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Condensed Consolidated Interim Financial Statements of

**CROWN CAPITAL PARTNERS INC.**

Three months ended March 31, 2024 and 2023

*NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS*

*The accompanying unaudited condensed consolidated interim financial statements of Crown Capital Partners Inc. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity.*

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# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Financial Position (unaudited)

(expressed in thousands of Canadian dollars)

As at	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,503	\$ 4,849
Accounts receivable	13,980	21,633
Prepaid expenses and deposits	4,203	4,979
Inventory	1,673	1,789
Assets held for sale	7,811	7,811
Current portion of net investment in leased distributed power equipment (Note 4)	149	113
	33,319	41,174
Non-current assets:		
Investments	25	25
Investment in Crown Partners Fund (Note 5)	26,542	24,315
Customer contracts (Note 6)	5,657	6,364
Property and equipment (Note 7)	61,522	60,880
Net investment in leased distributed power equipment (Note 4)	4,628	4,699
Property and equipment under development and related deposits (Note 8)	42,633	38,904
Goodwill	293	293
<b>Total Assets</b>	<b>\$ 174,619</b>	<b>\$ 176,654</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,090	\$ 17,345
Income taxes payable	980	677
Factor facility	544	487
Contingent consideration	950	950
Mortgage payable	11,900	11,900
Current portion of deferred revenue	1,644	1,483
Current portion of lease obligations	3,865	3,839
Current portion of credit facilities (Note 10)	23,729	26,688
Current portion of debentures (Note 11)	19,817	19,760
Current portion of long-term debt	11	11
	81,530	83,140
Non-current liabilities:		
Deferred revenue	8,432	8,515
Lease obligations	15,188	15,302
Deferred compensation (Note 9)	1,082	1,279
Provision for performance bonus (Note 5)	4,015	3,533
Subordinated debentures (Note 12)	1,344	1,316
Long-term debt	2,351	2,353
Non-controlling interests (Note 14)	23,133	22,988
<b>Total Liabilities</b>	<b>137,075</b>	<b>138,426</b>
<b>Equity</b>		
Share capital (Note 15)	47,820	47,820
Contributed surplus	15,728	15,728
Translation reserve	17	97
Deficit	(26,021)	(25,417)
<b>Total Equity</b>	<b>37,544</b>	<b>38,228</b>
	<b>\$ 174,619</b>	<b>\$ 176,654</b>
<b>Commitments and contingencies (Note 18)</b>		

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Comprehensive Loss (unaudited)

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

	For the three months ended	
	March 31,	
	2024	2023
<b>Revenues</b>		
Distribution services revenue	\$ 8,209	\$ 8,357
Network services revenue	6,719	7,273
Fees and other income	2,011	883
Distributed power interest revenue	183	542
Merchant power revenue	604	-
	17,726	17,055
<b>Share of earnings of Crown Partners Fund (Note 5)</b>	2,227	1,350
<b>Expenses</b>		
Cost of distribution services revenue	4,941	6,389
Cost of network services revenue	3,943	3,909
Cost of merchant power revenue	376	-
Salaries and benefits	3,579	3,532
Share-based compensation recovery (Note 9)	(138)	(112)
Performance bonus expense (Note 5)	482	178
General and administration	2,198	2,025
Foreign exchange (gain) loss	(253)	37
Depreciation and amortization	2,920	2,219
Provision for expected credit losses	9	2
Finance costs (Note 13)	2,057	1,576
	20,114	19,755
<b>Loss before other adjustments and income taxes</b>	(161)	(1,350)
Remeasurement of financial instruments	-	611
Non-controlling interests (Note 14)	(145)	(212)
<b>Loss before income taxes</b>	(306)	(951)
Income tax expense (recovery)		
Current tax expense	298	266
Deferred tax recovery	-	(505)
	298	(239)
<b>Net loss</b>	(604)	(712)
<b>Other comprehensive income</b>		
<b>Items that will be reclassified subsequently to net income</b>		
Foreign currency translation adjustment	(80)	-
<b>Comprehensive loss</b>	\$ (684)	\$ (712)
Loss per share attributable to shareholders		
Basic	\$ (0.11)	\$ (0.13)
Diluted	\$ (0.11)	\$ (0.13)
Weighted average number of shares, basic	5,588,646	5,642,524
Weighted average number of shares, diluted	5,588,646	5,642,524

