recorded. The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Corporation assesses the timing and amount of write-offs for impaired assets based on whether there is a reasonable expectation of recovery.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Corporation considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and credit risk assessment from qualified personnel, including forward-looking information.

The key inputs into the measurement of expected credit loss, regardless of the presence of significant increase in credit risk, are probability of default, loss given default and exposure at default. The allowance for expected credit loss is established with consideration for borrower-specific factors, including estimated levels of collateral security, the Corporation's historical credit loss experience, and current and future expected economic conditions.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(e) Revenue recognition:

(i) Distribution services revenue recognition

The Corporation, through Go Direct Global, earns revenues in relation to the provision of distribution services. Distribution services are comprised of: (i) warehousing and distribution services; and (ii) freight management services.

Warehousing and distribution services are provided to customers at agreed-upon rates as stated in the contract with the customer. Revenue is recognized upon completion of the performance obligations based on the terms specified in the contract.

Freight management services are provided to customers using third-party subcontractors. The Corporation acts as a principal in the arrangement and recognizes revenue on a gross basis as it has the authority to make key decisions over the freight arrangements, including the prices it charges to its customers.

The contracts with customers do not have a significant financing component. Payments are typically due 30-60 days from the billing date and invoices are typically rendered on a monthly basis.

3. Material accounting policies (continued):

(e) Revenue recognition:

(ii) Network services revenue recognition

Network services revenues are comprised of the following types of revenue:

(i) Professional services revenue

Revenue from professional services, network support, maintenance and repair services is recognized as the related service is rendered.

(ii) Hardware sales revenue

Revenue from hardware sales is recognized when the product is delivered to and accepted by the end-user customers.

(iii) Contractual network services revenue

Contractual network services revenue relates to the access to and usage of telecommunications infrastructure. There are two types of contractual network services revenue: (i) non-recurring revenues related to the upfront installation of network elements are invoiced at the time of installation and are deferred and recognized on a straight-line basis over the term of the customer life, which is generally three to five years in duration; and (ii) monthly recurring revenues relating to the ongoing operation of network services are recognized as the service is rendered over the term of the arrangement.

Network services revenue is recognized to the extent the performance obligations to the customer have been satisfied. The transaction price is determined based on a standalone selling price for each performance obligation. Payments are typically due 30-60 days from the billing date and are typically rendered on a monthly basis.

The Corporation does not adjust the contracted amount of consideration from the customer for the effects of financing components when, at the inception of a contract, we expect that the effect of the financing component is not significant at the individual contract level.

Material costs of contract acquisition, namely commissions expense, are capitalized and subsequently recognized as an expense over the customer life.

(iii) Distributed power interest revenue

Distributed power interest revenue includes interest on the Corporation's net investment in leased distributed power equipment and interest on advances made on distributed power equipment under development.

3. Material accounting policies (continued):

(e) Revenue recognition:

(iv) Fees and other income

Financing fees, prepayment fees and other fees earned on debt securities measured at FVTPL, as well as credit reporting service revenue, are recognized in fees and other income when the Corporation becomes entitled to the fee earned.

(v) Net (loss) gain on investments at FVTPL

Net realized and unrealized (losses) gains from financial instruments at FVTPL are calculated with reference to the initial purchase cost of the financial instrument, adjusted for additions and dispositions.

(vi) Performance fee distributions

Performance fees earned from non-consolidated managed funds are recognized when the services have been provided, it is highly probable that the fees will be received, and the amount of the fees can be reliably measured, which is determined subject to agreements in the underlying funds.

(f) Property and equipment:

(i) Network services equipment:

Network services equipment is depreciated on a straight-line basis over its estimated useful life, which ranges between 6-15 years, depending on the nature of the equipment. Depreciation includes the amortization of right-of-use assets where the Corporation is the lessee. The total cost of network equipment situated at customers' premises, associated installation costs and costs of contract acquisition are capitalized as incurred.

The Corporation leases network services equipment and properties, including the usage of third-party tower space through network co-location arrangements. As a lessee, the Corporation recognizes right-of-use assets and lease liabilities for most leases. The Corporation has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. For the year ended December 31, 2022, the expense associated with such lease payments was $901 (2022 - $756).

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. Material accounting policies (continued):

(f) Property and equipment (continued):

(ii) Premises and related equipment:

The Corporation enters into leased premises arrangements for the provision of distribution services and network services. As a lessee, the Corporation recognizes right-of-use assets and lease liabilities for the leased premises.

All classes of office equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the following methods: computer equipment on a straight-line basis over three years; office furniture and equipment on a declining balance basis at 20 per cent annually.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(iii) Distributed power equipment:

Distributed power equipment comprises the carrying value of power generation assets that have completed construction and are to be deployed on future projects of Crown Power Fund. These assets are recorded at cost, less any accumulated impairment losses.

The equipment is not subject to depreciation until the point in time in which it is available or ready for use, at which point the equipment is reclassified as a net investment in leased distributed power equipment and is measured at amortized cost. Any gain or loss arising on remeasurement is recognized in profit and loss.

3. Material accounting policies (continued):

(f) Property and equipment (continued):

(iv) Net investment in leased distributed power equipment:

The Corporation, through Crown Power Fund, leases its equipment to its operating partners, who in turn use the equipment to provide on-site distributed power generation to their end customers. The determination is made at lease inception as to whether each lease is a finance lease or an operating lease. The distributed power equipment under lease as at December 31, 2023 and 2022 is subject to finance lease arrangements. To classify each lease, an overall assessment is made as to whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, certain indicators are considered, such as whether the lease is for the major part of the economic life of the asset and whether the present value of minimum lease payments amount to at least substantially all of the fair value of the leased asset.

Under a finance lease arrangement, as the lessor, a net investment in leased distributed power equipment is recognized on the statement of financial position at the amount of its net investment, which comprises the present value of the minimum lease payments for the lease term and any unguaranteed residual value accruing to the lessor. The present value is calculated by discounting the minimum lease payments due and any unguaranteed residual value, at the interest rate implicit in the lease.

Distributed power interest income is accrued on the net investment over the lease term. Lease payments are treated as a repayment of principal and interest, allocated between reducing the net investment and recognizing finance income to produce a constant rate of return on the net investment.

The Corporation applies the derecognition and impairment requirements in IFRS 9 to the net investment in leased distributed power equipment. Estimated unguaranteed residual values used are regularly reviewed in calculating the gross investment in the leased distributed power equipment.

3. Material accounting policies (continued):

(g) Property and equipment under development and related deposits:

Property and equipment under development and related deposits includes (i) distributed power equipment under development and related deposits comprising the carrying value of distributed power assets owned by Crown Power Fund that are in the course of construction; (ii) property under development comprising the carrying value of property owned by the Corporation that is in the course of development; and (iii) network services equipment under development and related deposits comprising the carrying value of network services equipment owned by the Corporation that is in the course of development.

(i) Distributed power equipment under development and related deposits:

Distributed power equipment under development and related deposits is recorded at cost, which includes all expenditures necessary to bring the assets to working condition for their intended use, plus accrued interest on advances made in the course of construction by Crown Power Fund to the operating partners to whom it will ultimately lease the distributed power assets, less any accumulated impairment losses. Accrued interest is subsequently recovered through receipt of lease payments over the duration of the lease contract.

The equipment is not subject to depreciation until completion of its development phase, at which point the equipment is reclassified as a net investment in leased distributed power equipment and is measured at amortized cost. Any gain or loss arising on remeasurement is recognized in profit and loss.

(ii) Property under development:

Property under development is recorded at the cost of the land plus all expenditures incurred to date that are necessary to bring the asset to working condition for its intended use, less any accumulated impairment losses.

The property is not subject to depreciation until completion of its development phase, at which point it is reclassified as part of property and equipment and measured at cost less any accumulated impairment losses.

(iii) Network services equipment under development and related deposits:

Network services equipment under development and related deposits is recorded at cost plus all expenditures incurred to date that are necessary to bring the asset to working condition for its intended use, less any accumulated impairment losses.

The equipment is not subject to depreciation until completion of its development phase, at which point the equipment is reclassified as part of property and equipment and measured at cost less any accumulated impairment losses.

3. Material accounting policies (continued):

(h) Customer contracts

Customer contracts are intangible assets comprised of network services customer contracts, credit reporting customer contracts, distribution services customer contracts and real estate management and development contracts representing the fair value of service contracts assumed on the acquisitions of WireIE, Galaxy, Lumbermens and Go Direct Global and acquired by PenEquity, net of amounts of accumulated depreciation and impairment, in addition to foreign currency translation adjustments recorded in respect of certain distribution services contracts.

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives, which are reviewed at least annually and adjusted as appropriate.

