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Condensed Consolidated Interim Financial Statements of

**CROWN CAPITAL PARTNERS INC.**

Nine months ended September 30, 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	September 30, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,014	\$ 4,849
Accounts receivable	17,376	21,633
Prepaid expenses and deposits	3,639	4,979
Inventory	1,864	1,789
Assets held for sale	6,611	7,811
Current portion of net investment in leased distributed power equipment (Note 4)	155	113
	49,659	41,174
Non-current assets:		
Investments	25	25
Investment in Crown Partners Fund (Note 5)	5,354	24,315
Customer contracts (Note 6)	4,228	6,364
Property and equipment (Note 7)	64,652	60,880
Net investment in leased distributed power equipment (Note 4)	4,548	4,699
Property and equipment under development and related deposits (Note 8)	43,602	38,904
Goodwill	293	293
<b>Total Assets</b>	<b>\$ 172,361</b>	<b>\$ 176,654</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,831	\$ 17,345
Income taxes payable	1,138	677
Factor facility	148	487
Contingent consideration	950	950
Mortgage payable	11,900	11,900
Current portion of deferred revenue (Note 10)	2,473	1,483
Current portion of lease obligations	4,035	3,839
Current portion of credit facilities (Note 11)	23,910	26,688
Current portion of debentures (Note 12)	19,937	19,760
Current portion of subordinated debentures (Note 13)	1,402	-
Current portion of long-term debt	11	11
	85,735	83,140
Non-current liabilities:		
Deferred revenue (Note 10)	27,536	8,515
Lease obligations	13,081	15,302
Deferred compensation (Note 9)	370	1,279
Provision for performance bonus (Note 5)	-	3,533
Subordinated debentures (Note 13)	-	1,316
Long-term debt	4,406	2,353
Non-controlling interests (Note 15)	21,558	22,988
<b>Total Liabilities</b>	<b>152,686</b>	<b>138,426</b>
<b>Equity</b>		
Share capital (Note 16)	47,820	47,820
Contributed surplus	15,728	15,728
Translation reserve	32	97
Deficit	(43,905)	(25,417)
<b>Total Equity</b>	<b>19,675</b>	<b>38,228</b>
	<b>\$ 172,361</b>	<b>\$ 176,654</b>
<b>Commitments and contingencies (Note 19)</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		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
<b>Revenues</b>				
Distribution services revenue	\$ 9,083	\$ 8,915	\$ 26,660	\$ 26,154
Network services revenue	6,951	7,843	19,579	21,530
Fees and other income	1,541	1,758	5,261	4,048
Distributed power interest revenue	157	686	525	1,852
Merchant power revenue	143	58	942	67
	17,875	19,260	52,967	53,651
<b>Share of earnings (losses) of Crown Partners Fund (Note 5)</b>	235	210	(15,132)	2,500
<b>Expenses</b>				
Cost of distribution services revenue	5,319	5,681	15,868	18,232
Cost of network services revenue	4,113	5,695	11,464	12,781
Cost of merchant power revenue	525	-	1,332	12
Salaries and benefits	3,932	3,966	10,882	10,997
Share-based compensation (recovery) expense (Note 9)	(358)	2	(836)	(45)
Performance bonus expense (recovery) (Note 5)	-	3	(3,533)	351
General and administration	1,993	2,163	5,734	6,400
Foreign exchange loss (gain)	100	(223)	(261)	(63)
Depreciation and amortization	3,028	2,365	8,954	6,910
Provision for expected credit losses	326	-	335	3
Finance costs (Note 14)	2,413	1,754	6,445	4,761
	21,391	21,406	56,384	60,339
<b>Loss before other adjustments and income taxes</b>	(3,281)	(1,936)	(18,549)	(4,188)
Remeasurement of financial instruments	-	-	-	611
Loss on disposal of assets held for sale	-	-	(50)	-
Non-controlling interests (Note 15)	649	(218)	776	(713)
<b>Loss before income taxes</b>	(2,632)	(2,154)	(17,823)	(4,290)
Income tax expense (recovery)				
Current tax expense	99	99	665	574
Deferred tax recovery	-	(446)	-	(1,190)
	99	(347)	665	(616)
<b>Net loss</b>	(2,731)	(1,807)	(18,488)	(3,674)
<b>Other comprehensive income</b>				
<b>Items that will be reclassified subsequently to net income</b>				
Foreign currency translation adjustment	43	(64)	(65)	(30)
<b>Comprehensive loss</b>	\$ (2,688)	\$ (1,871)	\$ (18,553)	\$ (3,704)
Loss per share attributable to shareholders				
Basic	\$ (0.49)	\$ (0.32)	\$ (3.31)	\$ (0.65)
Diluted	\$ (0.49)	\$ (0.32)	\$ (3.31)	\$ (0.65)
Weighted average number of shares, basic	5,588,646	5,605,536	5,588,646	5,626,132
Weighted average number of shares, diluted	5,588,646	5,605,536	5,588,646	5,626,132