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

For the three months ended March 31, 2024 and 2023

(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, 2023	5,642,546	\$ 48,281	\$ 483	\$ 15,184	\$ 35	\$ (13,313)	\$ 50,670
Net loss and comprehensive loss attributable to shareholders of the Corporation	-	-	-	-	-	(712)	(712)
Shares repurchased (Note 15)	(2,000)	(17)	-	-	-	2	(15)
Balance as at March 31, 2023	5,640,546	\$ 48,264	\$ 483	\$ 15,184	\$ 35	\$ (14,023)	\$ 49,943
Balance as at January 1, 2024	5,588,646	\$ 47,820	\$ -	\$ 15,728	\$ 97	\$ (25,417)	\$ 38,228
Net loss and comprehensive loss attributable to shareholders of the Corporation	-	-	-	-	-	(604)	(604)
Other comprehensive income for the period	-	-	-	-	(80)	-	(80)
Balance as at March 31, 2024	5,588,646	\$ 47,820	\$ -	\$ 15,728	\$ 17	\$ (26,021)	\$ 37,544

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(expressed in thousands of Canadian dollars)

For the three months ended March 31,	2024	2023
Cash provided by (used in) operating activities		
Net loss	\$ (604)	\$ (712)
Non-controlling interests (Note 14)	145	212
Adjustments for:		
Share of earnings of Crown Partners Fund (Note 5)	(2,227)	(1,350)
Income distributions received from Crown Partners Fund	-	954
Distributed power interest income	(183)	(542)
Distributed power interest income received in the period	96	53
Provision for expected credit losses	9	2
Amortization of deferred finance costs (Note 13)	147	333
Depreciation and amortization	2,920	2,219
Current income tax expense	298	266
Income taxes paid, net of refunds received	-	(577)
Deferred tax recovery	-	(505)
Share-based compensation, net of cash settlements	(138)	(112)
Performance bonus expense	482	178
Remeasurement of financial instruments	-	(611)
Net change in non-cash working capital (Note 16)	8,876	227
	9,821	35
Cash provided by (used in) investing activities		
Capital distributions received from Crown Partners Fund	-	8,344
Purchase of property and equipment (Note 7)	(2,038)	(560)
Principal repayments of, net of additions to, net investment in leased distributed power equipment	26	20
Additions to property and equipment under development and related deposits	(3,641)	(3,809)
	(5,653)	3,995
Cash provided by (used in) financing activities		
Non-controlling interests contributions to Crown Power Fund (Note 14)	-	1,137
Payments of lease obligations	(547)	(950)
Credit facility advances, net of repayments	(2,781)	6,750
Advances of long-term debt, net of repayments	(2)	115
Repayment of factor facility, net of advances	57	(768)
Shares repurchased (Note 15)	-	(15)
Financing costs	(240)	(739)
	(3,513)	5,530
Effect of foreign exchange rate difference on cash	(1)	13
Increase in cash and cash equivalents	654	9,573
Cash and cash equivalents, beginning of period	4,849	7,244
Cash and cash equivalents, end of period	\$ 5,503	\$ 16,817
Supplemental cash flow information:		
Interest paid in the period	\$ 1,527	\$ 898

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

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## 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 2<sup>nd</sup> Street SW, Suite 19-131, Calgary, Alberta. These condensed consolidated interim financial statements as at and for the three months ended March 31, 2024 and 2023 comprise the Corporation and its subsidiaries.

## 2. Basis of preparation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Corporation’s financial position and results of operations since the last annual consolidated financial statements as at and for the year ended December 31, 2023. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2023.

These condensed consolidated interim financial statements were authorized for issue by the Corporation’s Board of Directors on May 15, 2024.

