



Condensed Consolidated Interim Financial Statements

**CANLAN ICE SPORTS CORP.**

For the period ended September 30, 2022

(Unaudited)

***Notice of no auditor review of condensed consolidated interim financial statements***

*The accompanying condensed consolidated interim financial statements of the Company, as at and for the period ended September 30, 2022 have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by the entity's auditor.*

# CANLAN ICE SPORTS CORP.

Condensed Consolidated Statements of Financial Position  
(Expressed in thousands)

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
<b>Assets</b>		
Current assets:		
Cash	\$ 15,933	\$ 12,530
Accounts receivable	1,859	2,298
Inventory	528	490
Prepaid and other expenses	1,824	788
Interest rate swap (note 11a)	513	-
	<u>20,657</u>	<u>16,106</u>
Non-current assets:		
Property, plant and equipment – facilities (note 4)	96,835	97,432
Deferred tax assets (note 10)	1,390	1,911
Investment	350	350
Other assets	622	813
	<u>99,197</u>	<u>100,506</u>
	<u>\$ 119,854</u>	<u>\$ 116,612</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,621	\$ 8,152
Deferred revenue and customer deposits	13,342	12,029
Interest rate swap (note 11a)	-	28
Current portion of:		
Lease liabilities (note 5)	6,176	1,251
Debt (note 6)	4,493	4,436
	<u>32,632</u>	<u>25,896</u>
Non-current liabilities:		
Lease liabilities (note 5)	5,029	9,970
Debt (note 6)	36,215	39,360
Deferred tax liabilities (note 10)	1,083	970
	<u>42,327</u>	<u>50,300</u>
Total liabilities	74,959	76,196
Shareholders' equity:		
Share capital (note 7)	63,109	63,109
Contributed surplus	543	543
Foreign currency translation reserve	3,998	1,757
Deficit	(22,755)	(24,993)
	<u>44,895</u>	<u>40,416</u>
	<u>\$ 119,854</u>	<u>\$ 116,612</u>

Nature of operations (note 1)

Commitments and contingencies (notes 4 and 9)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Approved on behalf of the Board:

/s/ Victor D'Souza  
Director

/s/ Joey St-Aubin  
Director

# CANLAN ICE SPORTS CORP.

Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)  
(Unaudited)

(Expressed in thousands, except for share and per share amounts)

	Three months ended September 30, 2022		Nine months ended September 30, 2021	
	2022	2021	2022	2021
<b>Revenue:</b>				
Ice rink and recreational facilities (note 14)	\$ 15,564	\$ 12,629	\$ 51,585	\$ 21,289
Other income - government subsidy	-	1,707	-	6,408
<b>Expenses (note 16):</b>				
Ice rink and recreational facilities				
Salaries, wages and benefits	7,027	5,614	21,244	11,837
Selling and customer service	2,424	1,479	6,457	3,433
Utilities	1,457	1,296	4,063	3,015
Cost of goods sold	644	256	2,410	277
Repairs and maintenance	2,480	652	4,320	1,610
Property tax	747	710	2,132	2,213
	14,779	10,007	40,626	22,385
Earnings from ice rink and recreational facilities before the undernoted	785	4,329	10,959	5,312
General and administration expenses (notes 8 and 16)	1,644	1,253	5,015	3,966
Earnings (loss) before the undernoted	(859)	3,076	5,944	1,346
<b>Other income (expenses) (note 16):</b>				
Depreciation	(2,479)	(1,980)	(6,432)	(5,838)
Gain (loss) on sale of assets	(27)	1,455	79	1,500
Gain on early lease termination (note 5)	4,530	-	4,530	-
Foreign exchange gain	12	3	13	21
	2,036	(522)	(1,810)	(4,317)
<b>Finance income (expenses):</b>				
Finance income	45	6	84	14
Finance expense	(674)	(739)	(1,887)	(2,001)
Gain on interest rate swap (note 11a)	34	67	541	310
	(595)	(666)	(1,262)	(1,677)
Earnings (loss) before income taxes	582	1,888	2,872	(4,648)
Deferred tax expense (recovery) (note 10)	218	843	634	(956)
Net earnings (loss)	364	1,045	2,238	(3,692)
<b>Other comprehensive income (loss):</b>				
<i>Items that may be reclassified subsequently to net earnings:</i>				
Foreign currency translation differences	1,777	735	2,241	(77)
Total comprehensive income (loss)	2,141	1,780	4,479	(3,769)
Basic and fully diluted earnings (loss) per share	\$ 0.03	\$ 0.08	\$ 0.17	\$ (0.28)
<b>Weighted average common shares issued for basic and diluted earnings per share calculations</b>				
	13,337,448	13,337,448	13,337,448	13,337,448

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# CANLAN ICE SPORTS CORP.

