



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

ORGANIZATION OF THE MANAGEMENT’S DISCUSSION AND ANALYSIS (“MD&A”)

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“Crown”, the “Corporation”, “we”, “us” or “our” refers to Crown Capital Partners Inc. and its consolidated subsidiaries.

Please refer to the Glossary of Terms which defines the names used throughout the MD&A in reference to operating companies, limited partnerships, portfolio companies and their respective subsidiaries.

Please also refer to Part 7 – Non-IFRS Measures where we discuss and define certain non-IFRS financial measures that we use to measure our business.

This MD&A should be read in conjunction with our unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2023 and the notes thereto, which have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”); our MD&A in respect of the year ended December 31, 2022; our audited annual consolidated financial statements as at and for the year ended December 31, 2022 and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards as issued by the IASB, and our other recent filings with Canadian securities regulatory authorities.

Additional information about the Corporation, including our Annual Information Form, is available on our website at www.crowncapital.ca and on the Canadian Securities Administrators’ website at www.sedar.com. Information contained in or otherwise accessible through the websites mentioned does not form part of this report. All references in this report to websites are inactive textual references and are not incorporated by reference.

PART 1 – OUR BUSINESS

BUSINESS OVERVIEW

Crown is an investment company that makes strategic investments, provides investment management services and co-invests in certain of our managed funds. We have operations and/or material investments in each of the network services, distribution services, specialty finance, distributed power and real estate markets. In the distributed power market and, prior to July 13, 2021, in the specialty finance market, we act(ed) as both an asset manager of capital pools invested in alternative asset classes, and as a direct investor, including minority ownership interests in certain of our managed investment funds.

Crown was founded by Crown Life Insurance Company and owned by it until 2002. We completed an initial public offering (“**IPO**”) in 2015 and our common shares (“**Common Shares**”) trade on the Toronto Stock Exchange under the symbol TSX:CRWN.

Our financial reporting features six reportable segments, as summarized below:

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	Includes our investments in Crown Partners Fund and in corporate debt and equity securities.
Distributed power	Origination and management of, and investment in, distributed power investments held through Crown Power Fund.
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 our credit reporting subsidiary, Lumbermens, in addition to assets, liabilities, revenues and expenses that do not pertain directly to other reportable segments.

A summary of information presented in respect of reportable segments as at and for the nine months ended September 30, 2023 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30, 2023 (THOUSANDS)	Reportable Segments						Total
	Network Services	Distribution Services	Specialty Finance	Distributed Power	Real Estate	Corporate and Other	
Assets.....	\$ 36,373	\$ 34,717	\$ 24,086	\$ 46,516	\$ 28,956	\$ 8,354	\$ 179,002
Liabilities excl. non-controlling interests.....	13,509	27,601	3,460	361	12,632	48,295	105,858
Non-controlling interests.....	-	-	-	26,591	-	-	26,591
Net assets.....	22,864	7,116	20,626	19,564	16,324	(39,941)	46,553
Revenues.....	21,530	26,154	-	1,932	2,629	1,406	53,651
Share of earnings of Crown Partners Fund.....	-	-	2,500	-	-	-	2,500
Cost of network services revenue.....	12,781	-	-	-	-	-	12,781
Cost of distribution services revenue.....	-	18,232	-	-	-	-	18,232
Depreciation.....	2,170	4,083	-	5	410	242	6,910
Finance costs.....	89	1,158	-	-	-	3,514	4,761
Income (loss) before income taxes.....	115	(2,482)	2,149	757	(133)	(4,696)	(4,290)

1. For more information, refer to Note 19 - *Segment information* of the condensed consolidated interim financial statements.

A summary of information presented in respect of reportable segments as at and for the nine months ended September 30, 2022 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30, 2022 (THOUSANDS)	Reportable Segments						Total
	Network Services	Distribution Services	Specialty Finance	Distributed Power	Real Estate	Corporate and Other	
Assets.....	\$ 23,854	\$ 26,127	\$ 38,924	\$ 33,802	\$ 27,842	\$ 6,603	\$ 157,152
Liabilities excl. non-controlling interests.....	7,955	21,075	3,293	39	12,713	38,498	83,573
Non-controlling interests.....	-	-	-	19,645	-	-	19,645
Net assets.....	15,899	5,052	35,631	14,118	15,129	(31,895)	53,934
Revenues.....	20,648	7,543	2	1,113	-	1,462	30,768
Share of losses of Crown Partners Fund.....	-	-	(3,976)	-	-	-	(3,976)
Cost of network services revenue.....	9,643	-	-	-	-	-	9,643
Cost of distribution services revenue.....	-	4,443	-	-	-	-	4,443
Depreciation.....	2,939	943	-	2	-	281	4,165
Finance costs.....	141	268	-	203	-	1,856	2,468
Income (loss) before income taxes.....	3,438	(524)	(2,670)	(1,135)	144	(4,594)	(5,341)

1. For more information, refer to Note 19 - *Segment information* of the condensed consolidated interim financial statements.

For discussion regarding each of our reportable segments, please refer to *Part 3 – Review of Operations*.

BASIS OF CONSOLIDATION

All entities that we control are consolidated for financial reporting purposes. Certain contractual arrangements also provide us with the irrevocable ability to direct the activities of managed funds such that we are deemed to control entities in which we hold only a minority economic interest. As a result, we include 100% of the revenues and expenses of Crown Power Fund in our Consolidated Statements of Comprehensive (Loss) Income, even though a substantial portion of net income of this subsidiary is attributable to non-controlling interests. Furthermore, we include all assets and liabilities of Crown Power Fund in our Consolidated Statements of Financial Position and include the portion of equity held by others as non-controlling interests.

Intercompany revenues and expenses between Crown and its subsidiaries are eliminated in our Condensed Consolidated Interim Statements of Comprehensive (Loss) Income; however, certain of these items affect the

attribution of net income between shareholders of the Corporation (“**Shareholders**”) and non-controlling interests. For example, management fees paid by investment fund subsidiaries are eliminated from consolidated revenues and expenses. However, as the Shareholders are attributed all of the fee revenues while only attributed their proportionate share of the investment funds’ expenses, the amount of net income attributable to Shareholders is increased with a corresponding decrease in the net income attributable to non-controlling interests.

The financial results of the Corporation as at and for the three and nine months ended September 30, 2023 discussed in this MD&A include the results of operations of CCF III, CCFC, Crown Partners Fund as an equity-accounted associate, Crown Partners Fund GP, Crown Power Fund, Crown Power GP, Crown Private Credit Fund, Onsite Power, WireIE and its wholly owned subsidiaries WireIE Canada and WireIE Development Inc, WireIE Inc., Galaxy, Community Network Partners, PenEquity Development GP Inc., PDLP, PSCC, PBC, Lumbermens, Go Direct Global and its wholly owned subsidiaries Go Direct SCS and Go Direct America from the date of its acquisition on June 24, 2022, PenEquity Inc. from January 1, 2023, and LESC and Wilson Creek Energy from August 3, 2023.

PART 2 – REVIEW OF CONSOLIDATED FINANCIAL RESULTS

The following section contains a discussion and analysis of line items presented within our unaudited condensed consolidated interim financial statements.

OVERVIEW

For the three months ended September 30, 2023, we recognized a net loss of \$(1.8) million compared with net loss of \$(2.1) million in the three months ended September 30, 2022. Highlights in respect of our results for the three months ended September 30, 2023 include the following:

- Our Distribution Services segment recorded a net loss before income taxes of \$(0.4) million (2022 – \$(0.7) million), inclusive of depreciation and amortization expense totaling \$1.4 million (2022 - \$0.9 million), of which a net loss of \$(0.2) million related to Go Direct SCS, with the remaining net loss attributable to the ongoing ramp up of facilities that commenced commercial operations in 2022. Distribution Services revenue was consistent on a quarter-over-quarter basis and increased by 28% compared with Q3 2022 due primarily to increased capacity utilization and customer activity levels at facilities that commenced operations in 2022.
- Our Network Services segment contributed net loss before income taxes of \$(1.1) million (2022 – net income before income taxes of \$1.1 million), inclusive of depreciation and amortization expense totaling \$0.7 million (2022 - \$1.2 million) and accrued restructuring costs of \$0.5 million (2022 – \$nil). Network Services revenue increased by 4.3% compared with Q3 2022 due to the commencement of new projects of Community Network Partners in 2023, which offset year-over-year revenue declines from each of WireIE, which is experiencing a net cancelation of customer contracts, and Galaxy, for which a large construction-sector contract concluded in mid-Q2 2023. The operating costs of the Network Services segment, salary expense in particular, increased year-over-year due to incremental investment in growth initiatives.
- For the three months ended September 30, 2023, our Real Estate segment recorded net income before income taxes of \$0.3 million (2022 - \$0.1 million), inclusive of depreciation and amortization expense of \$0.2 million (2022 - \$nil), our Distributed Power segment recorded net income before income taxes of \$0.4 million (2022 - \$(1.4) million), and our Specialty Finance segment recorded net income before income taxes of \$0.2 million (2022 -\$0.1 million), representing our share of earnings of Crown Partners Fund.
- As at September 30, 2023, Crown did not satisfy certain financial covenant clauses of the Crown Credit Facility and, accordingly, Canadian Western Bank (“CWB”) is contractually entitled to request immediate repayment of the outstanding loan in the amount of \$24.5 million. The outstanding balance is presented as a current liability as at September 30, 2023. CWB had not requested early repayment of the loan as of the date at which Crown’s unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023 and 2022 were approved by our Board of Directors. Management is in the process of renegotiating the terms of the Crown Credit Facility and expects that revised terms will be in place in the fourth quarter of 2023.

INCOME STATEMENT ANALYSIS

The following table summarizes the financial results of the Corporation for the three and nine months ended September 30, 2023 and 2022:

FOR THE PERIODS ENDED SEP. 30 (THOUSANDS)	Three Months Ended			Nine Months Ended		
	2023	2022	Change	2023	2022	Change
Revenues						
Distribution services revenue.....	\$ 8,915	\$ 6,971	\$ 1,944	\$ 26,154	\$ 7,543	\$ 18,611
Network services revenue.....	7,843	7,522	321	21,530	20,648	882
Fees and other income.....	1,816	428	1,388	4,115	1,485	2,630
Interest revenue.....	686	409	277	1,852	1,090	762
Net realized loss from investments.....	-	-	-	-	(1,268)	1,268
Net change in unrealized gains of investments.....	-	-	-	-	1,270	(1,270)
Total revenue	19,260	15,330	3,930	53,651	30,768	22,883
Share of earnings (losses) of Crown Partners Fund.....	210	136	74	2,500	(3,976)	6,476
Expenses						
Cost of distribution services revenue.....	(5,681)	(4,160)	(1,521)	(18,232)	(4,443)	(13,789)
Cost of network services revenue.....	(5,695)	(3,528)	(2,167)	(12,781)	(9,643)	(3,138)
Salaries and benefits.....	(3,966)	(4,356)	390	(10,997)	(8,146)	(2,851)
Share-based compensation (expense) recovery.....	(2)	(123)	121	45	(377)	422
Performance bonus (expense) recovery.....	(3)	7	(10)	(351)	1,304	(1,655)
General and administration.....	(2,163)	(1,792)	(371)	(6,412)	(3,375)	(3,037)
Foreign exchange gain.....	223	359	(136)	63	327	(264)
Depreciation.....	(2,365)	(2,223)	(142)	(6,910)	(4,165)	(2,745)
Provision for bad debt.....	-	(12)	12	-	(12)	12
(Provision for) recovery of expected credit losses.....	-	566	(566)	(3)	590	(593)
Finance costs.....	(1,754)	(1,227)	(527)	(4,761)	(2,468)	(2,293)
Impairment of property and equipment.....	-	(350)	350	-	(350)	350
Impairment of distributed power equipment under development and related deposits.....	-	(3,291)	3,291	-	(3,291)	3,291
Total expenses	(21,406)	(20,130)	(1,276)	(60,339)	(34,049)	(26,290)
Loss before other adjustments						
and income taxes.....	(1,936)	(4,664)	2,728	(4,188)	(7,257)	3,069
Gain on acquisition.....	-	16	(16)	-	73	(73)
Remeasurement of financial instruments.....	-	115	(115)	611	144	467
Non-controlling interests.....	(218)	1,993	(2,211)	(713)	1,699	(2,412)
Income tax recovery	347	418	(71)	616	1,131	(515)
Net loss	(1,807)	(2,122)	315	(3,674)	(4,210)	536
Foreign currency translation adjustment.....	(64)	35	(99)	(30)	35	(65)
Comprehensive loss	(1,871)	(2,087)	216	(3,704)	(4,175)	471
Net loss per share attributable						
to Shareholders - basic.....	\$ (0.32)	\$ (0.38)	\$ 0.06	\$ (0.65)	\$ (0.70)	\$ 0.05
Net loss per share attributable						
to Shareholders - diluted.....	\$ (0.32)	\$ (0.38)	\$ 0.06	\$ (0.65)	\$ (0.70)	\$ 0.05

Distribution Services Revenue

Through its wholly owned subsidiary Go Direct Global, which was acquired on June 24, 2022, the Corporation earns revenue in relation to its provision of distribution services, including warehousing, kitting, inventory handling and freight management services. Distribution services revenue totaled \$8.9 million and \$26.2 million in the three and nine months ended September 30, 2023, respectively (2022 - \$7.0 million and \$7.5 million, respectively). Distribution services revenue was consistent on a quarter-over-quarter basis and increased by 28% compared with Q3 2022 due primarily to increased capacity utilization and customer activity levels at facilities that commenced operations in 2022.