### (b) Going concern:

These condensed consolidated interim 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 10). Accordingly, Canadian Western Bank (“CWB”) is contractually entitled to request immediate repayment of the outstanding loan amount of \$24,620. The outstanding balance is presented as a current liability, contributing to negative working capital of \$(48,211) as at March 31, 2024. CWB had not requested early repayment of the loan as of the date when these condensed consolidated interim financial statements were approved by the Corporation’s Board of Directors.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

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## 2. Basis of preparation (continued):

### (b) Going concern (continued):

Based on the Corporation's liquidity position as at the date of these condensed consolidated interim financial statements, management has forecasted its cash flow requirements, considering the Corporation's negative working capital and cash balance at March 31, 2024, and is seeking 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 its current credit facility and there are multiple financing options being considered. The Corporation is targeting completion of these new arrangements within the next nine months; however, there is no assurance that such arrangements will become available. The Corporation is also seeking to dispose of certain assets held for sale by the end of 2024 and is currently exploring the possibility of selling certain other assets, including its real estate properties, in order to fund the partial repayment of its current debt obligations. 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

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

The preparation of the condensed consolidated interim 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.

The significant judgments made by management in applying the Corporation's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2023.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

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## 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.

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:

Except as described below, the accounting policies applied to these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as at and for the year ended December 31, 2023.

The Corporation has adopted *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1*, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024 and clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. The adoption of the amendments did not have a material impact on the classification of the Corporation's liabilities.



# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

## 4. Net investment in leased distributed power equipment:

The Corporation did not enter into any new finance lease contracts in the three months ended March 31, 2024 (March 31, 2023 – nil).

For the three months ended March 31, 2024, the Corporation recognized distributed power interest income in relation to its net investment in leased distributed power equipment of \$96 (March 31, 2023 - \$232).

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.

	March 31, 2024	December 31, 2023
Less than one year	\$ 527	\$ 527
One to two years	527	527
Two to three years	527	527
Three to four years	527	527
Four to five years	527	527
Greater than five years	5,650	5,782
Total undiscounted lease payments	8,285	8,417
Unearned finance income	(3,902)	(3,998)
Undiscounted unguaranteed residual value	442	442
Net investment in leased distributed power equipment, before allowance for credit loss	4,825	4,861
Allowance for credit loss	(48)	(49)
Net investment in leased distributed power equipment	\$ 4,777	\$ 4,812
Current portion	(149)	(113)
<b>Non-current portion</b>	<b>\$ 4,628</b>	<b>\$ 4,699</b>

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# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

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## 5. 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 March 31, 2024 of \$8,030 (December 31, 2023 - \$7,065) represents the carrying value of the Corporation’s general partnership interest. As at March 31, 2024, the Corporation had accrued a provision for performance bonus of \$4,015 (December 31, 2023 - \$3,533) 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.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

## 5. 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 three months ended March 31, 2024 and March 31, 2023:

<b>As at and for the three months ended March 31,</b>	<b>2024</b>		
	Limited partnership interest	General partnership interest	Total
<b>Crown Partners Fund</b>			
Opening balance	\$ 17,250	\$ 7,065	\$ 24,315
Share of earnings	1,262	965	2,227
<b>Ending balance</b>	<b>\$ 18,512</b>	<b>\$ 8,030</b>	<b>\$ 26,542</b>

<b>As at and for the three months ended March 31,</b>	<b>2023</b>		
	Limited partnership interest	General partnership interest	Total
<b>Crown Partners Fund</b>			
Opening balance	\$ 28,338	\$ 6,219	\$ 34,557
Share of earnings <sup>1</sup>	995	355	1,350
Distributions	(8,880)	-	(8,880)
<b>Ending balance</b>	<b>\$ 20,453</b>	<b>\$ 6,574</b>	<b>\$ 27,027</b>

<sup>1</sup> Share of earnings include a decrease of \$72 to the Corporation's proportionate share of the loss attributable to limited partners of Crown Partners Fund for the three months ended March 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.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