Customer contracts are subject to amortization on a straight-line basis as the Corporation believes that this method reflects the consumption of resources related to the economic lifespan of these assets better than a diminishing basis and is more representative of the economic substance of the underlying use of the assets. The estimated useful life for a customer contract ranges between 3-6 years and the intangible assets related to such contracts are depreciated on a straight-line basis over 3-6 years, with consideration for the average remaining useful life of the contracts.

(i) Employee benefits:

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plan

The Corporation contributes to a defined contribution pension plan for employees and expenses contributions when they are due in respect of service rendered to the end of the reporting period.

(iii) Other long-term employee benefits

The provision for performance bonus represents the period end estimate of the amount of future benefit that employees have earned in return for their service in the current and prior periods. Remeasurements of the obligation are recognized in profit or loss in the period in which they arise.

3. Material accounting policies (continued):

(j) Share-based payment plans:

Equity-settled, share-based payments to employees, directors and others are measured at fair value of the equity instrument granted. A Black-Scholes option pricing model is used to fair value the stock options issued on the date of grant. The closing market value of the Corporation's common shares on the day prior to the date of grant is used to determine the fair value of the equity-based share units issued.

The cost of the equity-settled, share-based payments is recognized as an expense with a corresponding increase in contributed surplus over the related service period provided to the Corporation. The service period may commence prior to the grant date with compensation expense recognition being subject to specific vesting conditions (including non-market vesting performance conditions) and the best estimate of equity instruments expected to vest. Estimates relating to vesting conditions are reviewed regularly with any adjustments recorded to compensation expense. On the vesting date, the Corporation revises, if necessary, the estimate to equal the number of equity instruments ultimately vested and adjusts the corresponding compensation expense and contributed surplus accordingly.

Upon exercise or settlement of equity-based instruments, consideration received, if any, together with amounts previously recorded in contributed surplus, are recorded as an increase in share capital.

Cash-settled share-based payments are measured based on the fair value of the cash liability. The amount determined is recorded as compensation expense over the service period. The liability is re-measured each period with a corresponding adjustment to the related compensation expense until the date of settlement.

(k) Earnings per share:

Basic earnings per share is calculated by dividing the net income or loss and comprehensive income or loss for the period attributable to the shareholders of the Corporation by the weighted average number of common shares outstanding for the period.

Diluted earnings per share is calculated in the same manner as basic earnings per share, except that the weighted average number of common shares outstanding is adjusted for dilutive instruments. The number of shares included with respect to stock options, warrants, share units and similar instruments is computed using the treasury stock method.

3. Material accounting policies (continued):

(l) Income tax:

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or for taxable temporary differences arising on the recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Corporation and its subsidiaries. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(m) Leases:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

3. Material accounting policies (continued):

(m) Leases (continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term or the cost of the right-of-use asset reflects that the Corporation will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The incremental borrowing rate is determined with reference to interest rates from various external financing sources and is adjusted to reflect the terms of the lease and type of asset leased. The lease liability is measured at amortized cost using the effective interest method.

(n) Inventory:

Inventory is measured at the lower of cost and net realizable value. Cost is inclusive of all costs of purchase (e.g. duty and freight as applicable), costs of conversion and other costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses necessary to complete the sale.

(o) Investment in associate:

An associate is an entity in which the Corporation has significant influence, but not control or joint control, over the financial and operating policies. Investment in associate is accounted for using the equity method. It is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the profit or loss until the date on which significant influence ceases.

When the Corporation's share of losses exceeds its interest in an associate, the Corporation's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Corporation has incurred legal or constructive obligations or made payments on behalf of an associate. If the associate subsequently reports profits, the Corporation resumes recognizing its share of those profits only after its share of profits equals the share of accumulated losses not recognized.

3. Material accounting policies (continued):

(p) Foreign currency translation:

(i) Transactions and balances

Transactions in foreign currencies are translated into the functional currency of the Corporation and its subsidiaries using exchange rates in effect at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising from changes in rates of translation are generally recognized in income or loss in the period incurred.

(ii) Foreign operations

For subsidiaries that are required to be consolidated, the results and financial position of those subsidiaries with a functional currency different from the Corporation's presentation currency are translated as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates. The Corporation uses monthly average exchange rates due to the volume of transactions each month; and
- all resulting exchange differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to income or loss as part of the gain or loss on disposal. If the Corporation disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(q) Factor facility:

The Corporation sells, with recourse, certain accounts receivable in its distribution services segment to a lender for cash proceeds. These receivables are not derecognized from the consolidated statement of financial position because the Corporation retains substantially all of the risks and rewards, including credit risk. The amount received on transfer of accounts receivable is recognized as a factor facility liability.

As of December 31, 2023, the carrying amount of the accounts receivable transferred to the lender was $496 and the carrying amount of the associated liabilities was $487 (December 31, 2022 - $1,092 and $968, respectively).

3. Material accounting policies (continued):

(r) Impairment of non-financial assets:

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets (property and equipment, property and equipment under development, customer contracts, investment in associate and goodwill) for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows on an asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value less costs to sell is the amount obtainable from the sale of an asset or CGU in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding financing costs and income tax expense.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(s) Material accounting policies adopted in the period:

(i) Disclosure of accounting policies:

Although the amendments to IAS 1 and IFRS practice Statement 2 effective January 1, 2023 did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

3. Material accounting policies (continued):

(s) Material accounting policies adopted in the period:

(ii) Assets held for sale:

Assets and liabilities are classified as held for sale when their carrying amounts are expected to be recovered through a disposition rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition, it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn, management is committed to the plan to sell the asset or disposal group, and the sale is expected to be completed within one year from the date of the classification.

The assets or disposal groups are measured at the lower of their carrying amount and estimated fair value less costs of disposal. Impairment losses on initial classification as well as subsequent gains or losses on remeasurement are recognized into income. When the assets or disposal groups are sold, the gains or losses on the sale are recognized as a gain (loss) on disposal of assets. Assets classified as held for sale are not depreciated or amortized.

(iii) Government grants:

Government grants related to network infrastructure are initially recognized as deferred revenue at fair value when there is reasonable assurance that the Corporation will comply with the conditions associated with the grant and the grant will be received. Grants related to network infrastructure are recognized in profit or loss as other income on a systematic basis over the useful life of the related asset.

(iv) Revenue recognition:

Real estate revenues, included in fees and other income, are comprised of the following types of revenue:

- Property management fees, development management fees and construction management fees

  Revenues from property management fees, development management fees, and construction management fees are recognized as the related services are provided in accordance with the property management, development management, or construction management agreements.

- Leasing commissions

  Leasing commissions revenue is recognized when earned upon the closing of the related lease agreement.

3. Material accounting policies (continued):

(s) Material accounting policies adopted in the period (continued):

(v) Property and equipment:

Network infrastructure:

Network infrastructure is depreciated on a straight-line basis over its estimated useful life of 20 years. The total cost of network infrastructure including fibre optic hardware and community-based infrastructure, associated installation costs, and costs of contract acquisition are capitalized when the network is available for its intended use.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(t) Accounting standards issued but not yet effective:

Classification of liabilities as current or non-current and non-current liabilities with covenants:

Amendments to IAS 1, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after January 1, 2024.

As the Corporation has a credit facility that is subject to specific covenants, it is in the process of assessing the potential impact of the amendments on the classification of these liabilities and the related disclosures.

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

4. Assets held for sale:

As at December 31, 2023, assets held for sale of $7,811 (2022 - $nil) is comprised of $4,569 reclassified from property and equipment and $3,242 from property and equipment under development and related deposits. Efforts to sell the distributed power equipment are in process and the equipment is expected to be sold by the end of 2024. As at December 31, 2023, the assets held for sale are stated at the lower of their carrying amounts and estimated fair value less costs of disposal.

As at		**December 31, 2023**
Balance, January 1, 2023	$	-
Reclassification from property and equipment (Note 9):		
- Cost		10,646
- Accumulated impairment		(6,077)
		4,569
Reclassification from property and equipment under development and related deposits (Note 10):		
- Cost		8,484
- Accumulated impairment		(5,242)
		3,242
Balance, December 31, 2023	**$**	**7,811**

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

5. Investments:

As at	December 31, 2023	December 31, 2022
Investments at FVTPL:		
Canadian equity security	$ 25	$ 25
Total Investments at FVTPL	25	25
Canadian debt securities at amortized cost	-	17,748
Allowance for credit losses	-	(15,672)
Total Investments at amortized cost, net of allowance for credit losses	-	2,076
Total Investments	**$ 25**	**$ 2,101**

For investments carried at FVTPL, the amounts are classified in the fair value hierarchy based on the values recognized in the consolidated statement of financial position. The Canadian equity security at FVTPL represents common shares of Crown Private Credit Partners Inc. As at December 31, 2023, total investments at FVTPL of $25 (December 31, 2022 - $25) and total investments at amortized cost, net of allowance for credit losses, of $nil (see Note 21) (December 31, 2022 - $2,076) are classified as Level 3 financial instruments. There were no transfers between levels during the year ended December 31, 2023. The carrying value of investments at amortized cost, net of allowance for credit losses, approximates its fair value.