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

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

For the nine months ended September 30, 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	-	-	-	-	-	(3,674)	(3,674)
Other comprehensive income for the period	-	-	-	-	(30)	-	(30)
Removal of conversion rights (Note 12)	-	-	(483)	483	-	-	-
Shares repurchased (Note 16)	(53,900)	(461)	-	-	-	48	(413)
Balance as at September 30, 2023	5,588,646	\$ 47,820	\$ -	\$ 15,667	\$ 5	\$ (16,939)	\$ 46,553
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	-	-	-	-	-	(18,488)	(18,488)
Other comprehensive income for the period	-	-	-	-	(65)	-	(65)
Balance as at September 30, 2024	5,588,646	\$ 47,820	\$ -	\$ 15,728	\$ 32	\$ (43,905)	\$ 19,675

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 nine months ended September 30,	2024	2023
Cash provided by (used in) operating activities		
Net loss	\$ (18,488)	\$ (3,674)
Non-controlling interests (Note 15)	(776)	713
Adjustments for:		
Share of losses (earnings) of Crown Partners Fund (Note 5)	15,132	(2,500)
Income distributions received from Crown Partners Fund	157	3,294
Distributed power interest income	(525)	(1,852)
Distributed power interest income received in the period	285	203
Provision for expected credit losses	335	3
Amortization of deferred finance costs (Note 14)	984	590
Depreciation and amortization	8,954	6,910
Current income tax expense	665	574
Income taxes paid, net of refunds received	51	137
Deferred tax recovery	-	(1,190)
Share-based compensation, net of cash settlements	(836)	(45)
Performance bonus (recovery) expense	(3,533)	351
Remeasurement of financial instruments	-	(611)
Loss on disposal of assets held for sale	50	-
Net change in non-cash working capital (Note 17)	26,990	2,776
	29,445	5,679
Cash provided by (used in) investing activities		
Capital distributions received from Crown Partners Fund	3,672	11,223
Purchase of property and equipment (Note 7)	(7,467)	(2,371)
Proceeds from disposal of assets held for sale	1,150	-
Principal repayments of, net of additions to, net investment in leased distributed power equipment	101	68
Additions to property and equipment under development and related deposits	(6,815)	(20,126)
	(9,359)	(11,206)
Cash provided by (used in) financing activities		
Non-controlling interests contributions to Crown Power Fund (Note 15)	-	3,808
Distributions paid by Crown Power Fund to non-controlling interests (Note 15)	(654)	-
Payments of lease obligations	(2,484)	(2,697)
Credit facility advances, net of repayments	(2,918)	6,250
Advances of long-term debt, net of repayments	2,053	54
Repayment of factor facility, net of advances	(339)	(814)
Shares repurchased (Note 16)	-	(413)
Financing costs	(582)	(1,213)
	(4,924)	4,975
Effect of foreign exchange rate difference on cash	3	(3)
Increase (decrease) in cash and cash equivalents	15,165	(555)
Cash and cash equivalents, beginning of period	4,849	7,244
Cash and cash equivalents, end of period	\$ 20,014	\$ 6,689
Supplemental cash flow information:		
Interest paid in the period	\$ 2,702	\$ 3,156

See accompanying notes to consolidated financial statements.

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# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 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 nine months ended September 30, 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 November 12, 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. Accordingly, Canadian Western Bank (“CWB”) is contractually entitled to request immediate repayment of the outstanding loan amount as of November 12, 2024 of \$14,436 (September 30, 2024 - \$24,483). On October 11, 2024, the credit facility was amended to terminate the operating loan portion of the credit facility upon full repayment on or before October 15, 2024 and to revise the maturity date of the term loan portion to December 31, 2024 (see Note 11). The operating loan portion of the credit facility was repaid in full on October 11, 2024.