## 5. Investment in Crown Partners Fund (continued):

The following tables present summarized financial information for Crown Partners Fund prepared in accordance with IFRS:

<b>As at</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Crown Partners Fund – Summary Balance Sheet Information</b>		
Investments	\$ 73,814	\$ 68,415
Other assets	1,188	1,211
Total liabilities	(223)	(286)
<b>Net assets</b>	<b>\$ 74,779</b>	<b>\$ 69,340</b>
Net assets attributable to limited partners	\$ 66,749	\$ 62,275
Net assets attributable to general partner	\$ 8,030	\$ 7,065

<b>For the three months ended</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Crown Partners Fund – Summary Income Statement Information</b>		
Interest revenue	\$ 1,865	\$ 2,164
Other revenue	-	285
Net gain on investments	3,886	2,048
Total operating expenses	(271)	(368)
Recovery of expected credit losses	-	44
<b>Total increase in net assets</b>	<b>\$ 5,480</b>	<b>\$ 4,173</b>
Increase in net assets attributable to limited partners	\$ 4,515	\$ 3,818
Increase in net assets attributable to general partner	\$ 965	\$ 355

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

## 6. Customer contracts:

As at	March 31, 2024				
Carrying amount	Network Services	Distribution Services	Credit Reporting	Real Estate	Total
Opening balance, January 1, 2024	\$ 9,493	\$ 3,366	\$ 1,003	\$ 2,076	\$ 15,938
Effect of foreign exchange rate movement	-	8	-	-	8
<b>Balance, March 31, 2024</b>	<b>\$ 9,493</b>	<b>\$ 3,374</b>	<b>\$ 1,003</b>	<b>\$ 2,076</b>	<b>\$ 15,946</b>

### Accumulated depreciation and impairment of customer contracts

Opening balance, January 1, 2024	\$ (6,921)	\$ (1,573)	\$ (501)	\$ (579)	\$ (9,574)
Depreciation	(234)	(262)	(50)	(169)	(715)
<b>Balance, March 31, 2024</b>	<b>\$ (7,155)</b>	<b>\$ (1,835)</b>	<b>\$ (551)</b>	<b>\$ (748)</b>	<b>\$ (10,289)</b>
<b>Carrying value – March 31, 2024</b>	<b>\$ 2,338</b>	<b>\$ 1,539</b>	<b>\$ 452</b>	<b>\$ 1,328</b>	<b>\$ 5,657</b>

As at	March 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	-	-	-	1,000	1,000
<b>Balance, March 31, 2023</b>	<b>\$ 9,493</b>	<b>\$ 3,366</b>	<b>\$ 1,003</b>	<b>\$ 1,000</b>	<b>\$ 14,862</b>

### Accumulated depreciation and impairment of customer contracts

Opening balance, January 1, 2023	\$ (5,985)	\$ (525)	\$ (301)	\$ -	\$ (6,811)
Depreciation	(233)	(262)	(50)	(71)	(616)
<b>Balance, March 31, 2023</b>	<b>\$ (6,218)</b>	<b>\$ (787)</b>	<b>\$ (351)</b>	<b>\$ (71)</b>	<b>\$ (7,427)</b>
<b>Carrying value – March 31, 2023</b>	<b>\$ 3,275</b>	<b>\$ 2,579</b>	<b>\$ 652</b>	<b>\$ 929</b>	<b>\$ 7,435</b>