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 year ended December 31, 2023 and December 31, 2022:

For the year ended	December 31, 2023	December 31, 2022
Level 3 securities at FVTPL		
Opening balance	$ 25	$ 525
Repayments	-	(502)
Realized losses	-	(1,268)
Net change in unrealized losses	-	1,270
Ending balance	**$ 25**	**$ 25**

During the year ended December 31, 2023, the single Canadian debt security at amortized cost of $15,672 and the related allowance for credit losses of $15,672 were written off. As the net carrying value was $nil, there was no impact on the statement comprehensive income. As at December 31, 2022, the total gross carrying value of the single Canadian debt security at amortized cost was $17,748 and was classified as Stage Three. There were no changes in, or transfers between stages during the year ended December 31, 2023.

(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 but terminated one finance lease contract in the year ended December 31, 2023. The Corporation entered into three new finance lease contracts in the year ended December 31, 2022 upon completion of the development of the related distributed power assets.

For the year ended December 31, 2023, the Corporation recognized distributed power interest income in relation to its net investment in leased distributed power equipment of $1,320 (December 31, 2022 - $868).

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

	December 31, 2023	December 31, 2022
Less than one year	$ 527	$ 1,524
One to two years	527	1,627
Two to three years	527	1,627
Three to four years	527	1,627
Four to five years	527	1,627
Greater than five years	5,782	9,643
Total undiscounted lease payments	8,417	17,675
Unearned finance income	(3,998)	(6,998)
Undiscounted unguaranteed residual value	442	1,440
Net investment in leased distributed power equipment, before allowance for credit loss	4,861	12,117
Allowance for credit loss	(49)	(123)
Net investment in leased distributed power equipment	$ 4,812	$ 11,994
Current portion	(113)	(642)
Non-current portion	**$ 4,699**	**$ 11,352**

7. Investment in Crown Partners Fund:

The investment in Crown Capital Partner Funding, LP ("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.

The Corporation has an effective interest of 28.0% in the limited partnership units of Crown Partners Fund and, through its 100% interest in Crown Capital LP Partner Funding Inc., it is the general partner of Crown Partners Fund. The Corporation's interest in Crown Partners Fund is recognized as an investment in associate accounted for using the equity method.

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 December 31, 2023 of $7,065 (December 31, 2022 - $6,219) represents the carrying value of the Corporation's general partnership interest. As at December 31, 2023, the Corporation had accrued a provision for performance bonus of $3,533 (December 31, 2022 - $3,109) which represents the 50% portion that would be paid to participants in the asset performance bonus pool of Crown Partners Fund.

The underlying investment portfolio of Crown Partners Fund is comprised of a Canadian debt security measured at amortized cost and investments measured at FVTPL including Canadian debt securities, Canadian equity securities and other investments such as royalty arrangements.

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

7. Investment in Crown Partners Fund (continued):

The following tables show the movement in the carrying value of the investment in Crown Partners Fund for the year ended December 31, 2023 and December 31, 2022:

As at and for the year ended December 31,		**2023**	
Crown Partners Fund	Limited partnership interest	General partnership interest	Total
Opening balance	$ 28,338	$ 6,219	$ 34,557
Share of earnings[1]	2,137	846	2,983
Distributions	(13,225)	-	(13,225)
Ending balance	**$ 17,250**	**$ 7,065**	**$ 24,315**

[1] Share of earnings include a decrease of $72 to the Corporation's proportionate share of the earnings attributable to limited partners of Crown Partners Fund for the year ended December 31, 2023 to reflect fair value adjustments of Canadian debt securities measured at amortized cost which were recognized by the Corporation on the derecognition of Crown Partners Fund as a subsidiary on July 13, 2021.

As at and for the year ended December 31,		**2022**	
Crown Partners Fund	Limited partnership interest	General partnership interest	Total
Opening balance	$ 38,175	$ 9,194	$ 47,369
Share of losses[1]	(1,681)	(2,975)	(4,656)
Distributions	(8,156)	-	(8,156)
Ending balance	**$ 28,338**	**$ 6,219**	**$ 34,557**

[1] Share of losses include a increase of $536 to the Corporation's proportionate share of the loss attributable to limited partners of Crown Partners Fund for the year ended December 31, 2022 to reflect fair value adjustments of Canadian debt securities measured at amortized cost which were recognized by the Corporation on the derecognition of Crown Partners Fund as a subsidiary on July 13, 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	**December 31, 2023**	**December 31, 2022**
Crown Partners Fund – Summary Balance Sheet Information		
Investments	$ 68,415	$ 106,341
Other assets	1,211	7,459
Total liabilities	(286)	(6,039)
Net assets	69,340	107,761
Net assets attributable to limited partners	62,275	101,542
Net assets attributable to general partner	7,065	6,219

For the year ended	**December 31, 2023**	**December 31, 2022**
Crown Partners Fund – Summary Income Statement Information		
Interest revenue	$ 8,001	$ 11,951
Other revenue	3,332	701
Net loss on investments	(1,462)	(4,130)
Total operating expenses	(1,164)	(1,916)
Recovery (provision) for expected credit losses	44	(13,679)
Total increase (decrease) in net assets	8,751	(7,073)
Increase (decrease) in net assets attributable to limited partners	7,905	(4,098)
Increase (decrease) in net assets attributable to general partner	846	(2,975)

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

8. **Customer contracts:**

As at	**December 31, 2023**				
Carrying amount	Network Services	Distribution Services	Credit Reporting	Real Estate	**Total**
Opening balance, January 1, 2023	$ 9,493	$ 3,366	$ 1,003	$ -	$ 13,862
Additions through acquisition (Note 23)	-	-	-	2,076	2,076
Balance, December 31, 2023	$ 9,493	$ 3,366	$ 1,003	$ 2,076	$ 15,938
Accumulated depreciation and impairment of customer contracts					
Opening balance, January 1, 2023	$ (5,985)	$ (525)	$ (301)	$ -	$ (6,811)
Depreciation	(936)	(1,048)	(200)	(579)	(2,763)
Balance, December 31, 2023	$ (6,921)	$ (1,573)	$ (501)	$ (579)	$ (9,574)
Carrying value – December 31, 2023	**$ 2,572**	**$ 1,793**	**$ 502**	**$ 1,497**	**$ 6,364**

As at	**December 31, 2022**				
Carrying amount	Network Services	Distribution Services	Credit Reporting	Real Estate	**Total**
Opening balance, January 1, 2022	$ 9,493	$ -	$ 1,003	$ -	$ 10,496
Additions through acquisition (Note 24(a))	-	3,342	-	-	3,342
Effect of movement in exchange rates	-	24	-	-	24
Balance December 31, 2022	$ 9,493	$ 3,366	$ 1,003	$ -	$ 13,862
Accumulated depreciation and impairment of customer contracts					
Opening balance, January 1, 2022	$ (4,530)	$ -	$ (100)	$ -	$ (4,630)
Depreciation	(1,455)	(525)	(201)	-	(2,181)
Balance, December 31, 2022	$ (5,985)	$ (525)	$ (301)	$ -	$ (6,811)
Carrying value – December 31, 2022	**$ 3,508**	**$ 2,841**	**$ 702**	**$ -**	**$ 7,051**

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

9. Property and equipment:

As at	December 31, 2023				
	Network Infrastructure	Network Services Equipment	Premises and Related Equipment	Distributed Power Equipment	**Total**
Cost					
Beginning balance, January 1, 2023	$ -	$ 15,015	$26,467	$ 7,118	$ 48,600
Additions [1]	-	372	4,885	-	5,257
Reclassification from property and equipment under development and related deposits	12,626	-	-	17,265	29,891
Reclassification from net investment in leased distributed power equipment	-	-	-	8,071	8,071
Reclassification to assets held for sale[2]	-	-	-	(10,646)	(10,646)
Effect of foreign exchange rate movement	-	-	(348)	-	(348)
Derecognition	-	-	(503)	-	(503)
Balance, December 31, 2023	$ 12,626	$ 15,387	$ 30,501	$ 21,808	$ 80,322
Accumulated depreciation and impairment of equipment					
Beginning balance, January 1, 2023	$ -	$ (9,711)	$ (2,758)	$ (912)	$ (13,381)
Depreciation	(337)	(1,919)	(4,936)	(278)	(7,470)
Derecognition	-	-	503	-	503
Impairment[2]	-	-	-	(5,171)	(5,171)
Impairment associated with assets held for sale[2]	-	-	-	6,077	6,077
Balance, December 31, 2023	$ (337)	$ (11,630)	$ (7,191)	$ (284)	$ (19,442)
Carrying value – December 31, 2023	**$ 12,289**	**$ 3,757**	**$ 23,310**	**$ 21,524**	**$ 60,880**

[1] Includes right-of-use assets with a carrying value of $2,751.