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# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 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):

As of November 12, 2024, the Corporation had not paid the scheduled interest payment of \$1,000 due on June 30, 2024 in respect of the 10% unsecured subordinated debentures of the Corporation (the “Debentures”; see Note 12). Since July 31, 2024, this has constituted an event of default under the terms of the trust indenture that governs the Debentures. Accordingly, holders of the Debentures, subject to certain conditions, are contractually entitled to request immediate repayment of the outstanding balance of \$21,000, including principal and interest, but have not requested immediate repayment as of the date when these condensed consolidated interim financial statements were approved by the Corporation’s Board of Directors.

Effective October 18, 2024, as approved by the holders of the Debentures, the terms of the Debentures were amended to: (i) extend the maturity of the Debentures from December 31, 2024 to December 31, 2026; (ii) amend the interest rate on the Debentures from 10% to 11% effective as of October 25, 2024 and from 11% to 12% effective as of December 31, 2025; (iii) amend the interest payment dates from occurring semi-annually on June 30 and December 31 of each year to occurring annually on December 31 of each year, with the next payment to occur on December 31, 2025 for the interest accrued on Debentures from June 30, 2024 up to, but excluding, December 31, 2025; and (iv) grant a security interest to TSX Trust Company, as trustee for the Debentures, on all the Corporation’s property and assets, subject to permitted encumbrances, that will be subordinated to security on senior indebtedness limited to \$30,000 and will rank pari passu with any indebtedness expressly stated to rank pari passu with the Debentures. Under the amendments, the holders of the Debentures waived the default of the Corporation under the trust indenture for failure to make the June 30, 2024 interest payment, subject to the Corporation paying such interest by December 17, 2024.

As of November 12, 2024, the Corporation had not paid the scheduled interest payment of \$38 due on June 30, 2024 in respect of the 10% redeemable secured subordinated debentures (the “Subordinated Debentures”; see Note 13). Since July 21, 2024, this has constituted an event of default under the terms of the debenture certificates that govern the Subordinated Debentures. Accordingly, holders of the Subordinated Debentures, subject to certain conditions, are contractually entitled to request immediate repayment of the outstanding balance of \$1,538, including principal and interest, but have not requested immediate repayment as of the date when these condensed consolidated interim financial statements were approved by the Corporation’s Board of Directors.

The outstanding balances of the Corporation’s credit facility and Debentures are presented as current liabilities, contributing to negative working capital of \$(36,076) as at September 30, 2024.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 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 September 30, 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 is targeting completion of these new arrangements by December 31, 2024; 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 the second quarter of 2025 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.



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# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 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 nine months ended September 30, 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 nine months ended September 30, 2024 (September 30, 2023 – nil).

For the three and nine months ended September 30, 2024, the Corporation recognized distributed power interest income in relation to its net investment in leased distributed power equipment of \$95 and \$285 (September 30, 2023 - \$232 and \$698).

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.

	September 30, 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	5,382	5,782
Total undiscounted lease payments	8,017	8,417
Unearned finance income	(3,708)	(3,998)
Undiscounted unguaranteed residual value	442	442
Net investment in leased distributed power equipment, before allowance for credit loss	4,751	4,861
Allowance for credit loss	(48)	(49)
Net investment in leased distributed power equipment	\$ 4,703	\$ 4,812
Current portion	(155)	(113)
<b>Non-current portion</b>	<b>\$ 4,548</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 nine months ended September 30, 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.

In the nine months ended September 30, 2024, Crown Partners Fund incurred a decrease in net assets of \$35,926, of which \$28,861 was attributable to limited partners and \$7,065 was attributable to the general partner, due primarily to an unrealized loss recognized in the period in respect of a loan investment carried at fair value through profit or loss.

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 September 30, 2024 of \$nil (December 31, 2023 - \$7,065) represents the carrying value of the Corporation’s general partnership interest. As at September 30, 2024, the Corporation had accrued a provision for performance bonus of \$nil (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 and Canadian equity securities.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 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 nine months ended September 30, 2024 and September 30, 2023:

As at and for the nine months ended September 30,	2024		
Crown Partners Fund	Limited partnership interest	General partnership interest	Total
Opening balance	\$ 17,250	\$ 7,065	\$ 24,315
Share of losses	(8,067)	(7,065)	(15,132)
Distributions	(3,829)	-	(3,829)
<b>Ending balance</b>	<b>\$ 5,354</b>	<b>\$ -</b>	<b>\$ 5,354</b>