Network Services Revenue

Through its wholly owned subsidiaries Galaxy, WireIE Inc. and Community Network Partners, the Corporation earns revenue in relation to the provision of network services. Network services revenue is comprised of contractual revenue related to the access and usage of telecommunications infrastructure in addition to revenue from professional services, network support, maintenance and repair services, and hardware sales.

The Corporation's revenues in the three and nine months ended September 30, 2023 include network services revenue of \$7.8 million and \$21.5 million, respectively (2022 - \$7.5 million and \$20.6 million, respectively). Network services revenue in Q3 2023 increased by 4.3% year-over-year and was 22.3% higher than in Q2 2023, with the quarter-over-quarter improvement due primarily to seasonal factors. Compared with the prior year period, declines in revenues from each of WireIE, which is experiencing a net cancellation of customer contracts, and Galaxy, for which a large construction-sector contract concluded in mid-Q2 2023, were offset by revenue attributable to the commencement of new projects of Community Network Partners.

The vast majority of network services revenue is contractual revenue in relation to the access and usage of telecommunications infrastructure comprised of both up-front payments by the customer related to the installation of network elements, which are deferred and recognized on a straight line basis over the life of the contract, and monthly recurring revenues relating to the ongoing operation of network services that are recognized as the service is rendered over the term of the arrangement.

Fees and Other Income

In the three and nine months ended September 30, 2023, we recognized fees and other income totaling \$1.8 million and \$4.1 million (2022 - \$0.4 million and \$1.5 million), comprised primarily of property management revenue of \$1.3 million and \$2.6 million (2022 - \$nil and \$nil), and credit reporting revenue of \$0.4 million and \$1.1 million (2022 - \$0.4 million and \$1.1 million), respectively. The increase in fees and other income compared with the prior year period is due to the addition of property management revenue effective January 1, 2023 in respect certain property management services contracts acquired from PenEquity Realty by PenEquity Inc.

Interest Revenue

Interest revenue totaled \$0.7 million and \$1.9 million in the three and nine months ended September 30, 2023 compared with \$0.4 million and \$1.1 million in the three and nine months ended September 30, 2022. All interest revenue represents interest revenue recognized by Crown Power Fund, comprised of interest earned on net investment in leased distributed power equipment and interest capitalized to distributed power equipment under development and related deposits that will be subsequently recovered through receipt of lease payments over the duration of lease contracts in relation to such assets. Interest revenue recognized by the Crown Power Fund in the nine months ended September 30, 2023 increased by \$0.8 million year-over-year with increases in investment in leased distributed power equipment and property and equipment under development.

Of total consolidated interest revenue, \$0.3 million and \$0.8 million was attributable to Shareholders in the three and nine months ended September 30, 2023 compared with \$0.2 million and \$0.5 million in the three and nine months ended September 30, 2022.

Share of Earnings (Losses) of Crown Partners Fund

We recognize our investment in Crown Partners Fund as an investment in associate accounted for using the equity method, and, accordingly, we recognize our share of earnings (losses) of Crown Partners Fund, which is comprised of our proportionate share of the reported earnings (losses) of Crown Partners Fund in respect of each of our limited partnership and general partnership interests in that fund.

For the three and nine months ended September 30, 2023, our share of earnings (losses) of Crown Partners Fund totaled \$0.2 million and \$2.5 million (2022 - \$0.1 million and \$(4.0) million), of which \$0.2 million and \$1.8 million is in respect of our effective ownership of 28.0% of the limited partnership units of Crown Partners Fund (2022 - \$0.1 million and \$(1.4) million), and \$0.01 million and \$0.7 million is in respect of our general partnership interest in the fund and which represents the change during the period in the accrued value of the performance fee that Crown, as general partner, will be entitled to receive (2022 - \$(0.01) million and \$(2.6) million). The year-over-year improvement for the nine months ended September 30, 2023 is primarily due to the recognition of a larger provision for expected credit loss in the first quarter of 2022, which negatively impacted our share of losses in respect of each of our limited partnership and general partnership interests. Compared with the prior-year, a reduction in the average level of invested assets also contributed to the earnings variances.

We provide additional detail regarding the share of earnings of Crown Partners Fund in *Note 6 – Investment in Crown Partners Fund* of the unaudited condensed consolidated interim financial statements.

Expenses

Through its Distribution Services business, the Corporation incurs costs directly related to the generation of revenue earned in relation to the provision of distribution services since the acquisition of Go Direct Global on June 24, 2022. For the three and nine months ended September 30, 2023, the cost of distribution services revenue totaled \$5.7 million and \$18.2 million (2022 - \$4.2 million and \$4.4 million), and includes costs associated with the usage of third-party logistics partners, directly attributable labour costs and other costs of distribution. The year-over-year increase in Q3 2023 relates primarily to facilities that commenced operations subsequent to the acquisition date.

Through its Network Services businesses, the Corporation incurs costs directly related to the generation of revenue earned in relation to the provision of network services. For the three and nine months ended September 30, 2023, the cost of network services revenue totaled \$5.7 million and \$12.8 million (2022 - \$3.5 million and \$9.6 million), including bandwidth fees of \$3.0 million and \$7.5 million, respectively, and \$0.02 million and \$0.8 million, respectively, of costs in relation to new projects of Community Network Partners that commenced during Q1 2023.

Salaries and benefits expense for the three and nine months ended September 30, 2023 totaled \$4.0 million and \$11.0 million (2022 - \$4.4 million and \$8.1 million), representing a year-over-year decrease of \$(0.4) million for the three months ended September 30, 2023 and a year-over-year increase of \$2.9 million for the nine months ended September 30, 2023. The year-to-date increase was primarily due to the hiring of the staff of PenEquity Inc. effective January 1, 2023 and, to a lesser extent, the acquisition of Go Direct Global on June 24, 2022. Net of amounts related to Go Direct Global and PenEquity Inc., salaries and benefits expense decreased year-over-year in Q3 2023 by \$0.2 million and increased year-over-year by \$0.4 million for the nine months ended September 30, 2023, with the year-to-date increase attributable primarily to the Network Services businesses.

Share-based compensation expense includes changes in the carrying value of liabilities in relation to director deferred share units (“**DDSUs**”) which are influenced by changes in the trading price of Common Shares, and by the issuance and redemption of DDSUs. Share-based compensation expense/(recovery) for the three and nine months ended September 30, 2023 of \$0.002 million and \$(0.05) million (2022 –\$0.1 million and \$0.4 million) related primarily to the impact of changes in the trading price of the Common Shares on the valuation of the DDSUs. Additional information about share-based compensation can be found in *Note 11, Share-based compensation* in the Corporation’s unaudited condensed consolidated interim financial statements.

In the three and nine months ended September 30, 2023, we recognized a performance bonus expense of \$0.003 million and \$0.4 million (2022 – recoveries of \$0.007 million and \$1.3 million) reflecting a change in the level of accrued performance fee relating to Crown Partners Fund based on the performance of its investments in the quarter. The Corporation, through its 100%-owned subsidiary Crown Partners Fund GP, is the general partner of Crown Partners Fund and, as such, will be entitled to receive any performance fee distribution paid by Crown Partners Fund, of which 50% will be paid to certain employees and former employees.

General and administration expenses include costs such as legal and audit fees, travel, promotion, occupancy costs, insurance, office administration and other costs. General and administration expenses totaled \$2.2 million and \$6.4 million in the three and nine months ended September 30, 2023 (2022 - \$1.8 million and \$3.4 million). Excluding amounts in relation to Go Direct Global, which was acquired in June 2022 and PenEquity Inc., which commenced commercial operations on January 1, 2023, general and administration expenses for the three and nine months ended September 30, 2023 increased by \$0.1 million and \$0.7 million relative to the prior-year periods.

The foreign exchange gain of \$0.2 million and \$0.1 million in the three and nine months ended September 30, 2023 (2022 - \$0.4 million and \$0.3 million) mostly relates to the Corporation's foreign currency exposure to an intercompany loan between Go Direct Global and Go Direct America. While the loan is eliminated on consolidation, the results of foreign currency fluctuations are presented as a foreign exchange gain (loss) in net (loss) income.

In the three and nine months ended September 30, 2023, depreciation expense totaled \$2.4 million and \$6.9 million compared to \$2.2 million and \$4.2 million in the three and nine months ended September 30, 2022, and was comprised primarily of:

- depreciation of premises and related equipment totaling \$1.3 million and \$3.7 million, primarily relating to the depreciation of the right-of-use assets recognized in respect of the leased premises of Go Direct Global (2022 - \$0.8 million and \$0.9 million); and
- amortization of \$0.7 million and \$2.0 million in relation to customer contracts recognized as intangible assets with finite useful lives (2022 - \$1.0 million and \$1.7 million); and
- depreciation of \$0.4 million and \$1.2 million (2022 - \$0.4 million and \$1.6 million) in relation to network services equipment and right-of-use assets associated with network services equipment, and property and vehicle lease arrangements of Network Services businesses.

Finance costs totaled \$1.8 million and \$4.8 million in the three and nine months ended September 30, 2023 compared to \$1.2 million and \$2.5 million in the three and nine months ended September 30, 2022, and were comprised of:

- current period interest accruals, standby fees and the amortization of deferred financing costs related to Crown's credit facilities totaling \$0.7 million and \$2.1 million (2022 - \$0.3 million and \$0.6 million), with the year-over-year increase primarily due to a higher average level of debt outstanding in relation to these facilities;
- interest expense and the amortization of deferred finance costs in relation to debentures, determined using the effective interest rate method as these debentures are measured at amortized cost, of \$0.6 million and \$1.4 million (2022 - \$0.4 million and \$1.2 million); and
- interest in relation to right-of-use lease arrangements totaling \$0.5 million and \$1.3 million (2022 - \$0.3 million and \$0.5 million).

In the three months ended March 31, 2023, a gain of \$0.6 million was recorded as a remeasurement of financial instruments due to a revised estimate of the fair value of long-term debt in respect of Crown's Go Direct SCS subsidiary.

Income Taxes

We recorded an aggregate income tax recovery of \$(0.3) million and \$(0.6) million in the three and nine months ended September 30, 2023 (2022 – \$(0.4) million and \$(1.1) million). Included in aggregate income tax recovery in the three and nine months ended September 30, 2023 is current tax expense of \$0.1 million and \$0.6 million (2022 – \$0.3 million and \$1.1 million) and deferred tax recovery of \$(0.4) million and \$(1.2) million (2022 – \$(0.8) million and \$(2.2) million).

The Corporation's consolidated statutory tax rate for the three and nine months ended September 30, 2023 on earnings before income taxes attributable to Shareholders was 24.8% (2022 – 24.8%). Certain of our operations are held in partially owned "flow through" limited partnerships, and any tax liability is incurred by the investors as opposed to the entity. As a result, while our consolidated earnings include income attributable to non-controlling ownership interests in these entities, our consolidated tax provision includes only income tax on our proportionate share of the income of these entities. In other words, we are consolidating all of the net income, but only our share of the associated tax provision.