Condensed Consolidated Statements of Changes in Equity  
(Unaudited)

(Expressed in thousands)

	Share capital	Contributed surplus	Foreign currency translation reserve	Deficit	Total
Balance at December 31, 2020	\$ 63,109	\$ 543	\$ 1,957	\$ (23,901)	\$ 41,708
Loss for the period	-	-	-	(3,692)	(3,692)
Other comprehensive loss	-	-	(77)	-	(77)
Balance at September 30, 2021	\$ 63,109	\$ 543	\$ 1,880	\$ (27,593)	\$ 37,939
Net earnings	-	-	-	2,600	2,600
Other comprehensive loss	-	-	(123)	-	(123)
Balance at December 31, 2021	\$ 63,109	\$ 543	\$ 1,757	\$ (24,993)	\$ 40,416
Net earnings	-	-	-	2,238	2,238
Other comprehensive income	-	-	2,241	-	2,241
Balance at September 30, 2022	\$ 63,109	\$ 543	\$ 3,998	\$ (22,755)	\$ 44,895

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# CANLAN ICE SPORTS CORP.

Condensed Consolidated Statements of Cash Flows  
(Unaudited)

(Expressed in thousands)

For the nine months ended September 30

	2022	2021
Cash provided by (used in):		
Operations:		
Net earnings (loss) for the period	\$ 2,238	\$ (3,692)
Adjustments for:		
Depreciation	6,432	5,838
Gain on sale of assets	(79)	(1,500)
Gain on early lease termination	(4,530)	-
Net finance expense	1,262	1,677
Deferred income taxes	634	(956)
Foreign exchange gain	(186)	(80)
Net change in non-cash working capital (note 15)	824	5,361
Interest paid	(1,794)	(1,906)
Interest received	84	14
	4,885	4,756
Financing:		
Principal repayments of debt	(3,181)	(3,087)
Increase in principal of debt	-	2,000
Principal repayments on obligations under lease liabilities	(902)	(935)
Net proceeds on early lease termination (note 5)	4,448	-
Principal reduction on obligations under lease liabilities	306	-
	671	(2,022)
Investing:		
Net proceeds on sale of assets	270	7,224
Expenditures on ice rink and recreational facilities	(2,717)	(225)
Expenditures on other assets	(29)	(41)
	(2,476)	6,958
Effect of changes in foreign currency rates on cash	323	3
Increase in cash	3,403	9,695
Cash beginning of year	12,530	7,480
Cash end of period	\$ 15,933	\$ 17,175

Supplemental cash flow information (note 15)

The accompanying notes form an integral parts of these condensed consolidated interim financial statements.

# CANLAN ICE SPORTS CORP.

Notes to Condensed Consolidated Interim Financial Statements  
Nine months ended September 30, 2022 and 2021

(Tabular amounts expressed in thousands, except share and per share amounts)

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## 1. Nature of operations:

Canlan Ice Sports Corp. and its subsidiaries (collectively referred to as the "Company") focus on the development, lease, acquisition and operation of multi-purpose recreation and entertainment facilities in North America. Canlan Ice Sports Corp. is a company incorporated in Canada, whose shares are publicly traded on the Toronto Stock Exchange. The Company's head office is located at 6501 Sprott Street, Burnaby, British Columbia, Canada.

### *Effects of COVID-19 Pandemic*

Since March 2020 when the COVID-19 outbreak was declared a pandemic, the Company's business operations have been impacted by business interruptions. Most recently, public health orders required the Company to suspend Ontario facility operations in January 2022. With the exception of this region during this time period, all facilities were able to operate at normal capacities during the nine months ended September 30, 2022. As at the date of issuance of these condensed consolidated financial statements, all of the Company's facilities are in full operation and the Company's liquidity position has returned to pre-pandemic levels; however, given the continued dynamics surrounding COVID-19, and the extent of its impact on future business activity and on future economic, social or public health concerns cannot be determined at this time.

## 2. Basis of preparation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting. Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed.

The consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2022.

### (b) Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis with the exception of derivative financial instruments, which are measured at fair value.

### (c) Basis of presentation:

The notes presented in these interim financial statements include only transactions that have occurred since the last fiscal year end.

### (d) Functional and presentation currency:

The Company's presentation currency is the Canadian dollar. The functional currency of the Company's Canadian entities is the Canadian dollar and for the United States (U.S.) subsidiaries is the U.S. dollar. Accordingly, the financial statements of the Company's U.S. subsidiaries have been translated into Canadian dollars as follows:

- i) Asset and liability amounts are translated at the exchange rate at the end of each reporting period;

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Notes to Condensed Consolidated Interim Financial Statements  
Nine months ended September 30, 2022 and 2021

(Tabular amounts expressed in thousands, except share and per share amounts)

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- ii) Amounts included in the determination of earnings are translated at the respective monthly average exchange rates; and
- iii) Any gains or losses from the translation of amounts determined in (i) and (ii) above are recognized in other comprehensive income and accumulated in the foreign currency translation reserve, which is a separate component of shareholders' equity.