As at and for the nine months ended September 30,	2023		
Crown Partners Fund	Limited partnership interest	General partnership interest	Total
Opening balance	\$ 28,338	\$ 6,219	\$ 34,557
Share of earnings <sup>1</sup>	1,800	700	2,500
Distributions	(12,995)	-	(12,995)
<b>Ending balance</b>	<b>\$ 17,143</b>	<b>\$ 6,919</b>	<b>\$ 24,062</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 nine months ended September 30, 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 nine months ended September 30, 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>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Crown Partners Fund – Summary Balance Sheet Information</b>		
Investments	\$ 18,912	\$ 68,415
Other assets	972	1,211
Total liabilities	(136)	(286)
<b>Net assets</b>	<b>\$ 19,748</b>	<b>\$ 69,340</b>
Net assets attributable to limited partners	\$ 19,748	\$ 62,275
Net assets attributable to general partner	\$ -	\$ 7,065
<b>For the nine months ended</b>		
<b>Crown Partners Fund – Summary Income Statement Information</b>		
Interest revenue	\$ 5,561	\$ 5,325
Other revenue	346	715
Net (loss) gain on investments	(41,236)	2,224
Total operating expenses	(597)	(911)
Recovery of expected credit losses	-	44
<b>Total (decrease) increase in net assets</b>	<b>\$(35,926)</b>	<b>\$ 7,397</b>
(Decrease) increase in net assets attributable to limited partners	\$(28,861)	\$ 6,697
(Decrease) increase in net assets attributable to general partner	\$ (7,065)	\$ 700

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 2024 and 2023

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

## 6. Customer contracts:

As at	September 30, 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	-	10	-	-	10
<b>Balance, September 30, 2024</b>	<b>\$ 9,493</b>	<b>\$ 3,376</b>	<b>\$ 1,003</b>	<b>\$ 2,076</b>	<b>\$ 15,948</b>

### Accumulated depreciation and impairment of customer contracts

Opening balance, January 1, 2024	\$ (6,921)	\$ (1,573)	\$ (501)	\$ (579)	\$ (9,574)
Depreciation	(702)	(786)	(150)	(508)	(2,146)
<b>Balance, September 30, 2024</b>	<b>\$ (7,623)</b>	<b>\$ (2,359)</b>	<b>\$ (651)</b>	<b>\$ (1,087)</b>	<b>\$ (11,720)</b>
<b>Carrying value – September 30, 2024</b>	<b>\$ 1,870</b>	<b>\$ 1,017</b>	<b>\$ 352</b>	<b>\$ 989</b>	<b>\$ 4,228</b>

As at	September 30, 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	-	-	-	2,076	2,076
<b>Balance, September 30, 2023</b>	<b>\$ 9,493</b>	<b>\$ 3,366</b>	<b>\$ 1,003</b>	<b>\$ 2,076</b>	<b>\$ 15,938</b>

### Accumulated depreciation and impairment of customer contracts

Opening balance, January 1, 2023	\$ (5,985)	\$ (525)	\$ (301)	\$ -	\$ (6,811)
Depreciation	(701)	(786)	(150)	(410)	(2,047)
<b>Balance, September 30, 2023</b>	<b>\$ (6,686)</b>	<b>\$ (1,311)</b>	<b>\$ (451)</b>	<b>\$ (410)</b>	<b>\$ (8,858)</b>
<b>Carrying value – September 30, 2023</b>	<b>\$ 2,807</b>	<b>\$ 2,055</b>	<b>\$ 552</b>	<b>\$ 1,666</b>	<b>\$ 7,080</b>

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 2024 and 2023

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

## 7. Property and equipment:

As at	September 30, 2024				
	Network Infrastructure	Network Services Equipment	Premises and Other Equipment	Distributed Power Equipment	<b>Total</b>
<b>Cost</b>					
Beginning balance, January 1, 2024	\$ 12,626	\$ 15,387	\$ 30,501	\$ 21,808	\$ 80,322
Additions <sup>1</sup>	3,173	62	4,650	41	7,926
Reclassification from property and equipment					
under development and related deposits	2,356	-	-	-	2,356
Effect of foreign exchange rate movement	-	-	298	-	298
<b>Balance, September 30, 2024</b>	<b>\$ 18,155</b>	<b>\$ 15,449</b>	<b>\$ 35,449</b>	<b>\$ 21,849</b>	<b>\$ 90,902</b>
<b>Accumulated depreciation and impairment of equipment</b>					
Beginning balance, January 1, 2024	\$ (337)	\$ (11,630)	\$ (7,191)	\$ (284)	\$ (19,442)
Depreciation	(578)	(1,256)	(4,149)	(825)	(6,808)
<b>Balance, September 30, 2024</b>	<b>\$ (915)</b>	<b>\$ (12,886)</b>	<b>\$ (11,340)</b>	<b>\$ (1,109)</b>	<b>\$ (26,250)</b>
<b>Carrying value – September 30, 2024</b>	<b>\$ 17,240</b>	<b>\$ 2,563</b>	<b>\$ 24,109</b>	<b>\$ 20,740</b>	<b>\$ 64,652</b>