For the three and nine months ended September 30, 2023, the amortization of intangible assets in relation to Galaxy and Lumbermens, losses relating to Go Direct SCS and WireIE and non-cash share-based compensation expense were not deductible for purposes of determining current income tax expense.

The deferred income tax asset at September 30, 2023 of \$2.8 million (December 31, 2022 – \$1.6 million) and deferred tax recovery for the three and nine months ended September 30, 2023 result primarily from non-capital losses available for carry-forward to the extent they are supported by the expectation of future taxable profits, performance bonus expenses/recoveries which are not deductible for tax purposes until they are paid in future periods, the portion of the provision for credit losses that is not deductible in the current period for tax purposes, book values in excess of tax undepreciated capital cost pools relating to property and equipment, and book value in excess of tax cost base for the investment in Crown Partners Fund.

Foreign currency translation reserve

The foreign currency translation adjustment of \$(0.03) million for the nine months ended September 30, 2023 (2022 - \$0.04 million) relates to the translation of the results and financial position of Go Direct America, a wholly owned subsidiary of Crown with a functional currency different from Crown's presentation currency. All resulting exchange differences from the translation of assets and liabilities at the closing rate at the reporting date, and income and expenses at average exchange rates are recognized in other comprehensive income as part of a foreign currency translation adjustment.

BALANCE SHEET ANALYSIS

The following table summarizes the statement of financial position of the Corporation as at September 30, 2023 and December 31, 2022:

AS AT SEP. 30 2023 AND DEC. 31 2022
(THOUSANDS)

	2023	2022	Change
Assets			
Cash and cash equivalents	\$ 6,689	\$ 7,244	\$ (555)
Accounts receivable and other assets	25,607	22,140	3,467
Investments	25	2,101	(2,076)
Investment in Crown Partners Fund	24,062	34,557	(10,495)
Customer contracts	7,080	7,051	29
Property and equipment	52,750	35,219	17,531
Net investment in leased distributed power equipment	12,410	11,994	416
Property and equipment under development and related deposits	50,379	46,356	4,023
Total assets	\$ 179,002	\$ 166,662	\$ 12,340
Liabilities			
Accounts payable and other liabilities	\$ 24,247	\$ 17,787	\$ 6,460
Mortgages payable	11,900	11,900	-
Lease obligations	20,359	20,305	54
Provision for performance bonus	3,460	3,109	351
Credit facilities	23,761	18,067	5,694
Debentures and convertible debentures - liability component	19,704	19,770	(66)
Long-term debt	2,427	2,984	(557)
Non-controlling interests	26,591	22,070	4,521
Equity			
Share capital	47,820	48,281	(461)
Convertible debentures - equity component	-	483	(483)
Contributed surplus	15,667	15,184	483
Translation reserve	5	35	(30)
Deficit	(16,939)	(13,313)	(3,626)
Total equity	46,553	50,670	(4,117)
	\$ 179,002	\$ 166,662	\$ 12,340

1. The presentation of the summary balance sheet information shown above differs from the presentation in the Condensed Consolidated Interim Statements of Financial Position in the Corporation's unaudited condensed consolidated interim financial statements in that it aggregates certain assets and liabilities under the "accounts receivable and other assets" and "accounts payable and other liabilities" categories and is not presented on a classified basis.

Assets

Consolidated assets at September 30, 2023 were \$179.0 million, an increase of \$12.3 million since December 31, 2022. This increase was due primarily to increases in property and equipment, property and equipment under development and related deposits, and accounts receivable and other assets, partially offset by a reduction in the carrying value of Crown Partners Fund due primarily to distributions from the fund for proceeds received from the repayment and sale of certain of its investments.

Cash and cash equivalents of \$6.7 million as at September 30, 2023 decreased by \$0.6 million from the December 31, 2022 balance. For further information, refer to our unaudited condensed consolidated interim financial statements of cash flows and to *Part 4 – Capitalization and Liquidity*.

Accounts receivable and other assets of \$25.6 million as at September 30, 2023 (December 31, 2022 - \$22.1 million) consists of accounts receivable, income taxes recoverable, prepaid expenses and deposits, inventory, goodwill and deferred income taxes. The largest component, accounts receivable, is comprised primarily of amounts receivable in relation to network services and distribution services contracts. Accounts receivable and other assets increased by \$3.5 million primarily due to a \$2.2 million increase in accounts receivable and a \$1.2 million increase in deferred income taxes.

The investments balance of \$0.03 million as at September 30, 2023 is comprised of a single equity investment carried at fair value through profit or loss (“FVTPL”). As at December 31, 2022, investments of \$2.1 million also included a loan to PenEquity Realty carried at amortized cost with an aggregate carrying value of \$2.1 million, which was equal to its fair value, net of an allowance for credit losses of \$15.7 million. In the nine months ended September 30, 2023, the carrying value of this loan reduced by \$2.1 million to \$nil due to the partial extinguishment of the amount owing by PenEquity Realty in connection with the acquisition of customer contracts from PenEquity Realty by Crown’s subsidiary PenEquity Inc.

Investment in Crown Partners Fund represents the Corporation’s effective interest of 28.0% in Crown Partners Fund, including both limited partnership and general partnership interests. The balance at September 30, 2023 of \$24.1 million (December 31, 2022 - \$34.6 million) includes \$17.1 million in respect of the limited partnership interest and \$6.9 million in respect of the general partner interest (December 31, 2022 - \$28.3 million and \$6.2 million, respectively). The decrease of \$10.5 million in the nine months ended September 30, 2023 reflects distributions declared by the fund, which more than offset our share of earnings of Crown Partners Fund in the period.

The customer contracts balance of \$7.1 million as at September 30, 2023 (December 31, 2022 – \$7.1 million) is an intangible asset and is comprised of the following:

- Network services customer contracts of \$2.8 million as at September 30, 2023 (December 31, 2022 - \$3.5 million) that represent the fair value of service contracts assumed on the acquisitions of Galaxy and WireIE, net of subsequent amortization and impairment of \$5.6 million and \$1.1 million, respectively. Network services contracts are amortized on a straight-line basis over estimated useful lives ranging between 4-6 years;
- Credit reporting customer contracts of \$0.6 million (December 31, 2022 – \$0.7 million) represent the fair value of service contracts assumed on the acquisition of Lumbermens, net of subsequent amortization of \$0.5 million, which are amortized on a straight-line basis over estimated useful lives ranging between 5-10 years;
- Distribution services customer contracts of \$2.1 million (December 31, 2022 - \$2.8 million) represent the fair value of service contracts assumed on the acquisition of Go Direct Global in June 2022, net of subsequent amortization of \$1.3 million, which are amortized on a straight-line basis over estimated useful lives ranging from 3-5 years; and
- Real estate customer contracts of \$1.7 million (December 31, 2022 – \$nil) represent the fair value of service contracts acquired on January 1, 2023 and April 1, 2023, net of subsequent amortization of \$0.4 million, which are amortized on a straight-line basis over estimated useful lives ranging between 3-4 years.

Property and equipment of \$52.8 million as at September 30, 2023 (December 31, 2022 - \$35.2 million) is comprised of:

- network services equipment, including right-of-use assets in relation to leased equipment and properties, of \$4.3 million (December 31, 2022 - \$5.3 million) that relate to Network Services businesses;
- distributed power equipment of \$23.5 million (December 31, 2022 - \$6.2 million) representing equipment deployed in merchant power generation operations in addition to equipment acquired by Crown Power Fund that is not assigned for use in specific projects in development; and
- premises and related equipment of \$25.0 million (December 31, 2022 - \$23.7 million), primarily comprised of \$18.3 million of right of use assets in relation to the leased facilities of Go Direct Global located in Mississauga, Ontario, Calgary, Alberta, Columbus, Ohio and Reno, Nevada, \$5.0 million of related equipment of Go Direct Global, and \$0.7 million of right of use assets in respect of Galaxy's offices located in Mississauga, Ontario and Edmonton, Alberta.

Net investment in leased distributed power equipment represents power generation assets subject to contractual lease agreements. There are six such leases in effect as at September 30, 2023 (December 31, 2022 – six leases), which were transferred from property and equipment under development and related deposits. The carrying balance at September 30, 2023 was \$12.4 million (December 31, 2022 - \$12.0 million).

Property and equipment under development and related deposits of \$50.4 million as at September 30, 2023 (December 31, 2022 - \$46.4 million) consists of (i) \$8.0 million of power generation assets in relation to projects under development; (ii) \$16.2 million of network services equipment under development comprised primarily of fibre optic network developments in Northern Ontario, for which we expect a material proportion of the cost will be recouped via subsidies in respect of the *Ontario Connects: Accelerated High-Speed Internet Program*, and in Brooks, Alberta; (iii) property under development of \$17.8 million comprising the carrying value of property owned by PBC that is located in Barrie, Ontario and has been rezoned for residential development; and (iv) property under development of \$8.4 million comprising the carrying value of property owned by PSCC that is located in Hamilton, Ontario.

The balance increased by \$4.0 million compared to December 31, 2022 due to additions to real estate property under development of \$1.5 million, additions to network equipment under development of \$11.0 million and additions to distributed power equipment under development of \$8.8 million, net of a reclassification of \$17.3 million of distributed power equipment under development to property and equipment. Gross additions in the period included capitalized interest and fees of \$2.2 million (2022 - \$1.3 million).

Liabilities

Accounts payable and other liabilities of \$24.2 million (December 31, 2022 - \$17.8 million) include accounts payable and accrued liabilities of \$19.6 million, deferred revenue of \$1.6 million, a deferred compensation liability of \$1.5 million, a contingent consideration liability of \$1.0 million, income taxes payable of \$0.4 million and a factor facility in respect of certain accounts receivable sold with recourse by Go Direct Global to a lender for cash proceeds of \$0.2 million. The balance increased by \$6.5 million in the nine months ended September 30, 2023 due primarily to an increase in accounts payable and accrued liabilities.

Effective May 27, 2022, Crown entered into an agreement for a non-amortizing mortgage payable of \$11.9 million that is secured by the value of property under development, has a maturity date of November 30, 2023, and bears interest based on Prime Rate plus 570 bps (with a floor of 8.4%) per annum.

Lease obligations of \$20.4 million at September 30, 2023 (December 31, 2022 - \$20.3 million) are comprised of \$19.4 million in respect of lease obligations of Go Direct Global and \$1.0 million of lease obligations in relation to network services equipment and properties of Galaxy and WireIE Inc., including the usage of third-party tower space through network co-location arrangements. Lease obligations outstanding largely correspond with right-of-use lease assets included in property, office equipment and network services equipment.

The provision for performance bonus of \$3.5 million at September 30, 2023 (December 31, 2022 - \$3.1 million) reflects 50% of the performance fee accrued by Crown, as a component of investment in Crown Partners Fund as the value attributable to its general partnership interest in Crown Partners Fund, which is the portion that will be payable to certain individuals, primarily employees and ex-employees, commencing on the repayment of all of the invested capital and payment of a prescribed preferential return to the limited partners of Crown Partners Fund. To date, no amounts have been accrued in relation to either the performance fee or the corresponding provision for performance bonus in respect of Crown Power Fund.

Credit facilities of \$23.8 million as at September 30, 2023 (December 31, 2022 – \$18.1 million) were comprised of \$24.5 million outstanding under Crown’s senior secured corporate credit facility (the “**Crown Credit Facility**”), net of deferred finance costs in relation to the Crown Credit Facility of \$0.7 million.

For further information regarding credit facilities and debentures, refer to *Part 4 – Capitalization and Liquidity*.

Long-term debt of \$2.4 million as at September 30, 2023 (December 31, 2022 - \$3.0 million) primarily represents debt payable by Go Direct SCS that is carried at estimated fair value, determined as the net present value of the estimated cash flows of Go Direct SCS available to service this debt. Any change in the fair value of this long-term debt resulting from a change in estimates will be recognized as a gain/(loss) on remeasurement of financial instruments. In the three months ended March 31, 2023, \$0.6 million was recorded in net loss as a remeasurement of financial instruments due to a revised estimate of the fair value of long-term debt. Crown does not accrue interest expense in relation to this long-term debt.