[2] Impairment losses of $5,171 for write-downs of distributed power equipment to reflect revised estimates of recoverable value based on recently available market prices to the lower of its carrying amount and fair value less costs to sell have been included in 'impairment of property and equipment' on the consolidated statement of comprehensive loss. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The recoverable amount of the equipment was based on fair value less costs to sell, estimated using the cost approach. The cost approach considered the actual cost of the equipment at acquisition, adjusted for conditions such as age, wear and tear, to reflect both market conditions and factors specific to the equipment's condition and utility. Additional costs related to the transportation and removal of this equipment have been internally estimated and applied to the value of the equipment. The accumulated impairment losses of $6,077 have been applied to reduce the carrying amount of the gross distributed power equipment of $10,646 for a net transfer to "assets held for sale" (Note 4) of $4,569.

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

9. Property and equipment (continued):

As at	December 31, 2022				
	Network Infrastructure	Network Services Equipment and Co-location	Premises and Related Equipment	Distributed Power Equipment	**Total**
Cost					
Beginning balance, January 1, 2022	$ -	$ 15,603	$ 1,796	$ 7,031	$ 24,430
Additions (disposals)[1]	-	568	12,072	(57)	12,583
Derecognition	-	(1,156)	-	-	(1,156)
Additions through acquisition (Note 24)[2]	-	-	12,209	-	12,209
Reclassification from property and equipment under development and related deposits	-	-	-	144	144
Effect of foreign exchange rate movement	-	-	390	-	390
Balance, December 31, 2022	$ -	$ 15,015	$ 26,467	$ 7,118	$ 48,600
Accumulated depreciation and impairment of equipment					
Beginning balance, January 1, 2022	$ -	$ (8,573)	$ (1,020)	$ (558)	$ (10,151)
Depreciation	-	(2,252)	(1,738)	(4)	(3,994)
Derecognition	-	1,114	-	-	1,114
Impairment	-	-	-	(350)	(350)
Balance, December 31, 2022	$ -	$ (9,711)	$ (2,758)	$ (912)	$ (13,381)
Carrying value – December 31, 2022	**$ -**	**$ 5,304**	**$ 23,709**	**$ 6,206**	**$ 35,219**

[1]Includes right-of-use assets with a carrying value of $9,981.
[2]Includes right-of-use assets with a carrying value of $10,195.

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

10. Property and equipment under development and related deposits:

As at	December 31, 2023			
	Real estate property under development	Distributed power equipment under development and related deposits	Network equipment under development	**Total**
Carrying amount				
Balance, January 1, 2023	$ 24,642	$ 16,499	$ 5,215	$ 46,356
Additions	2,387	8,865	15,324	26,576
Reclassification to property and equipment	-	(17,265)	(12,626)	(29,891)
Impairment[1]	-	(895)	-	(895)
Reclassification to assets held for sale[1]	-	(8,484)	-	(8,484)
Reclassification of accumulated impairment[1]	-	5,242	-	5,242
Balance, December 31, 2023	**$ 27,029**	**$ 3,962**	**$ 7,913**	**$ 38,904**

[1] Impairment losses of $895 for write-downs of distributed power equipment under development to reflect revised estimates of the recoverable value of two distributed power projects under development to the lower of its carrying amount and its fair value less costs to sell have been included in 'impairment of distributed power project under development and related deposits' on the consolidated statement of comprehensive loss. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The recoverable amount of the equipment was based on fair value less costs to sell, estimated using the cost approach. The cost approach considered the actual cost of the equipment at acquisition, adjusted for conditions such as age, wear and tear, to reflect both market conditions and factors specific to the equipment's condition and utility. Additional costs related to the transportation and removal of this equipment have been internally estimated and applied to the value of the equipment. The accumulated impairment losses of $5,242 have been applied to reduce the carrying amount of gross distributed power equipment under development of $8,484 for a net transfer to "assets held for sale" (Note 4) of $3,242.

(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	**December 31, 2022**			
	Real estate property under development	Distributed power equipment under development and related deposits	Network equipment under development	**Total**
Carrying amount				
Balance, January 1, 2022	$ 22,658	$ 10,961	$ 444	$ 34,063
Additions	1,984	11,341	4,771	18,096
Reclassification to net investment in leased distributed power equipment	-	(2,368)	-	(2,368)
Reclassification to property and equipment	-	(144)	-	(144)
Impairment[1]	-	(3,291)	-	(3,291)
Balance, December 31, 2022	**$ 24,642**	**$ 16,499**	**$ 5,215**	**$ 46,356**

[1] Impairment losses of $3,291 for write-downs of distributed power equipment under development to reflect revised estimates of the recoverable value of one distributed power project under development.

Additions to real estate property under development includes capitalized interest of $1,536 in the year ended December 31, 2023 (December 31, 2022 - $1,109) in respect of mortgages payable.

Additions to distributed power equipment under development and related deposits includes capitalized interest of $1,260 for the year ended December 31, 2023 (December 31, 2022 - $731).

11. Contingent consideration:

On September 15, 2020, as partial consideration for the equity acquired from the previous shareholders of Galaxy, the Corporation agreed to pay selling shareholders additional consideration on an annual basis at a predefined percentage of cumulative revenue and earnings of Galaxy, in accordance with prescribed dollar thresholds starting in 2021 for a four-year period, and not to exceed a $4,250 aggregate amount.

As at December 31, 2023, the fair value of the contingent consideration was $950. In the year ended December 31, 2022, the fair value of the contingent consideration liability decreased by $650 to $950, attributable to a cash payment of $650 in partial settlement of this liability.

12. Mortgage payable:

Effective May 27, 2022, the Corporation entered into an agreement for a non-amortizing mortgage payable of $11,900 that is secured by the value of property under development, has a maturity date of July 1, 2024, and bears interest from December 1, 2023 to May 31, 2024 based on Prime Rate plus 570 bps (with a floor of 8.40%) per annum and from June 1, 2024 onward at a fixed interest rate of 18.0% per annum. The fair value of the mortgage payable approximates its carrying value due to the variable rate of interest applicable to this instrument.

13. Deferred revenue:

Included in deferred revenue as at December 31, 2023, the Corporation recorded $8,477 relating to a government grant receivable in respect of a network infrastructure project, which will be recognized into income over the same 20 year period that the underlying network infrastructure asset will be depreciated. The Corporation recognized $nil revenue in respect of this project during the year ended December 31, 2023.

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

14. Share-based compensation:

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 December 31, 2023, the deferred compensation liability was $1,279 (December 31, 2022 - $1,588).

Stock options granted are valued using a Black-Scholes formula and the expense is recognized over the vesting period. The stock options vested over a three-year period, have a term of seven years expiring on December 31, 2026 and an exercise price of $10.00. The related expense is recognized over the vesting period. The fair value of the options granted was $0.13 per option. As at December 31, 2023, 282,921 (December 31, 2022 – 188,614) stock options had vested but had not been exercised, and nil (December 31, 2022 – 94,307) stock options which had not vested were outstanding.

The tables below detail the share-based compensation expense recognized in the years ended December 31, 2023 and 2022.

	For the year ended December 31, 2023					
	Number outstanding at January 1, 2023	**Issued in the period**	**Vested or exercised**	**Cancelled or forfeited**	**Number outstanding at December 31, 2023**	**Recovery in the period**
DDSUs	176,457	45,249	-	-	221,706	$ (309)
Stock options	282,921	-	-	-	282,921	-
Total	**459,378**	**45,249**	**-**	**-**	**504,627**	**$ (309)**

	For the year ended December 31, 2022					
	Number outstanding at January 1, 2022	**Issued in the period**	**Vested or exercised**	**Cancelled or forfeited**	**Number outstanding at December 31, 2022**	**Expensed in the period**
DDSUs	141,681	34,776	-	-	176,457	526
Stock options	282,921	-	-	-	282,921	4
Total	**424,602**	**34,776**	**-**	**-**	**459,378**	**$ 530**

15. 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. 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.

Performance bonus amounts will be paid to APBP Participants upon declaration by the General Partner of the investment fund.