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

# CROWN CAPITAL PARTNERS INC.

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As at and for the nine months ended September 30, 2024 and 2023

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

## 7. Property and equipment (continued):

As at	September 30, 2023				
	Network Infrastructure	Network Services Equipment	Premises and Other Equipment	Distributed Power Equipment	Total
<b>Cost</b>					
Beginning balance, January 1, 2023	\$ -	\$ 15,015	\$ 26,467	\$ 7,118	\$ 48,600
Additions <sup>1</sup>	-	252	4,870	-	5,122
Reclassification from property and equipment under development and related deposits	-	-	-	17,265	17,265
Effect of foreign exchange rate movement	-	-	7	-	7
Derecognition	-	-	(503)	-	(503)
<b>Balance, September 30, 2023</b>	<b>\$ -</b>	<b>\$ 15,267</b>	<b>\$ 30,841</b>	<b>\$ 24,383</b>	<b>\$ 70,491</b>
<b>Accumulated depreciation and impairment of equipment</b>					
Beginning balance, January 1, 2023	\$ -	\$ (9,711)	\$ (2,758)	\$ (912)	\$ (13,381)
Depreciation	-	(1,243)	(3,615)	(5)	(4,863)
Derecognition	-	-	503	-	503
<b>Balance, September 30, 2023</b>	<b>\$ -</b>	<b>\$ (10,954)</b>	<b>\$ (5,870)</b>	<b>\$ (917)</b>	<b>\$ (17,741)</b>
<b>Carrying value – September 30, 2023</b>	<b>\$ -</b>	<b>\$ 4,313</b>	<b>\$ 24,971</b>	<b>\$ 23,466</b>	<b>\$ 52,750</b>

<sup>1</sup> Includes right-of-use assets with a carrying value of \$2,751.



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

As at	September 30, 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	1,526	239	5,289	7,054
Reclassification to property and equipment	-	-	(2,356)	(2,356)
<b>Balance, September 30, 2024</b>	<b>\$ 28,555</b>	<b>\$ 4,201</b>	<b>\$ 10,846</b>	<b>\$ 43,602</b>

As at	September 30, 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	1,540	8,767	10,981	21,288
Reclassification to property and equipment	-	(17,265)	-	(17,265)
<b>Balance, September 30, 2023</b>	<b>\$ 26,182</b>	<b>\$ 8,001</b>	<b>\$ 16,196</b>	<b>\$ 50,379</b>

Additions to real estate property under development includes capitalized interest of \$1,145 in the nine months ended September 30, 2024 (2023 - \$1,033) in respect of mortgages payable.

Additions to distributed power equipment under development and related deposits includes capitalized interest of \$240 for the nine months ended September 30, 2024 (2023 - \$1,162).

## 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 September 30, 2024, the deferred compensation liability was \$370 (December 31, 2023 - \$1,279).

# 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)

## 9. Share-based compensation (continued):

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 September 30, 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 nine months ended September 30, 2024 and 2023.

For the nine months ended September 30, 2024						
	Number outstanding at January 1, 2024	Issued in the period	Vested or exercised	Cancelled or forfeited	Number outstanding at September 30, 2024	Recovery in the period
DDSU's	221,706	50,659	-	-	272,365	\$ (836)
Stock options	282,921	-	-	-	282,921	-
<b>Total</b>	<b>504,627</b>	<b>50,659</b>	-	-	<b>555,286</b>	<b>\$ (836)</b>

For the nine months ended September 30, 2023						
	Number outstanding at January 1, 2023	Issued in the period	Vested or exercised	Cancelled or forfeited	Number outstanding at September 30, 2023	Recovery in the period
DDSU's	176,457	18,800	-	-	195,257	\$ (45)
Stock options	282,921	-	-	-	282,921	-
<b>Total</b>	<b>459,378</b>	<b>18,800</b>	-	-	<b>478,178</b>	<b>\$ (45)</b>

## 10. Deferred revenue:

Deferred revenue of \$30,009 as at September 30, 2024 (December 31, 2023 – \$9,998) includes \$28,716 (December 31, 2023 – \$8,477) relating to government grant funding 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 revenue of \$21 in respect of this project during the nine months ended September 30, 2024 (2023 - \$nil).