Non-controlling Interests

Non-controlling interests in our consolidated results consist of third-party interests in Crown Power Fund. Non-controlling interests increased by \$4.5 million in the nine months ended September 30, 2023 due to contributions from non-controlling interests of \$3.8 million and net earnings attributable to non-controlling interests of \$0.7 million.

Equity

The following table presents the major contributors to the period-over-period changes for common equity:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30 (THOUSANDS)	2023	2022
Equity, beginning of period.....	\$ 50,670	\$ 69,075
Changes in period:		
Net loss attributable to Shareholders.....	(3,674)	(4,210)
Other comprehensive income for the period.....	(30)	35
Shares repurchased.....	(413)	(10,969)
Share-based compensation.....	-	3
	<u>(4,117)</u>	<u>(15,141)</u>
Equity, end of period.....	\$ 46,553	\$ 53,934

Total equity decreased by \$4.1 million in the nine months ended September 30, 2023 primarily due to a net loss attributable to Shareholders of \$3.7 million.

In the nine months ended September 30, 2023, the Corporation purchased and subsequently cancelled a total of 53,900 Common Shares pursuant to its normal course issuer bid (“**NCIB**”) for aggregate consideration of \$0.4 million (September 30, 2022 – 1,450,556 Common Shares pursuant to an NCIB and to a substantial issuer bid for total consideration of \$11.0 million).

SUMMARY OF QUARTERLY RESULTS

A range of factors impact variance in quarterly results. Factors impacting network services revenue include the acquisition of Network Services businesses and the growth of such businesses, including the impact of new projects and of net customer additions or losses. Factors impacting distribution services revenue include the addition of new operating facilities and changes in capacity utilization and customer activity levels. Factors impacting our share of earnings (losses) of Crown Partners Fund include the timing of loan repayments and investment realizations and factors affecting net gains (losses) on investments, including both realized and unrealized gains (losses), such as changes in the fair value of investments carried at FVTPL and changes in the allowance for credit loss caused by variations in the credit status of loan investments carried at amortized cost. Other notable causes of variance in quarterly results include contributions from acquired companies and assets, changes in the level of operating expenses incurred and changes in finance costs caused mainly by fluctuating levels of outstanding debt and interest rates. Changes in Crown's percentage ownership interest in a fund due to additional subscriptions from Crown and/or additional subscriptions or redemptions from non-controlling interests impact net (loss) income attributable to Shareholders.

The following table provides selected quarterly information about the Corporation's financial condition and performance for the most recent eight quarters.

FOR THE PERIODS ENDED (THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2023			2022			2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue:								
Distribution services revenue.....	\$ 8,915	\$ 8,882	\$ 8,357	\$ 6,528	\$ 6,971	\$ 572	\$ -	\$ -
Network services revenue.....	7,843	6,414	7,273	6,614	7,522	6,387	6,739	6,969
Fees and other income.....	1,816	1,416	883	424	428	606	451	386
Interest revenue.....	686	624	542	503	409	362	319	298
Net gain (loss) on investments.....	-	-	-	-	-	302	(300)	-
Total revenue.....	19,260	17,336	17,055	14,069	15,330	8,229	7,209	7,653
Share of earnings (losses) of Crown Partners Fund.....	210	940	1,350	\$ (680)	\$ 136	334	(4,446)	2,769
Net (loss) income attributable to Shareholders.....	(1,807)	(1,155)	(712)	(3,265)	(2,122)	462	(2,550)	200
Comprehensive (loss) income attributable to Shareholders.....	(1,871)	(1,121)	(712)	(3,265)	(2,087)	462	(2,550)	200
Total assets.....	179,002	173,872	172,763	166,662	157,152	153,154	130,260	140,115
Total equity.....	46,553	48,594	49,943	50,670	53,934	56,020	55,557	69,075
Per share:								
- Net (loss) income to Shareholders - diluted	\$ (0.32)	\$ (0.21)	\$ (0.13)	\$ (0.58)	\$ (0.38)	\$ 0.08	\$ (0.38)	\$ 0.02
- Net (loss) income to Shareholders - basic	(0.32)	(0.21)	(0.13)	(0.58)	(0.38)	0.08	(0.38)	0.02
- Total equity per share - basic	8.33	8.66	8.85	8.98	9.56	9.93	9.85	9.74

RELATED PARTY TRANSACTIONS

The Corporation earns investment management fees pursuant to management agreements. The base annual management fee for Crown Power Fund is equal to 1.0% of total capital, as defined in the limited partnership agreement for this fund, which includes the sum of invested capital net of capital distributions and realized losses plus funded debt that has been invested into qualifying investments, also as defined in the limited partnership agreement. Crown provides certain limited partners with management fee discounts and Crown may voluntarily reduce its management fees such that the effective annualized management fee rate earned by Crown from this fund is lower than the base rates specified above.

On consolidation, 100% of management fees earned from Crown Power Fund are eliminated against the management fees expensed by this fund. The non-controlling interests of Crown Power Fund incur approximately 56.8% of the management fees while Crown effectively pays itself for the remaining 43.2% as a result of its ownership interest.

These transactions between Crown and its managed investment funds are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

The Corporation is party to a services agreement with CPCP, in which we hold a 12.5% equity interest and one member of management holds an aggregate equity interest of 20.0%, subject to which we provide certain accounting and finance-related services for CPCP in exchange for a monthly fee that represents market rate of remuneration for such services. This services agreement may be terminated by either party for any reason upon 90 days written notice.

Crown Partners Fund, in which the Corporation holds an effective interest of 28.0%, is party to an investment management agreement with CPCP subject to which CPCP provides investment management services in exchange for a monthly fee that represents market remuneration for such services.

Crown's wholly owned subsidiary, CCF III, is the general partner of NCOF LP, an investment fund that is managed by Crown and which maintains a loan investment in Go Direct SCS, another wholly owned subsidiary of Crown. As at September 30, 2023, there was an amount payable to Crown by NCOF LP of \$0.5 million (December 31, 2022 - \$0.5 million) that relates to accrued management fees.

PART 3 – REVIEW OF OPERATIONS

The following section contains an overview of our operations, including separate discussions for each of our six reportable segments: network services, distribution services, specialty finance, distributed power, real estate and corporate and other.

For a discussion of revenues by type, refer to *Part 2 – Review of Consolidated Financial Results*. For more information regarding the performance of our reportable segments, refer to *Note 19 – Segment information* in our unaudited condensed consolidated interim financial statements.

NETWORK SERVICES

Through its Galaxy, WireIE Inc. and Community Network Partners subsidiaries, Crown provides network connectivity to customers in underserved markets. Collectively, we refer to the operations of these subsidiaries as our network services segment (“**Network Services**”).

Through wholly-owned Galaxy, an Ontario-based, satellite-focused network services company, Crown provides connectivity to remote and underserved enterprise customers across Canada. Through WireIE Inc., a wholly owned subsidiary, Crown owns and operates broadband networks that deliver reliable, scalable and secure network availability to businesses in underserved markets. Through Community Network Partners, a wholly-owned subsidiary, Crown provides connectivity to small, underserved communities across Canada, with those community network projects often structured to enable the subject communities to participate in the capital funding and subsequent profit sharing associated with their local projects.

Revenue earned by Network Services businesses includes network services revenue, comprised of contractual revenue related to the access and usage of telecommunications infrastructure in addition to revenue from professional services, network support, maintenance and repair services, and hardware sales.

Select financial information pertaining to the Network Services segment as at and for the nine months ended September 30, 2023 and 2022 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30 (THOUSANDS)	Network Services Segment		
	2023	2022	Change
Assets.....	\$ 36,373	\$ 23,854	\$ 12,519
Less: Liabilities.....	13,509	7,955	5,554
Net assets.....	22,864	15,899	6,965
Revenues.....	21,530	20,648	882
Cost of network services revenue.....	12,781	9,643	3,138
Depreciation.....	2,170	2,939	(769)
Finance costs.....	89	141	(52)
Income before income taxes.....	115	3,438	(3,323)

Compared with Q3 2022, the total assets of the network services segment as at Q3 2023 increased by \$12.5 million, of which \$12.1 million represents an increase in property and equipment under development of Community Network Partners relating to ongoing investment in its various fibre optic development projects.

Outlook

On May 9, 2022, we announced that Community Network Partners had been selected as an Internet Service Provider under the *Ontario Connects: Accelerated High Speed Internet Program*. The aim of the program is to make reliable, high-speed internet connectivity available to every region in Ontario by the end of 2025. The maximum subsidy available to Community Network Partners under this program is approximately \$150 million, which is expected to be a material proportion of the network cost. We plan to construct this network by connecting a series of separately identified regions (“**sublots**”). Completion of the first two of these sublots is expected in Q1 2024 and Q3 2024.

On February 2, 2023, we announced that Galaxy had entered into a five-year purchase commitment for the use of broadband network infrastructure with OneWeb to deliver low Earth orbit (“**LEO**”) connectivity solutions across Canada. Galaxy has an aggregate commitment with respect to its purchase of LEO connectivity solutions of \$67.5 million, based on a \$49.8 million U.S. dollar-denominated purchase commitment over five years. To date, the commercialization of this LEO connectivity solution as a complement to the geostatic satellite solutions traditionally offered by Galaxy has lagged our original expectations, contributing to the year-over-year decline in segment earnings and to our expectation of constrained near-term growth in the revenues and earnings of Galaxy.

On July 17, 2023, we announced that Community Network Partners has entered into a partnership with YTN Telecom Network Inc. (“**YorkNet**”) to finance, construct and operate an advanced optical fibre network to provide high-speed internet in The Regional Municipality of York. Community Network Partners has committed to invest \$15 million over a four-year period in respect of this partnership and expects to achieve an addressable market of approximately 14,000 customers.

DISTRIBUTION SERVICES

On June 24, 2022, Crown acquired 100% of the common shares, voting interests and preferred shares of Go Direct Global, a business engaged in the provision of warehousing, distribution services and freight management services. Consideration for this acquisition consisted of the extinguishment of the \$4.0 million balance of a pre-existing promissory note contract under which Crown had previously advanced amounts to satisfy Go Direct Global’s working capital requirements.

Go Direct Global operates directly from two facilities located in Calgary, Alberta, and also operates through its wholly owned subsidiaries Go Direct America and Go Direct SCS. Go Direct America was formed in 2021 and its initial operating facilities, located in Columbus, Ohio and Reno, Nevada, commenced commercial operations in 2022. Go Direct Global’s legacy business, Go Direct SCS, operates primarily from its facility located in Mississauga, Ontario.

Whereas the earnings and cash flows generated by Go Direct America and Go Direct Global, on a non-consolidated basis, accrue in full to Crown, Crown does not anticipate directly accruing any financial benefit from its 100% equity ownership interest in Go Direct SCS. We anticipate that all cash flows of Go Direct SCS for the foreseeable future will be applied in service of a pre-existing debt burden, such that we do not expect any of its future cash flows will accrue to Crown. As a 100%-owned subsidiary, the net assets and operating results of Go Direct SCS are consolidated in the financial results of Crown. Notably, long-term debt of \$2.3 million as at September 30, 2023 (December 31, 2022 - \$2.9 million) represents debt payable by Go Direct SCS measured at fair value, which is determined as the net present value of the estimated cash flows of Go Direct SCS available to service this debt. Any change in the fair value of this long-term debt resulting from a change in estimates will be recognized as a gain/(loss) on remeasurement of financial instruments. In the three months ended March 31, 2023, a gain of \$0.6 million was recorded in net loss as a remeasurement of financial instruments due to a revised estimate of the fair value of long-term debt. Crown does not accrue interest expense in relation to this long-term debt.