As at December 31, 2023, the Corporation had accrued a provision for performance bonus payable of $3,533 (December 31, 2022 - $3,109) relating to the APBP of Crown Partners Fund (see Note 7). In the year ended December 31, 2023, the provision for performance bonus payable increased by $424, representing a performance bonus expense for the period (2022 – performance bonus recovery of $1,488).

As at December 31, 2023, no amounts have been accrued in relation to the APBP of Crown Power Fund (December 31, 2022 - $nil).

16. Credit facilities:

Prior to February 7, 2023, the Corporation had a senior secured corporate credit facility (the "Preceding Crown Credit Facility") that was 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 provided financing at a variable interest rate based on Prime Rate plus 275 to 350 bps, had a customary set of covenants, and had a maturity date of May 7, 2024, which was subject to annual extension by one or more years at the request of the Corporation.

16. Credit facilities (continued):

Effective February 7, 2023, the Corporation entered into a new senior secured corporate credit facility (the "Crown Credit Facility", and together with the Preceding Crown Credit Facility, the "Credit Facilities") with Canadian Western Bank ("CWB") of up to $43,500 to be used to fund a full repayment and cancellation of lender commitments in respect of the Preceding Crown Credit Facility, support working capital and growth capital requirements of the Corporation and its operating businesses, and to fund the Corporation's remaining capital commitment in respect of Crown Power Fund. The Crown Credit Facility originally included an amortizing term loan of up to $30,000 with a maturity date of February 7, 2028, an operating loan of up to $10,000 with availability subject to margin condition restrictions, and a dedicated-purpose letter of credit facility of up to $3,500. The term loan was comprised of an initial advance of $25,000 plus $5,000 available to be advanced upon request by the Corporation prior to June 30, 2023. The Corporation did not request the advance of this additional $5,000 prior to June 30, 2023, and, accordingly, this amount is no longer available for advance in respect of the term loan. The term loan and the operating loan provide financing at variable interest rates based on Prime Rate plus 165 bps to 500 bps and 200 bps to 500 bps, respectively, and feature a customary set of covenants.

Quarterly repayments in respect of the term loan commenced on September 30, 2023 in the amount of $500 for each of the first ten quarterly periods (i.e., to December 31, 2025), $750 for each of the following four periods (i.e., to December 31, 2026) and $1,000 for each of the subsequent four periods (i.e., to December 31, 2027).

The Crown Credit Facility is subject to covenant clauses, whereby the Corporation is required to meet certain key financial ratios. Since September 30, 2023, the Corporation has not fulfilled the Net Total Debt to Trailing Twelve Month Earnings before Interest, Taxes, Depreciation and Amortization and Fixed Charge Coverage ratio requirements of the Crown Credit Facility. Accordingly, CWB is contractually entitled to request immediate repayment of the outstanding loan amount of $27,401. The outstanding balance, net of unamortized finance costs, is presented as a current liability as at December 31, 2023. CWB had not requested early repayment of the loan as of the date these financial statements were approved by the Corporation's Board of Directors.

On December 29, 2023, the Crown Credit Facility was amended to reduce the operating loan limit from $10,000 to $5,000, to provide additional security in support of the loan, and to provide access to $2,130 on the operating loan on a non-margined basis until February 29, 2024.

As of December 31, 2023, $27,401 is outstanding on the Crown Credit Facility (December 31, 2022 - $18,250 was outstanding on the Preceding Crown Credit Facility) and letters of credit totaling $305 were issued and outstanding. As at December 31, 2023, there was an undrawn balance of $2,099 in respect of the operating loan component of the Crown Credit Facility, of which $2,099 was available to the Corporation based upon margin condition restrictions. 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 December 31, 2023 was $109,085 (December 31, 2022 - $80,887). The carrying value of the Crown Credit Facility at December 31, 2023 of $26,688 was comprised of gross advances of $27,401 net of unamortized deferred financing costs of $713 (December 31, 2022 - $18,067, $18,250 and $183, respectively).

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

17. Debentures and 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 an original maturity date of June 30, 2023. Each $1 principal amount of Convertible Debenture was 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 liability component of the Convertible Debentures was recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component was initially recognized as the difference between fair value of the Convertible Debentures as a whole and the fair value of the liability component. Any direct attributable transaction costs were allocated to the equity and liability components in proportion to their initial carrying amounts.

Effective June 30, 2023, as approved by the holders ("Debentureholders") of the Convertible Debentures, the terms of the Convertible Debentures were amended to (i) extend the maturity of the Convertible Debentures from June 30, 2023 to December 31, 2024 ("Amended Debenture Maturity Date"); (ii) amend the interest rate on the Convertible Debentures from 6% to 10%; (iii) remove the conversion rights of the Debentureholders; and (iv) remove the right of the Corporation to repay the principal amount of the Convertible Debentures in common shares of the Corporation on the Amended Debenture Maturity Date or any redemption date. Effective June 30, 2023, the Convertible Debentures have been reclassified as debentures (the "Debentures").

Interest on the Debentures is payable semi-annually in arrears on June 30 and December 31 of each year. The Debentures are direct, unsecured obligations of the Corporation that are subordinated to the Crown Credit Facility.

The fair value of the Debentures is $18,600 at December 31, 2023 (December 31, 2022 - $19,000). The Debentures are 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	**December 31, 2023**				
			Liability Component		**Equity Component**
Balance, January 1, 2023		$	19,770	$	483
Effective interest			340		-
Amendment costs			(350)		-
Removal of conversion option			-		(483)
Balance, December 31, 2023		**$**	**19,760**	**$**	**-**

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

17. Debentures and Convertible Debentures (continued):

As at	December 31, 2022			
		Liability Component		Equity Component
Balance, January 1, 2022	$	19,334	$	483
Effective interest		436		-
Balance, December 31, 2022	**$**	**19,770**	**$**	**483**

18. Private placement offering:

On December 29, 2023, the Corporation completed a non-brokered private placement offering (the "Offering") of 1,500 units ("Units") at a price of $980 per Unit for gross proceeds of $1,470. Each Unit is comprised of one 10% redeemable secured subordinated debenture (the "Subordinated Debentures") in the principal amount of $1 with a maturity date of June 30, 2025 and 50 common share purchase warrants with each warrant entitling the holder to purchase one share at a price of $7.00 per common share until December 29, 2026. To complete the offering, the Corporation paid $103 of issuance costs, which were allocated to the Subordinated Debentures. The offering was fully subscribed by directors of the Corporation.

The components of the Units are as follows:

As at	December 31, 2023					
		Subordinated Debentures		Warrants		Total
Balance, January 1, 2023	$	-	$	-	$	-
Issuance of Units		1,413		87		1,500
Issuance costs		(97)		(6)		(103)
Deferred income tax recovery		-		(20)		(20)
Balance, December 31, 2023	**$**	**1,316**	**$**	**61**	**$**	**1,377**

Interest on the Subordinated Debentures is payable semi-annually in arrears on June 30 and December 31 of each year. The Subordinated Debentures are direct, secured obligations of the Corporation that are subordinated to the Crown Credit Facility.

Pursuant to the Offering, a total of 75,000 warrants were issued. All issued warrants remain outstanding as at December 31, 2023. The Corporation allocated $61 of total proceeds from the Offering to contributed surplus representing the fair value of warrants as determined using a Black-Scholes option pricing model.

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

19. Finance costs:

The following table reconciles total finance costs to costs recognized in relation to the Credit Facilities, the Debentures and Convertible Debentures, and the Corporation's lease obligations, including its office leases, vehicle leases and network co-location arrangements for the years ended December 31, 2023 and December 31, 2022:

For the year ended	**December 31, 2023**			
	Credit Facilities	**Debentures/ Convertible Debentures**	**Lease and other Obligations**	**Total**
Interest	$ 2,354	$ 1,600	$ 1,766	$ 5,720
Standby and other lending fees	176	-	-	176
Amortization of deferred finance costs	353	340	-	693
Total Finance Costs	**$ 2,883**	**$ 1,940**	**$ 1,766**	**$ 6,589**

For the year ended	**December 31, 2022**			
	Credit Facilities	**Convertible Debentures**	**Lease and other Obligations**	**Total**
Interest	$ 788	$ 1,200	$ 758	$ 2,746
Standby and other lending fees	82	-	-	82
Amortization of deferred finance costs	168	436	203	807
Total Finance Costs	**$ 1,038**	**$ 1,636**	**$ 961**	**$ 3,635**

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

20. Non-controlling interests (NCI):

As at and for the year ended			**December 31, 2023**
	Crown Power Fund[1]	**PenEquity**	**Total**
NCI percentage	56.8%	30.0%	
Beginning balance, January 1, 2023	$ 22,070	$ -	$ 22,070
Allocation of net loss	(2,848)	(42)	(2,890)
Contributions	3,808	-	3,808
Balance, December 31, 2023	**$ 23,030**	**(42)**	**$ 22,988**

As at and for the year ended	**December 31, 2022**
	Crown Power Fund
NCI percentage	56.8%
Beginning balance, January 1, 2022	$ 18,796
Allocation of net loss	(1,548)
Contributions	5,116
Distributions	(294)
Balance, December 31, 2022	**$ 22,070**

[1] Includes 56.8% of Crown Power Fund and 55.5% of LESC and Wilson Creek.

