

Crown Capital Partners Announces Q1 2024 Financial Results

CALGARY, May 15, 2024 – Crown Capital Partners Inc. (“Crown” or the “Corporation”) (TSX: CRWN) today announced its financial results for the three months ended March 31, 2024. Crown’s complete financial statements and management’s discussion and analysis are available on SEDAR at www.sedarplus.ca.

Q1 2024 Financial & Operating Highlights

- Crown recognized a net loss of \$(0.6) million (\$0.11 loss per basic share) in Q1 2024 compared to a net loss of \$(0.7) million (\$0.13 loss per basic share) in Q1 2023.
- Distribution services revenue of \$8.2 million in Q1 2024 compared with \$8.2 million in Q4 2023. This segment reported a net loss before income taxes of \$(0.5) million (Q4 2023 – \$(1.2) million), inclusive of depreciation and amortization expense totaling \$1.5 million (Q4 2023 - \$1.5 million), with the net loss attributable to start-up costs in respect of certain facilities of Go Direct Global that are in various stages of achieving scale. Capacity utilization was 52% at March 31, 2024 compared with 42% at December 31, 2023.
- Network services revenue in Q1 2024 was \$6.7 million, compared with \$5.4 million in Q4 2023, with the increase due primarily to non-recurring hardware sales from Galaxy Broadband Communications in the first quarter. This segment reported a net loss before income taxes of \$(0.03) million (Q4 2023 – \$(0.7) million), inclusive of depreciation and amortization expense totaling \$0.9 million (Q4 2023 - \$1.3 million) and accrued restructuring costs of \$nil (Q4 2023 – \$0.5 million).
- Revenue from the Real Estate segment was \$1.6 million in Q1 2024 (Q4 2023 - \$1.4 million) with the quarter-over-quarter increase attributable to property management contracts added during Q1 2024. This segment recorded net income before income taxes of \$0.7 million (Q4 2023 - \$0.3 million), inclusive of depreciation and amortization expense of \$0.2 million (Q4 2023 - \$0.2 million).
- The Distributed Power segment recorded revenues of \$0.8 million in Q1 2024 (Q4 2023 - \$0.5 million) with the increase primarily relating to growth in merchant power revenue. This segment reported net income before income taxes of \$0.003 million (Q4 2023 – \$(2.7) million net loss before income taxes) inclusive of asset impairment charges totaling \$nil (Q4 2023 - \$6.1 million).
- In Q1 2024, the Specialty Finance segment recognized earnings of \$2.2 million (Q4 2023 – \$0.5 million) in relation to its investment in Crown Partners Fund, including \$1.2 million in respect of its limited partnership interest and \$1.0 million in respect of its general partnership interest in the fund. The quarter-over-quarter improvement is primarily due to the recognition of larger unrealized gains during the first quarter of 2024.
- Total equity at quarter-end decreased to \$37.5 million, from \$38.2 million at the end of 2023, due to a net loss attributable to shareholders of \$0.6 million. Total equity per share decreased to \$6.72 per basic share from \$6.84 per basic share as at December 31, 2023.
- Since September 30, 2023, Crown has not satisfied certain financial covenant clauses of its credit agreement with its bank. Accordingly, the bank is contractually entitled to request immediate repayment

of the outstanding loan in the amount of \$24.6 million and the outstanding balance is presented as a current liability as at March 31, 2024. The Corporation's bank has not requested early repayment of the loan. Management is currently in discussions with lenders regarding replacing its current credit facility and multiple financing options are being considered; however, there is no assurance that such arrangements will become available.

- In Q1 2024, Crown's subsidiary, Community Network Partners, received the grant funding related to the completion of its first fibre network segment under the Province of Ontario's *Accelerated High-Speed Internet Program*. Construction and testing of the second segment under this program is expected to be completed in Q3 2024 with receipt of the related grant funding expected in Q4 2024.

"From an operational perspective, Q1 was a good quarter for the Company as we achieved meaningful progress in all our operating divisions. We're expecting progress to continue this year, particularly in our Network Services segment, which is being driven by our contracts to develop new fibre optic networks, and in our Distribution Services segment, where we are increasing capacity utilization. We are also actively working to generate liquidity from our portfolio of assets to reduce debt, presently focused on our bank debt as well as the debentures due at the end of 2024," added Mr. Johnson.

Q1 2024 Financial Results Summary

<i>Selected Quarterly Information</i>		
AS AT AND FOR THE THREE MONTHS ENDED MAR. 31 (THOUSANDS, EXCEPT PER SHARE AND NUMBER OF COMMON SHARES)		
	2024	2023
Revenue:		
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	-
Total revenue.....	17,726	17,055
Share of earnings of Crown Partners Fund.....	2,227	1,350
Net loss attributable to Shareholders.....	(604)	(712)
Comprehensive loss attributable to Shareholders.....	(684)	(712)
Total assets.....	174,619	172,763
Total equity.....	37,544	49,943
Per share:		
- Net loss to Shareholders - basic.....	\$ (0.11)	\$ (0.13)
- Net loss to Shareholders - diluted.....	(0.11)	(0.13)
- Total equity per share - basic.....	6.72	8.85
Number of common shares:		
- Outstanding at end of period.....	5,588,646	5,640,546
- Weighted average outstanding - basic.....	5,588,646	5,642,524
- Weighted average outstanding - diluted.....	5,588,646	5,642,524

About Crown Capital Partners (TSX:CRWN)

Founded in 2000 within Crown Life Insurance Company, Crown Capital Partners is a capital partner to entrepreneurs and growth businesses mainly operating in the telecommunications infrastructure, distribution services, and distributed power markets. We focus on growth industries that require a specialized capital partner, and we aim to create long-term value by acting as both a direct investor in operating businesses serving these markets and as a manager of investment funds for institutional partners. For additional information, please visit crowncapital.ca.

FORWARD-LOOKING STATEMENTS

This news release contains certain “forward looking statements” and certain “forward looking information” as defined under applicable Canadian and U.S. securities laws. Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “continue”, “plans” or similar terminology. Forward-looking statements in this news release include, but are not limited to, statements, management’s beliefs, expectations or intentions regarding the distribution services market, the network services market and the general economy, Crown’s business plans and strategy, including anticipated investment dispositions and capital deployments and the timing thereof, anticipated refinancing activity and Crown’s future earnings. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties concerning the specific factors identified in the Crown’s periodic filings with Canadian securities regulators. See Crown’s most recent annual information form for a detailed discussion of the risk factors affecting Crown. In addition, Crown’s dividend policy will be reviewed from time to time in the context of the Corporation’s earnings, financial requirements for its operations, and other relevant factors and the declaration of a dividend will always be at the discretion of the board of directors of the Corporation. Crown undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management’s best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

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