Select financial information pertaining to the distribution services segment as at and for the nine months ended September 30, 2023 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30 (THOUSANDS)	Distribution Services Segment		
	2023	2022	Change
Assets.....	\$ 34,717	\$ 26,127	\$ 8,590
Less: Liabilities.....	27,601	21,075	6,526
Net assets.....	7,116	5,052	2,064
Revenues.....	26,154	7,543	18,611
Cost of distribution services revenue.....	18,232	4,443	13,789
Depreciation.....	4,083	943	3,140
Finance costs.....	1,158	268	890
Loss before income taxes.....	(2,482)	(524)	(1,958)

Outlook

We anticipate that Go Direct Global will experience revenue and earnings growth in the near term due to both increased capacity utilization of its Columbus, Ohio facility and from the ramp up of operations at both its facility in Reno, Nevada, which commenced commercial operations in the fourth quarter of fiscal 2022, and a second facility in Calgary, Alberta, which commenced commercial operations in the fourth quarter of fiscal 2023. Our current facility in Calgary, Alberta, which commenced commercial operations in the third quarter of fiscal 2022, is currently operating at full capacity.

In addition to an emphasis on establishing operating excellence across the organization through its current growth phase, our focus in respect of Go Direct Global is currently on securing additional customer commitments in order to increase the capacity utilization of its existing logistics facilities and, potentially, to support investment in additional facilities throughout North America.

SPECIALTY FINANCE

As at September 30, 2023, our specialty finance segment is comprised of our 28.0% (December 31, 2022 – 28.0%) effective interest in Crown Partners Fund, which is classified as an investment in associate, as well as a corporate loan to PenEquity Realty and a 12.5% (December 31, 2022 – 12.5%) equity interest in CPCP which are classified as investments.

Select financial information pertaining to the Specialty Finance segment as at and for the nine months ended September 30, 2023 and 2022 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30 (THOUSANDS, UNLESS OTHERWISE NOTED)	Specialty Finance Segment		
	2023	2022	Change
Assets.....	\$ 24,086	\$ 38,924	\$ (14,838)
Less: Liabilities	3,460	3,293	167
Net assets.....	20,626	35,631	(15,005)
Revenues.....	-	2	(2)
Share of earnings (losses) of Crown Partners Fund.....	2,500	(3,976)	6,476
Income (loss) before income taxes.....	2,149	(2,670)	4,819
Additional information pertaining to Crown Partners Fund:			
Net assets attributable to limited partners - carrying value ¹	61,859	107,793	(45,934)
Net assets attributable to limited partners - fair value ²	61,859	108,136	(46,277)
Net assets attributable to general partner - carrying value and fair value ³	6,919	6,586	333
Crown's share of earnings (losses) attributable to limited partners.....	1,800	(1,368)	3,168
Crown's share of earnings (losses) attributable to the general partner.....	700	(2,608)	3,308
Crown's effective limited partnership interest.....	28.0%	28.0%	-

1. Represents the total carrying value of net assets as reported by Crown Partners Fund in accordance with IFRS.

2. Represents the total fair value of net assets attributable to limited partners as determined by its investment manager.

3. Fair value is equal to carrying value, which is determined based upon the fair value of net assets attributable to limited partners.

In the nine months ended September 30, 2023, Crown Partners Fund received aggregate proceeds of \$36.5 million in respect of loan repayments and \$4.9 million from the sale of equity investments, both of which were applied towards distribution payments to limited partners. Primarily as a result of these capital return distributions, which were partially offset by net income, the carrying value of net assets attributable to limited partners of Crown Partners Fund declined by \$39.7 million in the nine months ended September 30, 2023. For more information regarding our investment in Crown Partners Fund, refer to *Note 6 – Investment in Crown Partners Fund* in our unaudited condensed consolidated interim financial statements.

Revenues of the Specialty Finance segment in the three and nine months ended September 30, 2023 were \$nil and \$nil, respectively (2022 - \$nil and \$0.002 million). Share of earnings (losses) of Crown Partners Fund in the three and nine months ended September 30, 2023 totaled \$0.2 million and \$2.5 million, respectively (2022 – \$0.1 million and \$(4.0) million).

Outlook

Following the expiration of the investment term of Crown Partners Fund on December 31, 2021, the fund will no longer make new investments and the proceeds of all repayments and realizations of invested assets will be returned to limited partners upon receipt by the fund. The exact timing of such repayments and realizations, and therefore of the related capital return distributions to limited partners, including Crown, is unpredictable. However, we expect that all repayments and realizations will occur prior to the expiration of the term of Crown Partners Fund on September 30, 2025.

We do not plan to make any new loan investments.

DISTRIBUTED POWER

Crown participates in the distributed power market through its partially owned subsidiary Crown Power Fund, an investment fund established in June 2018. Crown Power Fund invests directly in power generation assets that provide electricity under long-term contracts to mid- to large-scale electricity users and that produce electricity for sale in the wholesale energy market. In February 2019, Crown Power Fund completed a closing with subscriptions that increased its total committed capital to \$57.9 million, including an aggregate capital commitment of \$28.4 million by third-party investors, and reduced our limited partnership interest in Crown Power Fund, which we hold through a wholly owned subsidiary CCFC, from 100.0% to 43.2%. In June 2022, the aggregate level of committed capital to Crown Power Fund was reduced to \$50.0 million through a proportionate reduction of the capital commitment of each limited partner, since which time the full balance of committed capital has been called.

Crown acts as investment manager of Crown Power Fund and, through a wholly owned subsidiary, is also the general partner of Crown Power Fund. In addition to revenues earned by the Corporation in relation to its partial ownership of Crown Power Fund, Crown also earns fees from non-controlling interests in relation to its management of Crown Power Fund (see *Part 2 – Review of Consolidated Financial Results – Related Party Transactions*).

Crown also anticipates earning revenue in relation to the partial interests that it holds, both directly and through Crown Power Fund, in multiple operating partners of Crown Power Fund (“**Operating Partners**”). Operating Partners are entities engaged exclusively in sourcing, designing, constructing and operating distributed power projects on behalf of Crown Power Fund. The arrangements with each Operating Partner involve the granting of ownership interests in the Operating Partner to each of Crown and Crown Power Fund for nominal consideration.

Select financial information pertaining to the distributed power segment as at and for the nine months ended September 30, 2023 and 2022 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30 (THOUSANDS)	Distributed Power Segment		
	2023	2022	Change
Assets.....	\$ 46,516	\$ 33,802	\$ 12,714
Less: Liabilities excl. non-controlling interests.....	361	39	322
Less: Non-controlling interests.....	26,591	19,645	6,946
Net assets.....	19,564	14,118	5,446
Revenues.....	1,932	1,113	819
Depreciation.....	5	2	3
Finance costs.....	-	203	(203)
Income (loss) before income taxes.....	757	(1,135)	1,892

As at September 30, 2023, Crown Power Fund’s aggregate equipment-related investment was carried at \$43.9 million (December 31, 2022 - \$34.7 million) including amounts invested in distributed power equipment under development and related deposits (\$8.0 million), distributed power equipment (\$23.5 million, included in property and equipment) and net investment in leased distributed power equipment (\$12.4 million).

As at September 30, 2023, a total of seven distributed power projects with an aggregate carrying value of \$29.7 million owned by Crown Power Fund are operational, of which six projects with an aggregate carrying value of \$12.4 million are under lease arrangements.

During Q3 2023, Crown Power Fund’s Wilson Creek merchant power project in Alberta commenced commercial operations, resulting in a reclassification of \$17.3 million from property under development and related deposits to property and equipment. In connection with this development, the ownership structures of LESC and Wilson Creek Energy, collectively operating as our Operating Partner in respect of this project, were restructured to increase Crown

Power Fund's ownership interest. Specifically, effective August 3, 2023, Crown Power Fund increased its ownership interest from 33% to 80%, while each of the Corporation and the management of LESC decreased their respective interests from 33% to 10%. As at the date of this restructuring transaction, each of LESC and Wilson Creek Energy had nominal value.

In addition to existing projects under lease or otherwise in operation, Crown Power Fund has six additional projects under development at various stages of completion of which four are expected to become operational in early 2024 and two are expected to come online in mid-2024. The completion of certain projects has been delayed for various reasons, including delays in achieving utility interconnection and commissioning.

Outlook

We remain focused on advancing existing projects through to completion and we intend to begin seeking liquidity for certain of the segment's assets, including equipment of Crown Power Fund that is not currently assigned for use in specific projects under development. We anticipate that Crown Power Fund's Wilson Creek project will begin generating profits in Q4 2023, initially at a reduced level of capacity utilization due to grid connection issues, with both the level and pricing of power produced dependent primarily upon prevailing Alberta power prices.

REAL ESTATE

Crown participates in the real estate development market through its ownership of PSCC and PBC, which were both acquired from PenEquity Realty, to which Crown, through its wholly owned subsidiary Crown Private Credit Fund, has a loan outstanding. The assets of PSCC primarily include land adjacent to a grocery-anchored community retail plaza located in Hamilton, Ontario. The assets of PBC are primarily comprised of land adjacent to a retail plaza in Barrie, Ontario that has been rezoned for residential development.

Effective January 1, 2023, PenEquity Inc. acquired certain customer contracts from PenEquity Realty in exchange for consideration of \$1.0 million comprised of the partial settlement of a loan outstanding from Crown to PenEquity Realty. Effective January 1, 2023, PenEquity Inc. commenced commercial operations providing advisory and asset management services in respect of large-scale retail, entertainment and mixed-use properties.

Effective April 1, 2023, PenEquity Inc. entered into a management services agreement with PenEquity Realty through which it has agreed to provide all services on behalf of PenEquity Realty in respect of a single property development contract in exchange for receiving all fees earned by PenEquity Realty in respect of the same contract. Through this agreement, the prospective economics of this property development contract were effectively transferred to PenEquity Inc. in exchange for consideration of \$1.1 million comprised of the partial settlement of a loan outstanding from Crown to PenEquity Realty.

Select financial information pertaining to the real estate segment as at and for the nine months ended September 30, 2023 and 2022 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30 (THOUSANDS)	Real Estate Segment		
	2023	2022	Change
Assets.....	\$ 28,956	\$ 27,842	\$ 1,114
Less: Liabilities.....	12,632	12,713	(81)
Net assets.....	16,324	15,129	1,195
Revenues.....	2,629	-	2,629
Depreciation.....	410	-	410
(Loss) income before income taxes.....	(133)	144	(277)

This segment did not recognize any revenues or expenses from operations in the nine months ended September 30, 2023 in respect of its real estate properties under development. Effective January 1, 2023, PenEquity Inc. commenced

commercial operations and began to recognize property management revenue in respect of the customer contracts acquired from PenEquity Realty. Costs related to the establishment of the operations of PenEquity Inc. as well as \$0.4 million of amortization in respect of customer contracts contributed to the loss before income taxes of \$(0.1) million recognized in the nine months ended September 30, 2023.

Outlook

In June 2023, the City of Barrie approved a rezoning of PBC's property located in Barrie, Ontario to permit the construction of a project comprised of three mid-rise multi-residential buildings. We are currently exploring a sale of this property. In the event that a sale is not completed, Crown will consider developing this property using the development team of its subsidiary, PenEquity Inc.

We also intend to progress the development of the property of PSCC located in Stoney Creek, Ontario, and do not anticipate recognizing revenue in respect of either PSCC or PBC while their properties remain under development.

CORPORATE AND OTHER

Our corporate and other segment includes our subsidiary Lumbermens, an Ontario-based credit reporting company, as well as assets, liabilities, revenues and expenses that aren't directly related to any of our other five reportable segments. Accordingly, expenses of the corporate and other segment include finance costs, salaries and benefits expense in relation to executives and staff that are not directly affiliated with any of the other five reportable segments, share-based compensation expense, costs related to the premises and operations of our corporate offices, professional fees that do not relate directly to other segments, costs related to maintaining Crown's status as a public company, etc. Total liabilities of the corporate and other segment include balances recognized in respect of each of the Crown Credit Facility and the Convertible Debentures.

Select financial information pertaining to the corporate and other segment as at and for the nine months ended September 30, 2023 and 2022 is presented below:

AS AT AND FOR THE NINE MONTHS ENDED SEP. 30 (THOUSANDS)	Corporate and Other Segment		
	2023	2022	Change
Assets.....	\$ 8,354	\$ 6,603	\$ 1,751
Less: Liabilities.....	48,295	38,498	9,797
Net assets.....	(39,941)	(31,895)	(8,046)
Revenues.....	1,406	1,462	(56)
Depreciation.....	242	281	(39)
Finance costs.....	3,514	1,856	1,658
Loss before income taxes.....	(4,696)	(4,594)	(102)

Excluding finance costs, other expenses of the corporate and other segment in Q3 2023 were \$0.8 million lower than in Q3 2022 as a result of a continuing focus on expense reduction.