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

21. Financial risk management:

(a) Overview:

The Corporation has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk related to financial instruments and the Corporation's management of capital.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities related to financial instruments.

(b) Risk management framework:

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities.

(c) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's investments in debt securities and in Crown Partners Fund, as well as accounts receivable from the investment funds that it manages.

The maximum exposure to credit risk is summarized as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 4,849	$ 7,244
Accounts receivable	21,633	14,195
Investments in debt securities at amortized cost	-	2,076
Investment in Crown Partners Fund	24,315	34,557
Net investment in leased distributed power equipment	4,812	11,994
	$ 55,609	**$ 70,066**

21. Financial risk management (continued):

(c) Credit risk (continued):

Management fees receivable from the Corporation's managed investment fund are funded by cash flows from the underlying investments.

The debt instruments held by the Corporation and in the underlying specialty finance investment portfolio of Crown Partners Fund are unrated and relatively illiquid. Repayments are dependent on the ability of the underlying businesses to generate sufficient cash flow from operations, refinancings or the sale of assets or equity. As at the reporting date, the terms of the individual debt instruments held by the Corporation and the risks of the underlying businesses are reflected in the fair values of debt instruments carried at FVTPL and in the allowance for credit losses for debt instruments carried at amortized cost. The investment manager of Crown Partners Fund follows an internal risk rating process to monitor the credit risk of individual investments and generally considers collateral of the underlying businesses, including property, plant and equipment, inventory and receivables, in structuring its investments and managing credit risk. The investment manager of Crown Partners Fund actively reviews collateral values and monitors financial results of the underlying businesses regularly against the underlying business plans and industry trends in order to reflect, in the accounts of Crown Partners Fund, the terms of the individual debt instruments and the risks of the underlying businesses in the fair values of debt instruments carried at FVTPL and in the allowance for credit losses for debt instruments carried at amortized cost.

The net investment in leased distributed power equipment held by the Corporation is unrated and relatively illiquid. Repayments are dependent on the ability of the underlying end user of the leased asset to generate sufficient cash flow from operations, refinancing or the sale of assets or equity. The carrying value of the net investment in leased distributed power equipment at amortized cost is net of an allowance for credit losses that reflects management's estimation of expected credit loss.

(d) Liquidity risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. Certain obligations in respect of the provision for performance bonus and non-controlling interests only become due as the related investment fund's assets are liquidated and liquidation proceeds are received, and as such, there is no associated liquidity risk.

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

21. Financial risk management (continued):

(d) Liquidity risk (continued):

The carrying value of financial liabilities broken down by contractual maturity is as follows:

Contractual maturity	December 31, 2023	December 31, 2022
On demand	$ 26,688	$ -
0 – 12 months	56,452	50,666
1 – 3 years	15,013	29,481
3 – 5 years	6,219	8,331
5 years or more	11,066	5,444
Total carrying value of financial liabilities	**$ 115,438**	**$ 93,922**

As at December 31, 2023, the Corporation had a deficit of current assets over current liabilities of $41,966 (December 31, 2022 – $22,504), $nil (December 31, 2022 - $3,808) of committed capital available to Crown Power Fund from parties other than Crown to support the financing requirements of Crown Power Fund and an undrawn balance of $2,099 (December 31, 2022 - $1,750) in respect of its revolving credit facility, which is subject to adherence to customary financial covenant restrictions. In addition to the availability of these resources, management takes measures to further bolster the Corporation's liquidity by actively managing liquidity risk through the active monitoring of budgeted and projected results and cash requirements.

Since September 30, 2023, the Corporation has not complied with certain of its financial covenants under the Crown Credit Facility. The Corporation believes that, through its action plan (Note 2(b)) and in working with its banking partners and potential lenders, it can obtain the long-term credit arrangements that provide appropriate capacity and covenants matched to the Corporation's anticipated financial performance and operations. The Corporation believes that its cash position and capacity under its existing credit facilities, and the long-term credit arrangements it expects to secure together with anticipated future cash flows and access to capital markets will be sufficient to fund operations, meet financial obligations as they come due, and provide the funds necessary for capital expenditures, and other needs for the foreseeable future. However, there is no assurance that such arrangements will become available, that the Corporation will be able to achieve and maintain positive cash flow from operations and/or realize proceeds from the disposition of assets.

21. Financial risk management (continued):

(e) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk:

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation invests primarily in Canadian-dollar denominated investments. Through Crown Power Fund, the Corporation is exposed to transactional foreign currency risk to the extent sales or expenditures are denominated in foreign currencies and in relation to the translation of assets and liabilities denominated in foreign currencies to Canadian dollars.

Effective February 1, 2023, the Corporation, through Galaxy, entered into a five-year U.S. dollar-denominated purchase commitment for the use of broadband network infrastructure (see Note 29).

As at the reporting date, the Corporation's exposure to U.S. dollar-denominated cash, expressed in Canadian dollars and as a percentage of its net assets, was $1,812 and 4.7%, respectively (2022 – $1,984 and 3.9%, respectively). If the U.S. dollar appreciated (depreciated) by 100 bps, the Corporation's net (loss) income and comprehensive (loss) income and total equity for the years ended and as at December 31, 2023 and December 31, 2022 would not be meaningfully impacted.

(ii) Interest rate risk:

Interest rate risk is the risk that the Corporation's earnings will be affected by fluctuations in interest rates. The Corporation's lease obligations, debentures, subordinated debentures, and a portion of mortgages payable bear fixed rates of interest. The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Corporation's credit facilities and to the portion of the mortgages payable which bear interest at market rates. The Corporation's interest-bearing debt investments and the interest-bearing debt investments of the underlying investment portfolio of Crown Partners Fund are impacted by the credit metrics, liquidity and business fundamentals of the corporate entity and the investment manager of Crown Partners Fund, with a minimal correlation to interest rates. If interest rates on the Corporation's credit facilities and mortgages payable increased (decreased) by 100 basis points with all other variables held constant, finance costs on the credit facilities and mortgages payable would increase (decrease) by $364 (2022 - $190).

21. Financial risk management (continued):

(e) Market risk (continued):

(iii) Other price risk:

Other price risk includes other factors that affect market prices, other than currency and interest risk. This may include the ability of an investee company to profitably distribute its products. Most of the companies in which the Corporation and Crown Partners Fund invest are dependent upon a single product or industry. The Corporation and the investment manager of Crown Partners Fund manage this risk through careful due diligence prior to committing funds to the investment.

The Corporation is also exposed to equity price risk, which arises directly from the Corporation's equity securities held at FVTPL and indirectly from the equity securities held at FVTPL of the underlying investment portfolio of Crown Partners Fund. The Corporation and Crown Partners Fund actively monitor the activity and performance of the investments subject to equity price risk. Excluding the equity securities held at FVTPL of the underlying investment portfolio of Crown Partners Fund, if the underlying share price on the Corporation's equity securities held at FVTPL increased (decreased) by 10%, the fair value of equity securities held at FVTPL would increase (decrease) by $3 (2022 - $3).

22. 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 January 24, 2022, the Corporation announced a substantial issuer bid, 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 substantial issuer bid for total consideration of $9,975, excluding related fees and expenses totaling $87.

On April 13, 2022, the Corporation renewed its normal course issuer bid (“NCIB”) 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. Any shares purchased under this bid were purchased on the open market at the prevailing market price at the time of the transaction. Common shares acquired under this bid were cancelled. The total number of shares purchased and cancelled under this NCIB in 2023 was 5,000.

On April 13, 2023, the Corporation renewed its NCIB to purchase up to 280,000 of its common shares, representing approximately 5.0% of its issued and outstanding shares as at March 31, 2023, 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. The total number of shares purchased and cancelled under the current NCIB up to December 31, 2023 was 48,900.

During the year ended December 31, 2023, the Corporation purchased and cancelled a total of 53,900 shares (December 31, 2022 – 1,450,556 shares) for total consideration of $413 (December 31, 2022 - $10,969). The difference between the total consideration paid in respect of these purchases and the average carrying value of cancelled shares was $48 (December 31, 2022 - $1,443), net of fees and expenses relating to the purchases, and was recognized as a reduction to deficit.