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 2024 and 2023

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

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## 11. 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. On October 11, 2024, the Crown Credit Facility was amended to terminate the operating loan upon full repayment on or before October 15, 2024 and to revise the maturity date of the term loan to December 31, 2024. The operating loan was repaid in full on October 11, 2024 and was subsequently terminated. The term loan provides financing at a variable interest rate based on Prime Rate plus 165 bps to 500 bps and features a customary set of covenants.

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 as of November 12, 2024 of \$14,436. The outstanding balance, net of unamortized finance costs, is presented as a current liability as at September 30, 2024.

# 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)

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## 11. Credit facilities (continued):

As of September 30, 2024, \$24,483 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 September 30, 2024, there was an undrawn balance of \$nil 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 September 30, 2024 was \$141,939 (December 31, 2023 - \$109,085). The carrying value of the Crown Credit Facility at September 30, 2024 of \$23,910 was comprised of gross advances of \$24,483 net of unamortized deferred financing costs of \$573 (December 31, 2023 - \$26,688, \$27,401 and \$713, respectively).

## 12. 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").

Effective October 18, 2024, as approved by the Debentureholders, the terms of the Debentures were amended to: (i) extend the maturity of the Debentures from December 31, 2024 to December 31, 2026; (ii) amend the interest rate on the Debentures from 10% to 11% effective as of October 25, 2024 and from 11% to 12% effective as of December 31, 2025; (iii) amend the interest payment dates from occurring semi-annually on June 30 and December 31 of each year to occurring annually on December 31 of each year, with the next payment to occur on December 31, 2025 for the interest accrued on Debentures from June 30, 2024 up to, but excluding, December 31, 2025; and (iv) grant a security interest to TSX Trust Company, as trustee for the Debentures, on all the Corporation's property and assets, subject to permitted encumbrances, that will be subordinated to security on senior indebtedness limited to \$30,000 and will rank pari passu with any indebtedness expressly stated to rank pari passu with the Debentures.

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## 12. Debentures (continued):

As of November 12, 2024, the Corporation had not paid the scheduled interest payment of \$1,000 due on June 30, 2024 in respect of the Debentures. Since July 31, 2024, this has constituted an event of default under the terms of the trust indenture that governs the Debentures. Accordingly, Debentureholders, subject to certain conditions, are contractually entitled to request immediate repayment of the outstanding balance of \$21,000, including principal and interest, but have not requested immediate repayment as of the date when these condensed consolidated interim financial statements were approved by the Corporation's Board of Directors. Under the amendments to the Debentures approved by the Debentureholders effective October 18, 2024, the Debentureholders waived the default of the Corporation under the trust indenture for failure to make the June 30, 2024 interest payment, subject to the Corporation paying such interest payment by December 17, 2024.

The fair value of the Debentures is \$8,600 at September 30, 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.

As at	September 30, 2024	
	Liability Component	Equity Component
Balance, January 1, 2024	\$ 19,760	\$ -
Effective interest	177	-
<b>Balance, September 30, 2024</b>	<b>\$ 19,937</b>	<b>\$ -</b>

As at	September 30, 2023	
	Liability Component	Equity Component
Balance, January 1, 2023	\$ 19,770	\$ 483
Effective interest	284	-
Amendment costs	(350)	-
Removal of conversion option	-	(483)
<b>Balance, September 30, 2023</b>	<b>\$ 19,704</b>	<b>\$ -</b>

# CROWN CAPITAL PARTNERS INC.

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## 13. 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 September 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	September 30, 2024		
	Subordinated Debentures	Warrants	Total
Balance, January 1, 2024	\$ 1,316	\$ 61	\$ 1,377
Effective interest	86	-	86
<b>Balance, September 30, 2024</b>	<b>\$ 1,402</b>	<b>\$ 61</b>	<b>\$ 1,463</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. As of the date when these condensed consolidated interim financial statements were approved by the Corporation’s Board of Directors, the Corporation had not paid the scheduled interest payment due on June 30, 2024 in respect of the Subordinated Debentures.

Pursuant to the Offering, a total of 75,000 warrants were issued. All issued warrants remain outstanding as at September 30, 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.