PART 4 – CAPITALIZATION AND LIQUIDITY

CAPITALIZATION

We review the components of our capitalization in the following sections.

*Corporate Capitalization*¹ – reflects our issued and outstanding Debentures and Convertible Debentures and Common Shares and the amount of debt issued by the Corporation excluding amounts in relation to its subsidiaries Crown Power Fund, Galaxy, WireIE Inc., Community Network Partners, PSCC, PBC, Lumbermens, Go Direct Global and PenEquity Inc. Corporate debt includes amounts drawn upon the Crown Credit Facility, net of the unamortized balance of related deferred finance costs. At September 30, 2023, our corporate capitalization was \$97.3 million (December 31, 2022 - \$95.4 million).

Consolidated Capitalization – reflects the full capitalization of wholly owned and partially owned entities that we consolidate in our financial statements and is equal to total liabilities plus total equity in our consolidated statements of financial position. At September 30, 2023, consolidated capitalization increased compared with December 31, 2022 due primarily to an increase in corporate borrowings and accounts payable and other liabilities. At September 30, 2023, our consolidated capitalization was \$179.0 million (December 31, 2022 - \$166.7 million).

*Our Share of Capitalization*¹ – reflects our proportionate exposure of debt and equity balances in consolidated entities.

The following table presents our capitalization on a consolidated, corporate and our share basis:

	Ref.	Corporate Capitalization ¹		Consolidated Capitalization		Our Share of Capitalization ¹	
AS AT SEP. 30, 2023 AND DEC. 31, 2022 (THOUSANDS)		2023	2022	2023	2022	2023	2022
Corporate borrowings.....	i	\$ 23,761	\$ 18,067	\$ 23,761	\$ 18,067	\$ 23,761	\$ 18,067
Accounts payable and other liabilities.....		7,292	6,816	27,707	20,896	27,495	20,859
Lease obligations.....		-	57	20,359	20,305	20,359	20,305
Mortgages payable.....		-	-	11,900	11,900	11,900	11,900
Long-term debt.....		-	-	2,427	2,984	2,427	2,984
Debentures and convertible debentures							
- liability component.....	ii	19,704	19,770	19,704	19,770	19,704	19,770
Non-controlling interests.....		-	-	26,591	22,070	-	-
Equity							
Share capital.....		47,820	48,281	47,820	48,281	47,820	48,281
Convertible debentures - equity component.....	ii	-	483	-	483	-	483
Contributed surplus.....		15,667	15,184	15,667	15,184	15,667	15,184
Translation reserve.....		5	35	5	35	5	35
Deficit.....		(16,939)	(13,313)	(16,939)	(13,313)	(16,939)	(13,313)
Total equity.....	iii	46,553	50,670	46,553	50,670	46,553	50,670
Total capitalization.....		\$ 97,310	\$ 95,381	\$ 179,002	\$ 166,662	\$ 152,199	\$ 144,555

¹ Corporate Capitalization and Our Share of Capitalization are not standard measures under IFRS and may not be comparable to similar measures reported by other entities. Refer to *Part 7 – Non-IFRS Measures* for more information.

i. Corporate Credit Facility

Prior to February 7, 2023, the Corporation had a senior secured corporate credit facility (the “**Preceding Crown Credit Facility**”) that was comprised of a \$20.0 million 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 \$3.5 million dedicated-purpose letter of credit facility. The revolving 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, Crown entered into the Crown Credit Facility with CWB with an aggregate commitment of up to \$43.5 million 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 Crown and its operating businesses, and to fund Crown’s remaining capital commitment in respect of Crown Power Fund. The Crown Credit Facility originally included an amortizing term loan of up to \$30.0 million with a maturity date of February 7, 2028, an operating loan of up to \$10.0 million with availability subject to margin condition restrictions, and a letter of credit facility of up to \$3.5 million. The term loan was comprised of an initial advance of \$25.0 million plus \$5.0 million available to be advanced upon request by Crown prior to June 30, 2023. Crown did not request the advance of this additional \$5.0 million prior to June 30, 2023, and, accordingly, this amount is no longer available for advance in respect of the term loan. The term loan and the operating loan provide financing at variable interest rates based on Prime Rate plus 165 bps to 265 bps and 200 bps to 300 bps, respectively, and feature a customary set of covenants. We provide additional detail regarding our credit facilities in *Note 12 – Credit facilities* of the unaudited condensed consolidated interim financial statements.

As of September 30, 2023, \$24.5 million was outstanding on the Crown Credit Facility (December 31, 2022 - \$18.3 million was outstanding on the Preceding Crown Credit Facility), and letters of credit totaling \$3.0 million (December 31, 2022 - \$3.2 million) were issued and outstanding. As at September 30, 2023, there was an undrawn balance of \$10.0 million in respect of the operating loan component of the Crown Credit Facility, of which \$5.0 million was available to the Corporation based upon margin condition restrictions. The carrying value of the Crown Credit Facility at September 30, 2023 of \$23.8 million was comprised of gross advances of \$24.5 million net of unamortized deferred financing costs of \$0.7 million.

The Crown Credit Facility is subject to covenant clauses, whereby Crown is required to meet certain key financial ratios. As at September 30, 2023, Crown did not fulfil the Net Total Debt to Trailing Twelve Month Earnings Before Interest, Taxes, Depreciation, and Amortization and Fixed Charge Coverage financial ratio requirements of the Crown Credit Facility. Accordingly, CWB is contractually entitled to request immediate repayment of the outstanding loan amount of \$24.5 million. The outstanding balance is presented as a current liability as at September 30, 2023. CWB had not requested early repayment of the loan as of the date of when the Crown’s unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023 and 2022 were approved by the Corporation’s Board of Directors. Management is in the process of renegotiating the terms of the credit agreement and expects that revised terms will be place in the fourth quarter of 2023.

ii. Debentures and Convertible Debentures

On July 13, 2018, Crown issued \$20.0 million of convertible unsecured debentures that bear interest at a rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, with a maturity date of June 30, 2023 and a conversion price of \$13.70 per Common Share (the “**Convertible Debentures**”). Net of issuance costs, the Corporation received net proceeds of \$18.7 million from the issuance of the Convertible Debentures.

Effective June 30, 2023, as approved by the Debentureholders, 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; (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 on the new maturity date or any redemption date. Effective June 30, 2023, the Convertible Debentures have been reclassified as debentures (the “**Debentures**”).

The Debentures are direct, unsecured obligations of the Corporation that are subordinated to the Credit Facility.

We provide additional detail regarding the Debentures and Convertible Debentures in *Note 13 – Debentures and Convertible Debentures* of the unaudited condensed consolidated interim financial statements.

iii. Equity

We provide a continuity of each component of equity in the consolidated statements of changes of equity included in our unaudited condensed consolidated interim financial statements. For discussion, please refer to *Part 2 – Review of Consolidated Financial Results – Equity*.

Issued and Outstanding Shares

Changes in the number of issued and outstanding Common Shares during the periods are as follows:

AS AT AND FOR THE PERIODS ENDED SEP. 30 (THOUSANDS)	Three Months Ended		Nine Months Ended	
	2023	2022	2023	2022
Outstanding at beginning of period.....	5,610	5,642	5,642	7,093
Issued (repurchased)				
Repurchases.....	(22)	-	(54)	(1,451)
Outstanding at end of period.....	5,588	5,642	5,588	5,642
Total diluted shares at end of period.....	5,588	5,642	5,588	5,642

On January 24, 2022, the Corporation announced a substantial issuer bid (“**SIB**”), pursuant to which the Corporation offered to purchase for cancellation up to 1,330,000 of its outstanding Common Shares at a purchase price of \$7.50 per Common Share in cash for an aggregate purchase price not to exceed \$10.0 million. On March 8, 2022, the Corporation purchased and subsequently cancelled 1,330,000 Common Shares pursuant to the SIB for total consideration of \$10.0 million, excluding fees and expenses related to the SIB totaling \$0.1 million.

Effective April 13, 2022, the Corporation renewed its normal course issuer bid (“**NCIB**”) to purchase for cancellation during the next 12 months up to 280,000 Common Shares, representing approximately 5.0% of the issued and outstanding Common Shares at March 31, 2022. The total number of shares purchased and cancelled under this NCIB was 5,000 at an average cost, excluding commissions, of \$7.83 per Common Share.

Effective April 13, 2023, the Corporation renewed its NCIB to purchase for cancellation during the next 12 months up to 280,000 Common Shares, representing approximately 5.0% of the issued and outstanding Common Shares at March 31, 2023. The total number of shares purchased and cancelled under this NCIB up to September 30, 2023 was 48,900 at an average cost, excluding commissions, of \$7.71 per Common Share.

In the nine months ended September 30, 2023, a total of 53,900 Common Shares were purchased and cancelled (September 30, 2022 – 1,450,556 Common Shares).

The total number of Common Shares outstanding at September 30, 2023 was 5,588,646 (December 31, 2022 – 5,642,546; November 9, 2023 – 5,588,646).

LIQUIDITY

Liquidity and Capital Resources

The Corporation defines working capital as total current assets less total current liabilities. As at September 30, 2023, the Corporation had negative working capital of \$(31.5) million compared with \$(22.5) million as at December 31, 2022. The decline compared with December 31, 2022 is primarily due to the reclassification of the full balance of the Crown Credit Facility as a current liability as well as to an overall increase in accounts payable and accrued liabilities, partially offset by amendments to the Convertible Debentures that came into effect on June 30, 2023 that included an extension of the maturity date from June 30, 2023 to December 31, 2024, resulting in a reclassification of the related liability from current to non-current status.

As at September 30, 2023, there was an undrawn balance of \$10.0 million in respect of the operating loan component of the Crown Credit Facility, of which \$5.0 million was available to the Corporation based upon margin condition restrictions. As of November 9, 2023, \$1.8 million has been drawn on the operating line of the Crown Credit Facility.

As at September 30, 2023, Crown did not satisfy certain financial covenant clauses of the Crown Credit Facility and, accordingly, CWB is contractually entitled to request immediate repayment of the outstanding loan in the amount of \$24.5 million. The outstanding balance is presented as a current liability as at September 30, 2023. CWB had not requested early repayment of the loan as of the date at which Crown's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023 and 2022 were approved by our Board of Directors. Management is in the process of renegotiating the terms of the Crown Credit Facility and expects that revised terms will be in place in the fourth quarter of 2023.

Upon its maturity in November 2023, we expect to be able to extend the term of the \$11.9 million mortgage payable by an additional 12 months, supported by the value of the mortgaged real estate properties.

In addition to the availability of these resources, management has taken precautionary measures to further bolster the Corporation's liquidity by actively managing any liquidity risk through the active monitoring of budgeted and projected results and cash requirements.

Off-Balance Sheet Arrangements and Unfunded Commitments

Uncalled Commitments to Managed Investment Funds

The Corporation, through its wholly owned subsidiary CCFC, has subscribed for limited partnership units in several investment funds managed or formerly managed by the Corporation, namely Crown Partners Fund, CCF IV Investment LP and Crown Power Fund. Through its ownership of these limited partnership units, the Corporation has made contractual commitments to contribute funds to each of these entities up to a prescribed maximum value per unit, as called by the respective general partners of these investment funds. The table below summarizes the total capital commitment of the Corporation to each investment fund, as well as the uncalled portion of such capital commitments as at each of September 30, 2023 and September 30, 2022.

AS AT SEP. 30 (THOUSANDS, EXCEPT UNITS)	2023			2022
	Units Subscribed by CCFC	Capital Commitment	Uncalled Capital Commitment	Uncalled Capital Commitment
Crown Partners Fund.....	76,869	\$ 61,495	\$ 15,374	\$ 15,374
CCF IV Investment LP.....	3,270	2,600	654	654
Crown Power Fund.....	25,000	21,581	-	4,618
Total.....			\$ 16,028	\$ 20,646

The investment period of each of Crown Partners Fund and CCF IV Investment LP 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 the extent required for certain purposes including to cover operating deficits and, to a maximum of 20% of committed capital, to make follow-on investments. We do not expect any future funding requirements in respect of Crown's uncalled capital commitments to Crown Partners Fund and CCF IV Investment LP.