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

23. Acquisition of property management and property development contracts:

Effective January 1, 2023, the Corporation acquired, through its subsidiary PenEquity, certain property management contracts from PenEquity Realty Corp., to which the Corporation had a previous lending relationship. Effective April 1, 2023, the Corporation, through its subsidiary PenEquity, entered into a management services agreement in respect of which it effectively acquired a property development contract from PenEquity Realty Corp. In each of these transactions, as consideration for the acquisition of the assets, the Corporation agreed to the partial settlement of a Canadian debt security outstanding to PenEquity Realty Corp.

(a) Consideration transferred:

The following table summarizes the acquisition date fair values of consideration transferred:

Fair value of investment in a Canadian debt security:		
On January 1, 2023	$	1,000
On April 1, 2023		1,076
Total consideration transferred	**$**	**2,076**

(b) Identifiable assets acquired:

The following table summarizes the recognized amount of assets acquired at the dates of acquisition.

Customer contracts:		
On January 1, 2023	$	1,000
On April 1, 2023		1,076
Total identifiable net assets acquired	**$**	**2,076**

The Corporation accounts for these transactions as asset acquisitions on account of the application of a concentration test permitting the simplified assessment as to whether an acquired set of activities and assets is a business. In respect of each of the transactions, the optional concentration test was met as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, being customer contracts.

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

24. Acquisition of Go Direct Global:

(a) Consideration transferred:

On June 24, 2022, the Corporation acquired 100% of the common shares, voting interests and preferred shares of Go Direct Global, a distribution services company that provides end-to-end integrated ecommerce and business-to-business order fulfillment and distribution services, including warehousing and freight management. The Corporation expects to achieve revenue growth, obtain scale and expand capabilities geographically within its distributed services segment to target a growing need for distribution services in Canada and the United States.

For the period from June 24, 2022 to December 31, 2022, Go Direct Global contributed revenue of $14,071 and loss before income taxes of $(1,947) to the Corporation's results. If the acquisition had occurred on January 1, 2022, management estimates that consolidated revenue and consolidated net loss for the year ended December 31, 2022 would have been $53,818 and $(7,853), respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2022.

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

		June 24, 2022
Fair value of pre-existing investment in a Canadian debt security[1]	$	3,985
Total consideration transferred	**$**	**3,985**

[1] See Note 24(d).

(b) Acquisition-related costs:

The Corporation incurred legal fees of $4 in relation to this acquisition. These costs have been included in general and administration expenses.

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

24. Acquisition of Go Direct Global (continued):

(c) Identifiable assets acquired and liabilities assumed:

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

		June 24, 2022
Cash and cash equivalents	$	621
Accounts receivable		5,159
Prepaid expenses and other assets		456
Property and equipment		12,209
Customer contracts		3,342
Accounts payable and accrued liabilities		(3,901)
Factor facility		(586)
Deferred income tax liability		(123)
Lease obligations		(10,195)
Long-term debt		(2,924)
Total identifiable net assets acquired	**$**	**4,058**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	**Valuation technique**
Accounts receivable	*Income technique:* The fair value of accounts receivable is equal to the gross contractual amounts receivable and reflects the best estimates as at the acquisition date of the contractual cash flows expected to be collected.
Customer contracts	*Multi-period excess earnings method:* The fair value of customer contracts considers the present value of net cash flows in respect of customer contracts and employs the following key assumptions: (i) future cash flows on existing contracts; (ii) expected contract durations and renewals; (iii) a risk-adjusted discount rate; and (iv) cash flows related to contributory assets.
Property and equipment	*Cost technique:* The fair value of property and equipment considers depreciated replacement cost, which reflects adjustments for physical deterioration as well as functional and economic obsolescence.

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

24. Acquisition of Go Direct Global (continued):

(c) Identifiable assets acquired and liabilities assumed (continued):

Accounts receivable comprise gross contractual amounts due of $5,159, of which $10 was expected to be uncollectible as at the date of acquisition.

Long-term debt represents debt payable by Go Direct SCS that is not guaranteed or supported in any way by the Corporation or any of its other subsidiaries, including Go Direct Global. The long-term debt of Go Direct SCS is comprised of multiple loans that have an aggregate gross contractual value of $15,662. The value assigned to this long-term debt reflects the best estimate of the net present value of future cash flows of Go Direct SCS available to service this debt. The Corporation's wholly-owned subsidiary CCF III is the general partner of NCOF LP, an investment fund that is managed by the Corporation and which maintains a loan investment in Go Direct SCS.

Lease obligations in relation to the use of leased premises for the provision of distribution services are measured at the present value of the lease payments that are not paid, discounted using the Corporation's incremental borrowing rate. The incremental borrowing rate is determined with reference to interest rates from various external financing sources and is adjusted to reflect the terms of the lease and type of asset leased.

(d) Settlement of pre-existing relationship:

The Corporation and Go Direct Global were parties to a promissory note contract under which the Corporation advanced amounts to satisfy Go Direct Global's working capital requirements at the Corporation's discretion. This pre-existing relationship was effectively terminated when the Corporation acquired Go Direct Global. The fair value of the loan at the date of acquisition was $3,985. The settlement of the promissory note contract did not result in a realized gain (loss).

(e) Gain on acquisition:

		June 24, 2022
Fair value of identifiable net assets	$	4,058
Consideration transferred		(3,985)
Gain on acquisition	**$**	**73**

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

25. Net change in non-cash working capital:

Year ended December 31,		**2023**		**2022**
Accounts receivable	$	(8,910)	$	(1,776)
Prepaid expenses		(704)		(2,098)
Inventory		(331)		(350)
Accounts payable and accrued liabilities		5,058		1,020
Deferred revenue		8,019		(311)
Contingent consideration		-		(650)
Total	**$**	**3,132**	**$**	**(4,165)**

26. Segment information:

The Corporation has six reportable segments, which are its strategic operating components that engage in business activities from which revenues are earned and expenses are incurred. 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**
Network services	Deployment and management of carrier-grade data networks to select underserved markets.
Distribution services	Provision of end-to-end integrated ecommerce and business-to-business order fulfillment and distribution services, including warehousing and freight management.
Specialty finance	Investments in Crown Partners Fund and in corporate debt and equity securities.
Distributed power	Origination and management of, and investment in, distributed power investments.
Real estate	Investment in, and development of, real estate properties and the provision of advisory and asset management services in respect of large-scale retail, entertainment and mixed-use properties.
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 years ended December 31, 2023 and December 31, 2022 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.

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

26. Segment information (continued):

For the year ended	December 31, 2023						
Reportable segments	**Network services**	**Distribution services**	**Specialty finance**	**Distributed power**	**Real estate**	**Corporate and other**	**Total**
Revenues[1]	**$ 26,929**	**$ 34,396**[4]	**$ -**	**$ 2,400**	**$ 4,016**	**$ 1,810**	**$ 69,551**
Share of earnings of Crown Partners Fund[2]	**-**	**-**	**2,983**	**-**	**-**	**-**	**2,983**
Segment income (loss) before income taxes[3]	**(610)**	**(3,640)**	**2,559**	**(1,978)**	**207**	**(6,242)**	**(9,704)**
Cost of network services revenue	15,750	-	-	-	-	-	15,750
Cost of distribution services revenue	-	23,369	-	-	-	-	23,369
Financing costs	120	1,586	-	-	-	4,883	6,589
Depreciation	3,503	5,573	-	278	580	299	10,233
Income tax expense – current	606	54	-	-	203	-	863
Income tax expense (recovery) – deferred	(464)	(504)	-	(92)	-	2,645	1,585
Other material non-cash items:							
Performance bonus expense	-	-	424	-	-	-	424
Remeasurement of financial instruments	-	(611)	-	-	-	-	(611)
Impairment of property and equipment	-	-	-	5,171	-	-	5,171
Impairment of distributed power equipment under development and related deposits	-	-	-	895	-	-	895
Net additions to property and equipment	1,219	3,895	-	-	-	143	5,257

[1] All revenues in the period were external revenues. Three customers from the Corporation's "network services" segment and three customers of the Corporation's "distribution services" segment represented approximately $8,093 and $20,238, respectively, of the Corporation's total revenues.

[2] The Corporation's share of earnings 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 revenues earned from a certain consolidated entity are 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.

[4] Distribution services revenue includes $12,920 of warehousing and distribution services revenue, $21,457 of freight management services revenue, and $19 of other revenue included in fees and other income.