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

## 7. Property and equipment:

As at	March 31, 2024				
	Network Infrastructure	Network Services Equipment	Premises and Related Equipment	Distributed Power Equipment	Total
<b>Cost</b>					
Beginning balance, January 1, 2024	\$ 12,626	\$ 15,387	\$ 30,501	\$ 21,808	\$ 80,322
Additions <sup>1</sup>	241	40	2,022	194	2,497
Effect of foreign exchange rate movement	-	-	350	-	350
<b>Balance, March 31, 2024</b>	<b>\$ 12,867</b>	<b>\$ 15,427</b>	<b>\$ 32,873</b>	<b>\$ 22,002</b>	<b>\$ 83,169</b>
<b>Accumulated depreciation and impairment of equipment</b>					
Beginning balance, January 1, 2024	\$ (337)	\$ (11,630)	\$ (7,191)	\$ (284)	\$ (19,442)
Depreciation	(158)	(421)	(1,351)	(275)	(2,205)
<b>Balance, March 31, 2024</b>	<b>\$ (495)</b>	<b>\$ (12,051)</b>	<b>\$ (8,542)</b>	<b>\$ (559)</b>	<b>\$ (21,647)</b>
<b>Carrying value – March 31, 2024</b>	<b>\$ 12,372</b>	<b>\$ 3,376</b>	<b>\$ 24,331</b>	<b>\$ 21,443</b>	<b>\$ 61,522</b>

<sup>1</sup> Includes right-of-use assets with a carrying value of \$459.

As at	March 31, 2023				
	Network Infrastructure	Network Services Equipment	Premises and Related Equipment	Distributed Power Equipment	Total
<b>Cost</b>					
Beginning balance, January 1, 2023	\$ -	\$ 15,015	\$ 26,467	\$ 7,118	\$ 48,600
Additions	-	175	385	-	560
Effect of foreign exchange rate movement	-	-	(46)	-	(46)
<b>Balance, March 31, 2023</b>	<b>\$ -</b>	<b>\$ 15,190</b>	<b>\$ 26,806</b>	<b>\$ 7,118</b>	<b>\$ 49,114</b>
<b>Accumulated depreciation and impairment of equipment</b>					
Beginning balance, January 1, 2023	\$ -	\$ (9,711)	\$ (2,758)	\$ (912)	\$ (13,381)
Depreciation	-	(414)	(1,187)	(2)	(1,603)
<b>Balance, March 31, 2023</b>	<b>\$ -</b>	<b>\$ (10,125)</b>	<b>\$ (3,945)</b>	<b>\$ (914)</b>	<b>\$ (14,984)</b>
<b>Carrying value – March 31, 2023</b>	<b>\$ -</b>	<b>\$ 5,065</b>	<b>\$ 22,861</b>	<b>\$ 6,204</b>	<b>\$ 34,130</b>

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

## 8. Property and equipment under development and related deposits:

As at	March 31, 2024			
	Real estate property under development	Distributed power equipment under development and related deposits	Network equipment under development	Total
<b>Carrying amount</b>				
Balance, January 1, 2024	\$ 27,029	\$ 3,962	\$ 7,913	\$ 38,904
Additions	457	88	3,184	3,729
<b>Balance, March 31, 2024</b>	<b>\$ 27,486</b>	<b>\$ 4,050</b>	<b>\$ 11,097</b>	<b>\$ 42,633</b>

As at	March 31, 2023			
	Real estate property under development	Distributed power equipment under development and related deposits	Network equipment under development	Total
<b>Carrying amount</b>				
Balance, January 1, 2023	\$ 24,642	\$ 16,499	\$ 5,215	\$ 46,356
Additions	292	2,310	1,519	4,121
<b>Balance, March 31, 2023</b>	<b>\$ 24,934</b>	<b>\$ 18,809</b>	<b>\$ 6,734</b>	<b>\$ 50,477</b>

Additions to real estate property under development includes capitalized interest of \$384 in the three months ended March 31, 2024 (2023 - \$247) in respect of mortgages payable.

Additions to distributed power equipment under development and related deposits includes capitalized interest of \$88 for the three months ended March 31, 2024 (2023 - \$312).

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

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## 9. 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 March 31, 2024, the deferred compensation liability was \$1,082 (December 31, 2023 - \$1,279).

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 March 31, 2024, 282,921 (December 31, 2023 – 282,921) stock options had vested but had not been exercised.

The tables below detail the share-based compensation expense recognized in the three months ended March 31, 2024 and 2023.