As of November 12, 2024, the Corporation had not paid the scheduled interest payment of \$38 due on June 30, 2024 in respect of the Subordinated Debentures. Since July 21, 2024, this has constituted an event of default under the terms of the debenture certificates that govern the Subordinated Debentures. Accordingly, holders of the Subordinated Debentures, subject to certain conditions, are contractually entitled to request immediate repayment of the outstanding balance of \$1,538, including principal and interest, but have not requested immediate repayment as of the date when these condensed consolidated interim financial statements were approved by the Corporation’s Board of Directors.

# CROWN CAPITAL PARTNERS INC.

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## 14. 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 nine months ended September 30, 2024 and September 30, 2023:

For the nine months ended	September 30, 2024			
	Credit Facilities	Debentures/ Subordinated Debentures	Lease and other Obligations	Total
Interest	\$ 2,345	\$ 1,614	\$ 1,349	\$ 5,308
Standby and other lending fees	153	-	-	153
Amortization of deferred finance costs	721	263	-	984
<b>Total Finance Costs</b>	<b>\$ 3,219</b>	<b>\$ 1,877</b>	<b>\$ 1,349</b>	<b>\$ 6,445</b>
For the nine months ended	September 30, 2023			
	Credit Facilities	Debentures/ Convertible Debentures	Lease and other Obligations	Total
Interest	\$ 1,638	\$ 1,100	\$ 1,306	\$ 4,044
Standby and other lending fees	127	-	-	127
Amortization of deferred finance costs	306	284	-	590
<b>Total Finance Costs</b>	<b>\$ 2,071</b>	<b>\$ 1,384</b>	<b>\$ 1,306</b>	<b>\$ 4,761</b>

# CROWN CAPITAL PARTNERS INC.

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

As at and for the nine months ended	September 30, 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 (loss) income	(912)	136	(776)
Distributions	(654)	-	(654)
<b>Balance, September 30, 2024</b>	<b>\$ 21,464</b>	<b>94</b>	<b>\$ 21,558</b>

As at and for the nine months ended	September 30, 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	713	-	713
Contributions	3,808	-	3,808
<b>Balance, September 30, 2023</b>	<b>\$ 26,591</b>	<b>\$ -</b>	<b>\$ 26,591</b>

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

## 16. 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 was completed or terminated at the Corporation's option. The bid was completed and 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 was 48,900.

During the three and nine months ended September 30, 2024, the Corporation purchased and cancelled a total of nil shares (September 30, 2023 – 22,000 and 53,900 shares) for total consideration of \$nil (September 30, 2023 - \$170 and \$413). The difference between the total consideration paid in respect of these purchases and the average carrying value of cancelled shares was \$nil (September 30, 2023 - \$48), net of fees and expenses relating to the purchases, and was recognized as a reduction to deficit.



# CROWN CAPITAL PARTNERS INC.

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

<b>Nine months ended September 30,</b>	<b>2024</b>	<b>2023</b>
Accounts receivable	\$ 3,929	\$ (3,223)
Prepaid expenses	1,340	(188)
Inventory	(75)	(215)
Accounts payable and accrued liabilities	1,785	6,743
Deferred revenue	20,011	(341)
<b>Total</b>	<b>\$ 26,990</b>	<b>\$ 2,776</b>

## 18. 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:

<b>Reportable segments</b>	<b>Operations</b>
Distribution services	Provision of end-to-end integrated ecommerce and business-to-business order fulfillment and distribution services, including warehousing and freight management.
Network services	Deployment and management of carrier-grade data networks to select underserved markets.
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 and merchant power generation assets.
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 nine months ended September 30, 2024 and September 30, 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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## 18. Segment information (continued):

For the nine months ended	September 30, 2024						
Reportable segments	Distribution services	Network services	Specialty finance	Distributed power	Real estate	Corporate and other	Total
Revenues <sup>1,4</sup>	\$ 26,660	\$ 19,579	\$ 9	\$ 1,488	\$ 3,919	\$ 1,312	\$ 52,967
Share of losses of Crown Partners Fund <sup>2</sup>	-	-	(15,132)	-	-	-	(15,132)
Segment (loss) income before income taxes <sup>3</sup>	(285)	(949)	(11,590)	(522)	807	(5,284)	(17,823)
Cost of distribution services revenue	15,868	-	-	-	-	-	15,868
Cost of network services revenue	-	11,464	-	-	-	-	11,464
Financing costs	1,258	84	-	-	-	5,103	6,445
Depreciation	4,577	2,843	-	825	508	201	8,954
Income tax expense (recovery) – current	6	422	-	-	317	(80)	665
Other material non-cash items:							
Performance bonus recovery	-	-	(3,533)	-	-	-	(3,533)
Net additions to property and equipment	2,411	3,240	-	41	-	2,234	7,926

<sup>1</sup> Distribution services revenue includes \$15,498 of freight management services revenue and \$11,162 of warehousing and distribution services revenue.