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

26. Segment information (continued):

For the year ended				**December 31, 2022**			
Reportable segments	**Network services**	**Distribution services**	**Specialty finance**	**Distributed power**	**Real estate**	**Corporate and other**	**Total**
External revenues[1]	$ 27,262	$ 14,071[4]	$ -	$ 1,623	$ -	$ 1,879	$ 44,835
Net realized loss on investments	-	-	(1,268)	-	-	-	(1,268)
Net change in unrealized loss of investments	-	-	1,270	-	-	-	1,270
Revenues	**27,262**	**14,071**	**2**	**1,623**	**-**	**1,879**	**44,837**
Share of losses of Crown Partners Fund[2]	**-**	**-**	**(4,656)**	**-**	**-**	**-**	**(4,656)**
Segment income (loss) before income taxes[3]	**3,084**	**(1,947)**	**(3,166)**	**(1,021)**	**144**	**(6,682)**	**(9,588)**
Cost of network services revenue	13,789	-	-	-	-	-	13,789
Cost of distribution services revenue	-	10,041	-	-	-	-	10,041
Financing costs	175	567	-	203	-	2,690	3,635
Depreciation	3,876	1,918	-	4	-	377	6,175
Income tax expense (recovery) – current	1,250	12	-	3	-	(550)	715
Income tax expense (recovery) – deferred	(458)	(202)	-	38	38	(2,244)	(2,828)
Other material non-cash items:							
Performance bonus recovery	-	-	(1,488)	-	-	-	(1,488)
Impairment of distributed power equipment under development and related deposits	-	-	-	3,291	-	-	3,291
Net additions to (disposals of) property and equipment	1,148	11,482	-	(57)	-	10	12,583

[1] Three customers from the Corporation's "network services" segment and three customers of the Corporation's "distribution services" segment represented approximately $10,923 and $10,678, respectively, 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.

[4] Distribution services revenue includes $11,076 of warehousing and distribution services revenue and $2,995 of freight management services revenue.

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

26. Segment information (continued):

As at	December 31, 2023						
Reportable segments	**Network services**	**Distribution services**	**Specialty finance**	**Distributed power**	**Real estate**	**Corporate and other**	**Total**
Segment assets[1,2]	$ 45,063	$ 33,103	$ 24,339	$ 40,492	$ 30,476	$ 3,181	$ 176,654
Segment liabilities[1,2]	20,119	26,154	3,533	23,311	13,057	52,252	138,426

[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, 2022						
Reportable segments	**Network services**	**Distribution services**	**Specialty finance**	**Distributed power**	**Real estate**	**Corporate and other**	**Total**
Segment assets[1,2]	$ 23,849	$ 32,867	$ 36,658	$ 37,810	$ 27,535	$ 7,943	$ 166,662
Segment liabilities[1,2]	8,199	27,941	3,109	22,139	12,478	42,126	115,992

[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.

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

27. Income taxes:

The Corporation's reconciliation of income tax (recovery) expense based on the statutory income tax rate to the income tax expense recorded in the financial statement is as follows:

Years ended December 31,	**2023**	**2022**
Loss before income tax	$ (9,704)	$ (9,588)
Statutory income tax rate[1]	24.8%	24.8%
Income tax at statutory income tax rate	(2,407)	(2,378)
Non-deductible expenses and other	70	80
Non-deductible share compensation expense	-	1
Change in deferred tax assets not recognized	4,785	184
Income tax expense (recovery)	**$ 2,448**	**$ (2,113)**

[1] The Corporation is subject to an Alberta and Ontario provincial income tax allocation.

The table below outlines the changes in deferred tax balances.

As at	**December 31, 2023**			
	Balance January 1, 2023	Recognized in profit and loss	Additions	Balance December 31, 2023
Property and equipment	$ (1,083)	$ (484)	$ -	$ (1,567)
Customer contracts	(275)	205	-	(70)
Financing costs	(5)	25	(20)	-
Amortized cost adjustment	131	(131)	-	-
Deferred compensation	362	(362)	-	-
Performance bonus	781	(781)	-	-
Credit loss allowance timing difference	394	(394)	-	-
Cost basis of investment in Crown Partners Fund	(859)	(152)	-	(1,011)
Non-capital losses	2,159	489	-	2,648
	$ 1,605	**$ (1,585)**	**$ (20)**	**$ -**

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

27. Income taxes (continued):

As at	**December 31, 2022**			
	Balance January 1, 2022	Recognized in profit and loss	Additions through acquisition	Balance December 31, 2022
Property and equipment	$ (1,584)	$ 542	$ (41)	$ (1,083)
Customer contracts	(377)	204	(102)	(275)
Financing costs	(41)	36	-	(5)
Amortized cost adjustment	131	-	-	131
Deferred compensation	232	130	-	362
Performance bonus	1,154	(373)	-	781
Credit loss allowance timing difference	394	-	-	394
Cost basis of investment in Crown Partners Fund	(1,640)	781	-	(859)
Non-capital losses	631	1,508	20	2,159
	$ (1,100)	**$ 2,828**	**$ (123)**	**$ 1,605**

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Year ended December 31,	**2023**	**2022**
Property and equipment	$ 18,532	$ 17,092
Finance costs	134	28
Deferred compensation	1,153	-
Performance bonus	3,533	-
Non-capital losses	31,535	17,223
Total	**$ 54,887**	**$ 34,343**

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

28. Related party transactions:

(a) Key management personnel compensation:

Key management personnel are those persons having authority over the planning, directing and controlling activities of the Corporation and include the Directors, President and Chief Executive Officer and the Chief Financial Officer.

Directors are paid a retainer, of which at least 50% must be paid as DDSUs and the balance can be received as either additional DDSUs or cash at the Director's discretion.

Key management personnel compensation for the years ended December 31, 2023 and 2022 is comprised of:

For the years ended December 31,		2023		2022
Salaries and benefits	$	996	$	1,205
Share-based compensation		(309)		526
Performance bonus (recovery) expense[1] (Note 15)		188		(659)
	$	875	$	1,072

[1] For the years ended December 31, 2023 and 2022, represents allocations of accrued performance bonus (recovery) expense, not cash compensation.

(b) Other related party transactions:

Pursuant to a limited partnership agreement, Crown Power Fund pays management fees to the Corporation for management services provided. Management fees paid to the Corporation by Crown Power Fund are eliminated on consolidation.

Pursuant to a service agreement, CPCP pays management fees to the Corporation for services provided. For the year ended December 31, 2023, $100 (2022 - $100) of management fees and $75 (2022 - $50) of dividends received from CPCP were included in fees and other income. During the year ended December 31, 2023, the Corporation was reimbursed for general and administration expenses and incurred finance costs of $51 and $78 (2022 - $62 and $nil), respectively, from CPCP. At December 31, 2023, accounts receivable included $13 (2022 - $15) and accounts payable included $22 (2022 - $nil) due from/to CPCP.

At December 31, 2023, accounts receivable included $502 due from NCOF LP (2022 - $500).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

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

29. Commitments and contingencies:

The following is a summary of the Corporation's financial commitments as at December 31, 2023:

The Corporation, through Community Network Partners Inc. ("CNP"), is party to 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 of which $8,477 has been recognized as a receivable and as deferred revenue as at December 31, 2023.

As at December 31, 2023, the Corporation, through Galaxy, has an aggregate commitment with respect to its use of broadband network infrastructure of $73,530 over a five-year period, inclusive of an aggregate commitment denominated in U.S. dollars of US$54,940.

Year	Purchase commitment
2024	$ 17,611
2025	17,017
2026	14,667
2027	13,243
2028	10,992
Total	**$ 73,530**

The Corporation, through CNP, has a commitment to invest a total of $15,000 over a four-year period in a partnership with YTN Telecom Network Inc. to finance, construct and operate an advanced optical fibre network to provide high-speed internet to The Regional Municipality of York.

The Corporation, through WireIE Inc., has an aggregate commitment with respect to its use of broadband network infrastructure of $629 as at December 31, 2023.

The Corporation, through Crown Capital Funding Corporation ("CCFC"), has an aggregate commitment to provide funding to Crown Partners Fund and Crown Capital Fund IV Investment, LP ("CCF IV Investment") of $16,028 as at December 31, 2023. 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.

29. Commitments and contingencies (continued):

As at December 31, 2023, the Corporation, through Crown Power Fund, had committed to contracts valued at $6,035 in relation to the construction of power generation assets, of which $4,387 was funded and included in property and equipment under development and related deposits and $1,648 was unfunded.

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 $1,066 as at December 31, 2023 (December 31, 2022 - $1,409), and which are secured by common shares of the Corporation owned by such participants with a value of $2,269 as at December 31, 2023 (December 31, 2022 - $3,575).

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 (loss) income.