Other Unfunded Commitments

The Corporation, through Community Network Partners, is party to surety bonds totaling \$163.5 million. These bonds are security agreements necessary to support Community Network Partners's participation as an internet service provider under the *Ontario Connects: Accelerated High Speed Internet Program*, through which the maximum subsidy available to Community Network Partners is approximately \$150.0 million.

As at September 30, 2023, the Corporation, through Galaxy, has an aggregate commitment with respect to its use of broadband network infrastructure of \$73.5 million over a six-year period, inclusive of an aggregate commitment denominated in U.S. dollars of US\$53.9 million.

The Corporation, through Community Network Partners, has a commitment to invest a total of \$15 million over a four-year period in a partnership with YorkNet to finance, construct and operate an advanced optical fibre network to provide high-speed internet in The Regional Municipality of York.

Through WireIE Inc., the Corporation had \$0.8 million in backhaul commitments relating to its use of broadband network infrastructure as at September 30, 2023.

As at September 30, 2023, Crown Power Fund had committed to contracts valued at \$6.0 million in relation to the construction of power generation assets, of which \$4.4 million was funded and included in property and equipment under development and related deposits and \$1.6 million was unfunded, of which \$0.9 million was attributable to non-controlling interests.

The Corporation has guaranteed the repayment of loans by a third-party financial institution pursuant to its executive share purchase plan to participants in this plan ("**Share Purchase Plan Participants**") which totaled \$1.2 million as at September 30, 2023 (December 31, 2022 - \$1.4 million), and which are secured by Common Shares owned by Share Purchase Plan Participants with a value of \$3.0 million as at September 30, 2023 (December 31, 2022 - \$3.6 million).

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.

Crown has no other material off-balance sheet arrangements.

REVIEW OF THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the consolidated statements of cash flows within our consolidated financial statements:

FOR THE PERIODS ENDED SEP. 30 (THOUSANDS)	Nine Months Ended	
	2023	2022
Operating activities.....	5,679	4,664
Investing activities.....	(11,206)	(11,662)
Financing activities.....	4,975	3,889
Effect of foreign exchange rate difference on cash.....	(3)	57
Decrease in cash and cash equivalents.....	(555)	(3,052)

Operating Activities

Cash provided by operations totaled \$5.7 million in the nine months ended September 30, 2023 compared with \$4.7 million in the nine months ended September 30, 2022. The \$1.0 million variance compared with the prior-year period was due primarily to a net increase in non-cash working capital, an increase in income distributions received from Crown Partners Fund and a reduction in income taxes paid, partially offset by proceeds received from the repayment of the lease earn-out note receivable in the prior-year period.

Investing Activities

Cash used in investing activities totaled \$11.2 million in the nine months ended September 30, 2023 compared with \$11.6 million in the nine months ended September 30, 2022. Compared with the prior-year period, an increase in capital distributions received from Crown Partners Fund in the current-year period, representing proceeds received by Crown Partners from loan repayments and sale of equity securities, was largely offset by an increase in additions to property and equipment under development and related deposits.

Financing Activities

Cash provided by financing activities totaled \$5.0 million in the nine months ended September 30, 2023 compared with \$3.9 million in the nine months ended September 30, 2022. The primary financing-related sources of cash in the nine months ended September 30, 2023 included advances in respect of credit facilities and contributions to Crown Power Fund by non-controlling interests, which were partially offset by payments in respect of lease obligations, deferred financing costs and the factor facility.

Effect of Foreign Exchange Rate Difference on Cash

The effect of the foreign exchange rate difference on cash of \$(0.003) million (September 30, 2022 - \$0.06) represents the impact of the translation of monetary transactions denominated in U.S. dollars in respect Go Direct America, a wholly owned foreign operation of Crown with a functional currency that is different from Crown's presentation currency.

PART 5 – ACCOUNTING POLICIES AND INTERNAL CONTROLS

ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

Overview

This MD&A of the consolidated operating and financial performance of the Corporation for the three and nine months ended September 30, 2023 is prepared as of November 9, 2023. This discussion is the responsibility of management and should be read in conjunction with the Corporation's September 30, 2023 unaudited condensed consolidated interim financial statements and the notes thereto, prepared in accordance with IFRS, and other public filings available on SEDAR at www.sedar.com. The board of directors has approved this MD&A. All amounts therein are expressed in Canadian dollars unless otherwise indicated.

Critical Estimates and Accounting Policies

The preparation of the unaudited 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.

Information about judgments, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023 are included in the following notes in those financial statements:

- ☐ Note 4 – Investments;
- ☐ Note 6 – Investment in Crown Partners Fund;
- ☐ Note 7 – Customer contracts;
- ☐ Note 8 – Property and equipment; and
- ☐ Note 9 – Property and equipment under development and related deposits.

Additional information about critical estimates and accounting policies can be found in the Corporation's 2022 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

The Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) are responsible for establishing and maintaining disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as those terms are defined in National Instrument 52-109 - *Certification of Disclosure in Issuers’ Annual and Interim Filings*. The CEO and CFO have designed, or caused to be designed under their direct supervision, Crown’s DC&P to provide reasonable assurance that:

- ☐ material information relating to Crown, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and
- ☐ information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported on a timely basis.

During the nine months ended September 30, 2023, management removed the scope limitation in respect of Go Direct Global, of which Crown acquired a 100% interest on June 24, 2022.

The CEO and CFO have also designed, or caused to be designed under their direct supervision, Crown’s ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

While Crown’s CEO and CFO believe that the Corporation’s internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management’s belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in Crown’s ICFR during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, Crown’s ICFR.

PART 6 – RISKS AND FORWARD-LOOKING STATEMENTS

RISK FACTORS

Crown operates in a dynamic environment that involves various risks, many of which are beyond Crown's control and which could have an effect on Crown's business, revenues, operating results and financial condition.

A risk that is common among our associate Crown Partners Fund, Crown Private Credit Fund, Crown Power Fund and our Network Services and Distribution Services businesses is credit risk. Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's investments in debt securities and its investment in Crown Partners Fund. Most of the debt instruments held directly by the Corporation and by Crown Private Credit Fund, and indirectly through its associate Crown Partners Fund, are unrated and all are relatively illiquid. Repayments are dependent on the ability of the underlying businesses to generate sufficient cash flow from operations, refinancings or the sale of assets or equity. Although Crown intends to offer long-term power supply contracts, network services contracts and distribution services contracts only to clients with a history of profitability, there can be no assurance that its counterparties will not default and that Crown will not sustain a loss as a result.

The primary risk factor for our associate Crown Partners Fund is credit risk, being the potential inability of one or more of its portfolio companies to meet their debt obligations to Crown Partners Fund. Through its ownership of equity and equity-related securities, Crown Partners Fund is also exposed to market price risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. A reduction in the value of the debt and/or equity-related investments held by Crown Partners Fund would reduce the value of both components of Crown's investment in associate, represented by its limited partnership and general partnership interests in Crown Partners Fund, and could reduce the level of distributions received by Crown in the future from Crown Partners Fund.

The primary risk factors for Crown Power Fund are credit risk, being the potential inability of counterparties to long-term power supply contracts to meet their obligations to Crown Power Fund, and power price variability, which impacts the profitability of Crown Power Fund's merchant power project.

The primary risk factor for Network Services businesses is contract cancellation risk, being the risk that an above-normal level of existing term contracts is not renewed and extended at maturity and that existing month-to-month contracts are canceled at an above-normal pace. To the extent that the level of network services revenue added through the establishment of new customer contracts does not sufficiently offset the impact of contract cancellations on network services revenue, the resulting reduction of operating leverage could negatively impact contribution of Network Services businesses to the consolidated net (loss) income of the Corporation.

A related risk factor for WireIE Inc. is customer concentration risk, being the risk associated with WireIE Inc.'s reliance on the renewal of network services contracts with a significant customer, which comprise the majority of its accounts receivable and network services revenues to date. A similar risk factor exists for Galaxy by way of its reliance on the renewal of network service contracts with two significant customers, which comprise a significant portion of its accounts receivable and network services revenue.

Through its five-year, minimum purchase commitment to purchase LEO connectivity solutions from OneWeb, Galaxy is exposed to customer acquisition risk, as it might incur losses in respect of its LEO offering in the event that it fails to acquire and maintain a sufficient level of LEO-related customer contracts.

An additional risk factor for both Galaxy and WireIE Inc. is key third-party supplier risk, as each entity is reliant upon the provision of broadband signal and telecommunications capacity by key third-party suppliers which, if terminated or cancelled, could have an adverse impact on the financial condition and results of operations of the Network Services segment.

The construction of network infrastructure in underserved communities by Community Network Partners involves risks in relation to potential delays and/or cost overruns in respect of securing necessary materials and staff and in completing construction, any of which might negatively impact project returns. Project returns might also be negatively impacted if Community Network Partners fails to achieve planned levels of customer subscription for service upon completion of such projects, or if the pace of achieving such subscriptions is slower than planned.

The primary risk factors in connection with the Corporation's real estate investments are market price risk in respect of real estate asset valuations and refinancing risk in respect of mortgages payable. Possible investment in the development of real estate properties under development in Barrie and Stoney Creek would introduce risks in relation to the permitting and construction of these property developments, including potential delays or other issues in obtaining necessary building permits, and delays and/or cost overruns in respect of securing building materials and completing construction.

The primary risk factors associated with the operations of Go Direct Global include the risk of a decline in market demand for the consumer products of its clients, either due to product-specific demand factors or to general economic decline, solvency risk in respect of its clients, dependency upon key personnel, disruptions to operations or those of its clients and/or logistics partners, including as a result of market, political and economic conditions, financing risk in relation to funding potential expansion of the business, and risks associated with the operational start-up of logistics facilities in new geographies including external events that could adversely impact operations such as government legislation, regulations or policies.

An additional risk for Go Direct Global is customer concentration risk, being the risk associated with Go Direct Global's reliance on the renewal of distribution services contracts with three significant customers, which comprise the majority of its accounts receivable and distribution services revenue.

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

As at September 30, 2023, the Corporation had negative working capital of \$(31.5) million due to the classification of both the Crown Credit Facility and mortgages payable as current liabilities. The mortgage payable has a balance of \$11.9 million and a maturity date of November 30, 2023, and the Crown Credit Facility, in respect of which \$24.5 million was outstanding at September 30, 2023, is payable on demand by CWB as a result of an unresolved breach of certain financial covenants. While we expect to be able to extend the term of the mortgage payable by an additional 12 months and expect to negotiate revised terms of the credit agreement with CWB in the fourth quarter of 2023, there is risk to achieving each of these desired outcomes.

The Corporation is exposed to currency risk through its ownership of Go Direct America, which operates in the United States and transacts primarily in U.S. dollars, and through Galaxy, which has an aggregate commitment of US\$50 million over five years to purchase LEO connectivity from OneWeb. The Corporation's other investments, revenue and expenses are denominated primarily in Canadian currency such that they present limited exposure to currency risk. Through our investment in Crown Partners Fund, we are indirectly exposed to a limited degree of currency risk to the extent that the underlying operations of Crown Partners Fund's investee companies may be dependent on revenues or exposed to costs denominated in foreign currencies.

See *Note 19 – Financial risk management* in the Corporation's December 31, 2022 audited consolidated financial statements.

A more extensive discussion of the risks faced by the Corporation can be found in the Corporation's Annual Information Form ("AIF") available on SEDAR at www.sedar.com.

FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, investments, net investment in leased distributed power equipment, accounts payable and accrued liabilities, factor facility, contingent consideration, network services vendor note payable, deferred compensation, mortgages payable, lease obligations, the Debentures, the Crown Credit Facility and long-term debt.

The Corporation, through its subsidiary Crown Private Credit Fund, holds an investment in a debt security, representing a loan to PenEquity Realty measured at amortized cost, and an equity security which is measured at FVTPL. The carrying value of \$nil of the loan investment at amortized cost is net of an allowance for credit losses that reflects management's estimation of expected credit loss for the loan carried at amortized cost. The Canadian equity security is valued based on its transaction price.