<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> Three customers from the Corporation's "distribution services" segment and three customers of the Corporation's "network services" segment represented approximately \$14,790 and \$5,588, respectively, of the Corporation's total revenues.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 2024 and 2023

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

## 18. Segment information (continued):

For the nine months ended	September 30, 2023						
Reportable segments	Distribution services	Network services	Specialty finance	Distributed power	Real estate	Corporate and other	Total
Revenues <sup>1,4</sup>	\$ 26,154	\$ 21,530	\$ -	\$ 1,932	\$ 2,629	\$ 1,406	\$ 53,651
Share of earnings of Crown Partners Fund <sup>2</sup>	-	-	2,500	-	-	-	2,500
Segment (loss) income before income taxes <sup>3</sup>	(2,482)	115	2,149	757	(133)	(4,696)	(4,290)
Cost of distribution services revenue	18,232	-	-	-	-	-	18,232
Cost of network services revenue	-	12,781	-	-	-	-	12,781
Financing costs	1,158	89	-	-	-	3,514	4,761
Depreciation	4,083	2,170	-	5	410	242	6,910
Income tax expense – current	43	450	-	5	76	-	574
Income tax recovery – deferred	(355)	(287)	-	(6)	-	(542)	(1,190)
Other material non-cash items:							
Performance bonus expense	-	-	351	-	-	-	351
Remeasurement of financial instruments	611	-	-	-	-	-	611
Net additions to property and equipment	3,892	1,090	-	-	-	140	5,122

<sup>1</sup> Distribution services revenue includes \$16,377 of freight management services revenue and \$9,777 of warehousing and distribution services revenue.

<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> Three customers from the Corporation's "distribution services" segment and three customers of the Corporation's "network services" segment represented approximately \$15,536 and \$6,487, respectively, of the Corporation's total revenues.

# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 2024 and 2023

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

## 18. Segment information (continued):

As at	September 30, 2024						
Reportable segments	Distribution services	Network services	Specialty finance	Distributed power	Real estate	Corporate and other	Total
Segment assets <sup>1,2</sup>	\$ 30,477	\$ 60,108	\$ 5,379	\$ 38,054	\$ 32,948	\$ 5,395	\$ 172,361
Segment liabilities <sup>1,2</sup>	23,161	39,850	-	21,665	13,507	54,503	152,686

<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	Distribution services	Network services	Specialty finance	Distributed power	Real estate	Corporate and other	Total
Segment assets <sup>1,2</sup>	\$ 33,103	\$ 45,063	\$ 24,339	\$ 40,492	\$ 30,476	\$ 3,181	\$ 176,654
Segment liabilities <sup>1,2</sup>	26,154	20,119	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 nine months ended September 30, 2024 and 2023

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

## 19. Commitments and contingencies:

The following is a summary of the Corporation's financial commitments as at September 30, 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 \$28,737 has been collected and \$28,716 has been included as deferred revenue as at September 30, 2024.

As at September 30, 2024, the Corporation, through Galaxy, has an aggregate commitment with respect to its use of broadband network infrastructure of \$73,013 over a five-year period, inclusive of an aggregate commitment denominated in U.S. dollars of US\$53,903.

Year	Purchase commitment
2024	\$ 4,838
2025	17,405
2026	16,057
2027	13,849
2028	13,504
2029	7,360
<b>Total</b>	<b>\$ 73,013</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 \$662 as at September 30, 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 September 30, 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.

The Corporation, through CCFC, has an aggregate commitment to provide funding to Crown Power Fund of \$496 as at September 30, 2024. This commitment is in respect of limited partnership units held by the Corporation and is pursuant to the related limited partnership agreement.

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# CROWN CAPITAL PARTNERS INC.

Notes to condensed consolidated interim financial statements

As at and for the nine months ended September 30, 2024 and 2023

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

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## 19. Commitments and contingencies (continued):

As at September 30, 2024, the Corporation, through Crown Power Fund, had committed to contracts valued at \$4,350 in relation to the construction of power generation assets, of which \$3,215 was paid and included in property and equipment under development and related deposits and \$1,135 was unpaid.

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 \$733 as at September 30, 2024 (December 31, 2023 - \$1,066), and which are secured by common shares of the Corporation owned by such participants with a value of \$535 as at September 30, 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.