For the three months ended March 31, 2024						
	Number outstanding at January 1, 2024	Issued in the period	Vested or exercised	Cancelled or forfeited	Number outstanding at March 31, 2024	Recovery in the period
DDSU's	221,706	6,024	-	-	227,730	\$ (138)
Stock options	282,921	-	-	-	282,921	-
<b>Total</b>	<b>504,627</b>	<b>6,024</b>	<b>-</b>	<b>-</b>	<b>510,651</b>	<b>\$ (138)</b>

For the three months ended March 31, 2023						
	Number outstanding at January 1, 2023	Issued in the period	Vested or exercised	Cancelled or forfeited	Number outstanding at March 31, 2023	Recovery in the period
DDSU's	176,457	-	-	-	176,457	\$ (112)
Stock options	282,921	-	-	-	282,921	-
<b>Total</b>	<b>459,378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459,378</b>	<b>\$ (112)</b>



# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

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

## 10. 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.

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. The Corporation did not request the advance of the balance of \$5,000 on the term loan, and, accordingly, this amount is no longer available for advance. On December 29, 2023, the Crown Credit Facility was amended to reduce the operating loan limit from \$10,000 to \$5,000 and to provide additional security in support of the loan. On May 14, 2024, the Crown Credit Facility was amended to provide access on the operating loan to a maximum of \$2,000 from May 1, 2024 to May 31, 2024, of \$4,000 from June 1, 2024 to June 30, 2024, and of \$5,000 from July 1, 2024 to July 31, 2024, all on a non-margined basis. 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 \$24,620. The outstanding balance, net of unamortized finance costs, is presented as a current liability as at March 31, 2024. 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.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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## 10. Credit facilities (continued):

As of March 31, 2024, \$24,620 is outstanding on the Crown Credit Facility (December 31, 2023 - \$27,401) and letters of credit totaling \$305 were issued and outstanding (December 31, 2023 - \$305). As at March 31, 2024, there was an undrawn balance of \$3,880 in respect of the operating loan component of the Crown Credit Facility. 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 March 31, 2024 was \$136,431 (December 31, 2023 - \$109,085). The carrying value of the Crown Credit Facility at March 31, 2024 of \$23,729 was comprised of gross advances of \$24,620 net of unamortized deferred financing costs of \$891 (December 31, 2023 - \$26,688, \$27,401 and \$713, respectively).

## 11. 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 \$19,250 at March 31, 2024 (December 31, 2023 - \$18,600). 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.

# CROWN CAPITAL PARTNERS INC.

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## 11. Debentures (continued):

As at	March 31, 2024	
	Liability Component	Equity Component
Balance, January 1, 2024	\$ 19,760	\$ -
Effective interest	57	-
<b>Balance, March 31, 2024</b>	<b>\$ 19,817</b>	<b>\$ -</b>

As at	March 31, 2023	
	Liability Component	Equity Component
Balance, January 1, 2023	\$ 19,770	\$ 483
Effective interest	113	-
<b>Balance, March 31, 2023</b>	<b>\$ 19,883</b>	<b>\$ 483</b>

## 12. 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	March 31, 2024		
	Subordinated Debentures	Warrants	Total
Balance, January 1, 2024	\$ 1,316	\$ 61	\$ 1,377
Effective interest	28	-	28
<b>Balance, March 31, 2024</b>	<b>\$ 1,344</b>	<b>\$ 61</b>	<b>\$ 1,405</b>

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.

# CROWN CAPITAL PARTNERS INC.

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## 12. Private placement offering (continued):

Pursuant to the Offering, a total of 75,000 warrants were issued. All issued warrants remain outstanding as at March 31, 2024. 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.