For loans carried by our associate Crown Partners Fund at FVTPL, the terms of the individual debt instruments and the risks of the underlying businesses are reflected in the fair values at the reporting date. The carrying value of loans at amortized cost held by Crown Partners Fund is net of an allowance for credit losses. In respect of the carrying value of investments held by Crown Partners Fund, which impacts the carrying value of the Corporation's investment in Crown Partners Fund, the determination of associated fair values and expected credit losses reflects the estimation of management of the investment manager of Crown Partners Fund, CPCP.

The fair value of the net investment in leased distributed power equipment approximates its carrying value due to the market interest rates on the leases.

Contingent consideration in relation to the 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.

The fair value of the mortgage payable approximates its carrying value due to the variable rate of interest applicable to this instrument. The fair value of the Crown Credit Facility approximates its gross carrying value due to the variable rate of interest applicable to this instrument.

The fair value of lease obligations approximates its carrying value due to the market interest rate on the leases.

The fair value of the Debentures as at September 30, 2023 is \$19.8 million. 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.

The fair value of long-term debt is determined as the net present value of the estimated cash flows available to service this debt.

The fair values of other financial instruments approximate carrying value due to the short term to maturity of the instruments.

Additional information about financial instruments and associated risks can be found in *Risk Factors* and in the Corporation's 2022 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Statements that are not reported financial results or other historical information are forward-looking statements within the meaning of applicable Canadian securities laws (collectively, “**forward-looking statements**”). This MD&A includes forward-looking statements regarding Crown and the industries in which it operates, including statements about, among other things, expectations, beliefs, plans, future loans and origination, business and acquisition strategies, opportunities, objectives, prospects, assumptions, including those related to trends and prospects and future events and performance. Sentences and phrases containing or modified by words such as “anticipate”, “plan”, “continue”, “estimate”, “intend”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targets”, “projects”, “is designed to”, “strategy”, “should”, “believe”, “contemplate” and similar expressions, and the negative of such expressions, are not historical facts and are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements should not be read as guarantees of future events, future performance or results, and will not necessarily be accurate indicators of the times at, or by which, such events, performance or results will be achieved, if achieved at all. Forward-looking statements are based on information available at the time and/or management’s expectations with respect to future events that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The factors described under the heading “Risk Factors” in this MD&A and in the AIF, as well as any other cautionary language in this MD&A, provide examples of risks, uncertainties and events that may cause Crown’s actual results to differ materially from the expectations it describes in its forward-looking statements. Readers should be aware that the occurrence of the events described in these risk factors and elsewhere in this MD&A could have an adverse effect on, among other things, Crown’s business, prospects, operations, results of operations and financial condition.

Specific forward-looking statements contained in this MD&A include, among others, statements, management’s beliefs, expectations or intentions regarding the following:

- ☐ the Corporation’s intentions for the use of its cash and cash equivalents and the timing thereof, including additional investments in and capital expenditures by its operating subsidiaries;
- ☐ the future capitalization of Crown;
- ☐ the structuring, prepayment and/or realization of investments of Crown and Crown Partners Fund and the distributions of related proceeds by Crown Partners Fund;
- ☐ the general economy;
- ☐ the determination of recovery levels and values realized on liquidation of security held, when necessary, for the loans of Crown and Crown Partners Fund going forward;
- ☐ the ability to achieve the intended development of the Corporation’s real estate assets and Crown’s ability to maximize realization of these assets at the time of an eventual disposition;
- ☐ the ability to repay, refinance, renegotiate the terms of or extend the maturity of its credit facilities, debentures and mortgages payable on terms acceptable to the Corporation and to service its debt obligations in general;
- ☐ the ability of Crown to direct the activities of its managed funds;
- ☐ the future profitability of Operating Partners affiliated with Crown Power Fund and the expected recoverability of amounts owed to the Corporation by such Operating Partners;
- ☐ the distributed power market in general, and in our current geographic regions of focus in particular;

- ☐ the recoverability of costs incurred in the development of distributed power assets through the subsequent receipt of lease payments over the duration of the lease contracts in relation to such assets;
- ☐ the expected timing of distributed power projects under development becoming operational;
- ☐ the expected profitability to be derived from distributed power projects, including projects under development and merchant power projects in operation;
- ☐ the Corporation's intention to seek liquidity for certain distributed power assets, including equipment that is not assigned for use in specific projects under development;
- ☐ the Corporation's intention to have our Network Services segment build a portfolio of long-term contracts structured to provide recurring cash flows, to create a capital pool that invests in certain telecom-related assets, to seek funding commitments to this capital pool by third-party investors, and to generate management fee revenue in relation to managing this capital pool;
- ☐ the Corporation's intention to provide network connectivity to underserved communities through Galaxy and Community Network Partners;
- ☐ the estimated useful life and recoverability of carrying values in respect of intangible assets representing the fair value of service contracts assumed on the acquisitions of Galaxy, Go Direct Global and Lumbermens and in respect of PenEquity Inc.;
- ☐ the ability of Go Direct Global to achieve higher capacity utilization of its logistics facilities, to achieve revenue and earnings growth, and to potentially support investment in additional logistics facilities;
- ☐ the Corporation's business plans and strategy;
- ☐ the Corporation's future cash flow and shareholder value;
- ☐ the non-recurring nature of certain expenses;
- ☐ the future recoverability of accounts receivable;
- ☐ Crown's future entitlement to base management and performance fees;
- ☐ the future accounting policies of the Corporation;
- ☐ the Corporation's ability to secure government subsidies as a source of funding for certain Network Services projects; and
- ☐ the Corporation's ability to secure debt financing on terms acceptable to the Corporation (or obtaining debt financing), including any incremental credit that might be required to satisfy the repayment of the debentures upon their maturity.

Readers are cautioned that the foregoing list of forward-looking statements should not be construed as being exhaustive.

In making the forward-looking statements in this MD&A, the Corporation has made assumptions regarding general economic conditions, reliance on debt financing, interest rates, continued lack of regulation in the business of lending from sources other than commercial banks or equity transactions, continued operation of key systems, debt service,

future capital needs, retention of key employees, adequate management of conflicts of interests, continued performance of the Crown funds and solvency of financing clients, competition, limited loan prepayment, demand for Distributed Power solutions, demand for Network Services solutions, demand for warehousing, distribution services and freight management services, effective use of leverage, strength of existing client relationships, regulatory oversight and such other risks or factors described in this MD&A, the AIF and from time to time in public disclosure documents of Crown that are filed with securities regulatory authorities.

The forward-looking statements included in this MD&A are expressly qualified by this cautionary statement and are made as at the date of this MD&A. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. If the Corporation does update one or more forward-looking statements, it is not obligated to, and no inference should be drawn that it will, make additional updates with respect thereto or with respect to other forward-looking statements.

Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

MARKET AND INDUSTRY DATA

Certain market and industry data contained in this MD&A is based upon information from government or other third-party publications, reports and websites or based on estimates derived from such publications, reports and websites. Government and other third-party publications and reports do not guarantee the accuracy or completeness of their information. While management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process and other limitations and uncertainties inherent in any statistical survey. Crown has not independently verified any of the data from government or other third-party sources referred to in this MD&A or ascertained the underlying assumptions relied upon by such sources.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

All trademarks used in this MD&A are the property of their respective owners and may not appear with the ® symbol.

PART 7 – NON-IFRS MEASURES

We disclose a number of financial measures in this MD&A that are calculated and presented using methodologies other than in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). We utilize these measures in managing the business, including for performance measurement, capital allocation and valuation purposes and believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses. These financial measures should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS measures or other financial metrics may differ from the calculations disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS, where applicable, are included within this MD&A.

NON-IFRS MEASURES

Corporate Capitalization, and Capitalization at Our Share are not recognized measures under IFRS and are, therefore, defined below:

Corporate Capitalization is a non-IFRS measure and reflects our issued and outstanding Convertible Debentures and Common Shares and the amount of debt and other liabilities of the Corporation excluding non-controlling interests and amounts in relation to its subsidiaries. We use this measure to provide insight regarding the components of our corporate-level capitalization, which assists us in making financial risk management decisions at the Corporation. This will differ from our consolidated leverage to the extent that liabilities have been recognized in respect of our subsidiaries.

A reconciliation of consolidated liabilities and equity to Corporate Capitalization is provided below:

AS AT SEP. 30, 2023 AND DEC. 31, 2022 (THOUSANDS)	2023	2022
Total consolidated liabilities and equity.....	179,002	166,662
Less: Liabilities of subsidiaries		
Accounts payable and accrued liabilities.....	(20,415)	(14,080)
Lease obligations.....	(20,359)	(20,247)
Mortgages payable.....	(11,900)	(11,900)
Long-term debt.....	(2,427)	(2,984)
Non-controlling interests.....	(26,591)	(22,070)
Corporate Capitalization.....	97,310	95,381

Our Share of Capitalization is a non-IFRS measure and presents our share of debt and other obligations based on our ownership percentage of the related subsidiaries. We use this measure to provide insight into the extent to which our capital is leveraged in each investment, which is an important component of enhancing shareholder returns. This may differ from our consolidated leverage because of the varying levels of ownership that we have in consolidated investments that, in turn, have different degrees of leverage. We also use Our Share of Capitalization to make financial risk management decisions at the Corporation.

A reconciliation of consolidated liabilities and equity to Our Share of Capitalization is provided below:

AS AT SEP. 30, 2023 AND DEC. 31, 2022
(THOUSANDS)

	2023	2022
Total consolidated liabilities and equity.....	179,002	166,662
Less: non-controlling interests' share of liabilities		
Accounts payable and accrued liabilities.....	(212)	(37)
Distributions payable to non-controlling interests.....	-	-
Non-controlling interests.....	(26,591)	(22,070)
Total capitalization at our share.....	152,199	144,555

GLOSSARY OF TERMS

The below summarizes certain terms relating to our business that are made throughout the MD&A.

References

“Crown”, the “Corporation”, “we”, “us” or “our” refers to Crown Capital Partners Inc. and its consolidated subsidiaries. We refer to investors in the Corporation as “shareholders” and we refer to investors in our managed limited partnerships as “investors”.

Throughout the MD&A, the following operating companies, limited partnerships, portfolio companies and their respective subsidiaries will be referenced as follows:

- | | |
|--|---|
| ☐ “CCF III” – Crown Capital Fund III Management Inc. | ☐ “LESC” – Lionstooth Energy Services Corporation |
| ☐ “CCF IV Investment LP” – Crown Capital Fund IV Investment, LP | ☐ “Lumbermens” – Lumbermens Credit Group Ltd. |
| ☐ “CCFC” – Crown Capital Funding Corporation | ☐ “NCOF LP” – Norrep Credit Opportunities Fund, LP |
| ☐ “Community Network Partners” – Community Network Partners Inc. | ☐ “OneWeb” – Network Access Associates Ltd. |
| ☐ “CPCP” – Crown Private Credit Partners Inc. | ☐ “Onsite Power” – Onsite Power Partners Ltd. |
| ☐ “Crown Partners Fund” – Crown Capital Partner Funding, LP | ☐ “PBC” – PRC Barrie Corp. and Penady (North Barrie) Limited, collectively |
| ☐ “Crown Partners Fund GP” – Crown Capital LP Partner Funding Inc. | ☐ “PDLP” – PenEquity Development LP |
| ☐ “Crown Power Fund” – Crown Capital Power Limited Partnership | ☐ “PenEquity Realty” – PenEquity Realty Corporation |
| ☐ “Crown Power GP” – 10824356 Canada Inc. | ☐ “PSCC” – PRC Stoney Creek Corp. and Penady (Stoney Creek) Ltd., collectively |
| ☐ “Crown Private Credit Fund” – Crown Capital Private Credit Fund, LP | ☐ “Wilson Creek Energy” – Wilson Creek Energy Corporation |
| ☐ “Galaxy” – Galaxy Broadband Communications, Inc. | ☐ “WireIE” – WireIE Holdings International Inc. |
| ☐ “Go Direct America” – Go Direct America Inc. | ☐ “WireIE Canada” – WireIE (Canada) Inc. |
| ☐ “Go Direct Global” – Go Direct Global Inc. | ☐ “YorkNet” – YTN Telecom Network Inc. |
| ☐ “Go Direct SCS” – Go Direct Supply Chain Solutions Inc. | |