## 13. Finance costs:

The following table reconciles total finance costs to costs recognized in relation to the Credit Facilities, the Debentures, Convertible Debentures and Subordinated Debentures and the Corporation's lease obligations, including its office leases, vehicle leases and network co-location arrangements for the three months ended March 31, 2024 and March 31, 2023:

For the three months ended	March 31, 2024			
	Credit Facilities	Debentures/ Subordinated Debentures	Lease and other Obligations	Total
Interest	\$ 816	\$ 538	\$ 455	\$ 1,809
Standby and other lending fees	101	-	-	101
Amortization of deferred finance costs	62	85	-	147
<b>Total Finance Costs</b>	<b>\$ 979</b>	<b>\$ 623</b>	<b>\$ 455</b>	<b>\$ 2,057</b>

  

For the three months ended	March 31, 2023			
	Credit Facilities	Convertible Debentures	Lease and other Obligations	Total
Interest	\$ 483	\$ 300	\$ 402	\$ 1,185
Standby and other lending fees	58	-	-	58
Amortization of deferred finance costs	220	113	-	333
<b>Total Finance Costs</b>	<b>\$ 761</b>	<b>\$ 413</b>	<b>\$ 402</b>	<b>\$ 1,576</b>

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## 14. Non-controlling interests (NCI):

As at and for the three months ended	March 31, 2024		
	Crown Power Fund <sup>1</sup>	PenEquity	Total
NCI percentage	56.8%	30.0%	
Beginning balance, January 1, 2024	\$ 23,030	\$ (42)	\$ 22,988
Allocation of net income	22	123	145
<b>Balance, March 31, 2024</b>	<b>\$ 23,052</b>	<b>81</b>	<b>\$ 23,133</b>

As at and for the three months ended	March 31, 2023		
	Crown Power Fund	PenEquity	Total
NCI percentage	56.8%	30.0%	
Beginning balance, January 1, 2023	\$ 22,070	\$ -	\$ 22,070
Allocation of net income	212	-	212
Contributions	1,137	-	1,137
<b>Balance, March 31, 2023</b>	<b>\$ 23,419</b>	<b>\$ -</b>	<b>\$ 23,419</b>

<sup>1</sup> Includes 56.8% of Crown Power Fund and 55.5% of LESC and Wilson Creek.

## 15. 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 April 13, 2023, 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, 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 March 31, 2024 was 48,900.

During the three months ended March 31, 2024, the Corporation purchased and cancelled a total of nil shares (March 31, 2023 – 2,000 shares) for total consideration of \$nil (March 31, 2023 - \$15). The difference between the total consideration paid in respect of these purchases and the average carrying value of cancelled shares was \$nil (March 31, 2023 - \$2), net of fees and expenses relating to the purchases, and was recognized as a reduction to deficit.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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

## 16. Net change in non-cash working capital:

Three months ended March 31,	2024	2023
Accounts receivable	\$ 7,652	\$ (209)
Prepaid expenses	776	(107)
Inventory	116	(557)
Accounts payable and accrued liabilities	254	283
Deferred revenue	78	817
<b>Total</b>	<b>\$ 8,876</b>	<b>\$ 227</b>

## 17. 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 three months ended March 31, 2024 and March 31, 2023 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.

# CROWN CAPITAL PARTNERS INC.

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As at and for the three months ended March 31, 2024 and 2023

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## 17. Segment information (continued):

For the three months ended	March 31, 2024						
Reportable segments	Network services	Distribution services	Specialty finance	Distributed power	Real estate	Corporate and other	Total
Revenues <sup>1</sup>	\$ 6,719	\$ 8,209 <sup>4</sup>	\$ 4	\$ 795	\$ 1,583	\$ 416	\$ 17,726
Share of earnings of Crown Partners Fund <sup>2</sup>	-	-	2,227	-	-	-	2,227
Segment income (loss) before income taxes <sup>3</sup>	(32)	(528)	1,749	3	744	(2,242)	(306)
Cost of network services revenue	3,943	-	-	-	-	-	3,943
Cost of distribution services revenue	-	4,941	-	-	-	-	4,941
Financing costs	26	451	-	-	-	1,580	2,057
Depreciation	916	1,496	-	275	169	64	2,920
Income tax expense (recovery) – current	146	(7)	-	-	159	-	298
Other material non-cash items:							
Performance bonus expense	-	-	482	-	-	-	482
Net additions to property and equipment	281	1,989	-	194	-	33	2,497

<sup>1</sup> 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 \$1,746 and \$4,627, respectively, of the Corporation's total revenues.

<sup>2</sup> 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 5).

<sup>3</sup> 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.

<sup>4</sup> Distribution services revenue includes \$3,442 of warehousing and distribution services revenue and \$4,767 of freight management services revenue.

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

## 17. Segment information (continued):

For the three months ended	March 31, 2023						
Reportable segments	Network services	Distribution services	Specialty finance	Distributed power	Real estate	Corporate and other	Total
Revenues <sup>1</sup>	\$ 7,273	\$ 8,357 <sup>4</sup>	\$ -	\$ 547	\$ 455	\$ 423	\$ 17,055
Share of earnings of Crown Partners Fund <sup>2</sup>	-	-	1,350	-	-	-	1,350
Segment income (loss) before income taxes <sup>3</sup>	772	(925)	1,172	158	(293)	(1,835)	(951)
Cost of network services revenue	3,009	-	-	-	-	-	3,009
Cost of distribution services revenue	-	6,389	-	-	-	-	6,389
Financing costs	29	371	-	-	-	1,176	1,576
Depreciation	708	1,346	-	2	71	92	2,219
Income tax expense (recovery) – current	252	14	-	-	-	-	266
Income tax expense (recovery) – deferred	(51)	(265)	-	(1)	(59)	(129)	(505)
Other material non-cash items:							
Performance bonus expense	-	-	178	-	-	-	178
Remeasurement of financial instruments	-	(611)	-	-	-	-	611
Net additions to (disposals of) property and equipment	294	266	-	-	-	-	560

<sup>1</sup> Three customers from the Corporation's "network services" segment and three customers of the Corporation's "distribution services" segment represented approximately \$2,523 and \$5,176, respectively, of the Corporation's total revenues.

<sup>2</sup> 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 5).

<sup>3</sup> 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.

<sup>4</sup> Distribution services revenue includes \$3,103 of warehousing and distribution services revenue and \$5,254 of freight management services revenue.



# CROWN CAPITAL PARTNERS INC.

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## 17. Segment information (continued):

As at	March 31, 2024						
Reportable segments	Network services	Distribution services	Specialty finance	Distributed power	Real estate	Corporate and other	Total
Segment assets <sup>1,2</sup>	\$ 40,104	\$ 33,038	\$ 26,566	\$ 40,376	\$ 31,888	\$ 2,647	\$ 174,619
Segment liabilities <sup>1,2</sup>	19,861	25,967	4,015	23,307	13,357	50,568	137,075

<sup>1</sup> Total segment assets and total segment liabilities represent the consolidated assets and liabilities of the Corporation, respectively.

<sup>2</sup> Intercompany debt amounts are eliminated on consolidation from segment assets and segment liabilities presented above.

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

<sup>1</sup> Total segment assets and total segment liabilities represent the consolidated assets and liabilities of the Corporation, respectively.

<sup>2</sup> Intercompany debt amounts are eliminated on consolidation from segment assets and segment liabilities presented above.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the three months ended March 31, 2024 and 2023

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## 18. Commitments and contingencies:

The following is a summary of the Corporation's financial commitments as at March 31, 2024:

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 collected and included as deferred revenue as at March 31, 2024.

As at March 31, 2024, the Corporation, through Galaxy, has an aggregate commitment with respect to its use of broadband network infrastructure of \$75,377 over a five-year period, inclusive of an aggregate commitment denominated in U.S. dollars of US\$55,085.

Year	Purchase commitment
2024	\$ 17,234
2025	17,835
2026	15,394
2027	13,649
2028	11,265
<b>Total</b>	<b>\$ 75,377</b>

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 \$665 as at March 31, 2024.

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 March 31, 2024. 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.

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# CROWN CAPITAL PARTNERS INC.

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

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## 18. Commitments and contingencies (continued):

As at March 31, 2024, 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 \$914 as at March 31, 2024 (December 31, 2023 - \$1,066), and which are secured by common shares of the Corporation owned by such participants with a value of \$1,868 as at March 31, 2024 (December 31, 2023 - \$2,269).

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.