Transactions in currencies other than the Company's functional currency, and not related to the Company's U.S. subsidiaries, are translated at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the retranslation are recognized in net earnings.

- (e) Significant judgments, estimates and assumptions:

The preparation of the consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses, and the disclosure of contingent liabilities. Key sources of uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

In the process of applying the Company's accounting policies, management has made judgments, estimates and assumptions. Significant judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are the same as those described in the December 31, 2021 consolidated financial statements.

### 3. Significant accounting policies:

These condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the December 31, 2021 consolidated financial statements.

# CANLAN ICE SPORTS CORP.

Notes to Condensed Consolidated Interim Financial Statements  
 Nine months ended September 30, 2022 and 2021

(Tabular amounts expressed in thousands, except share and per share amounts)

## 4. Property, plant and equipment - facilities:

September 30, 2022	Cost	Accumulated amortization	Net book value
Land	\$ 16,659	\$ -	\$ 16,659
Buildings and building improvements	121,717	63,795	57,922
Leasehold improvements	577	473	104
Rink board systems	4,642	3,241	1,401
Refrigeration equipment	22,479	11,517	10,962
Machinery and equipment	19,374	13,395	5,979
Computers, furniture and fixtures	12,158	10,324	1,834
Ice resurfacing equipment	6,603	4,901	1,702
Work in progress	272	-	272
	<b>\$ 204,481</b>	<b>\$ 107,646</b>	<b>\$ 96,835</b>

December 31, 2021	Cost	Accumulated amortization	Net book value
Land	\$ 16,329	\$ -	\$ 16,329
Buildings and building improvements	120,192	61,434	58,758
Leasehold improvements	2,491	1,829	662
Rink board systems	4,800	3,173	1,627
Refrigeration equipment	22,177	10,825	11,352
Machinery and equipment	18,677	12,630	6,047
Computers, furniture and fixtures	11,402	9,966	1,436
Ice resurfacing equipment	6,542	5,348	1,194
Work in process	27	-	27
	<b>\$ 202,637</b>	<b>\$ 105,205</b>	<b>\$ 97,432</b>

On April 30, 2021, the Company entered into an agreement to lease a sports complex facility in Libertyville, Illinois commencing on July 1, 2021. The two-year lease agreement contains an option to purchase the facility (option is at the Company's discretion) that will expire on June 30, 2023. Management estimates that it is more likely than not that this option will be exercised prior to expiry. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, plus a purchase option price and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Company recognized a right-of-use asset and right-of-use liability of \$4,938,000 at the lease commencement date (note 5).

Property, plant and equipment comprise owned and leased assets as follows:

	September 30, 2022	December 31, 2021
Property, plant and equipment owned	\$ 86,707	\$ 86,946
Right-of-use property, plant and equipment leased (note 5a)	10,128	10,486
	<b>\$ 96,835</b>	<b>\$ 97,432</b>

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## 5. Right-of-use assets:

- (a) The Company has the following right-of-use assets which are included in property, plant and equipment on the balance sheet (note 4):

	Equipment	Building and building improvements	Total
December 31, 2021	\$ 2,263	\$ 8,223	\$ 10,486
Additions	886	-	886
Depreciation	(336)	(562)	(898)
Disposal	-	(223)	(223)
Purchase options exercised	(500)	-	(500)
Foreign exchange	-	377	377
September 30, 2022	\$ 2,313	\$ 7,815	\$ 10,128

	Equipment	Building and building improvements	Total
December 31, 2020	\$ 2,658	\$ 3,961	\$ 6,619
Additions	566	4,936	5,502
Depreciation	(323)	(458)	(781)
Purchase options exercised	(532)	-	(532)
September 30, 2021	\$ 2,369	\$ 8,439	\$ 10,808

- (b) Right-of-use assets are financed with the following leases payable:

	September 30, 2022	December 31, 2021
Maturity analysis – contractual undiscounted cash flows		
Less than one year	\$ 6,315	\$ 1,745
One to five years	2,822	8,007
More than five years	5,511	5,308
Total undiscounted lease liabilities	\$ 14,648	\$ 15,060
Lease liabilities included in the statements of financial position:		
Current	\$ 6,176	\$ 1,251
Non-current	5,029	9,970
	\$ 11,205	\$ 11,221

During the period ended September 30, 2022, interest expense related to lease liabilities was \$373,000 (2021 - \$339,000). Total lease expense related to leases of low-value items, including office equipment, was \$84,000 during the period ended September 30, 2022 (2021 - \$88,000).

Effective August 31, 2022, the Company agreed to early-terminate a lease of a sports complex for consideration of \$4,450,000. On September 1, 2022, the carrying amount of the right-of-use assets and

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liability were reduced to zero and a gain of \$4,530,000 was recognized in other income in the statement of earnings (loss).

## 6. Debt:

	Maturity dates	Interest rates		September 30, 2022	December 31, 2021
Fixed rate	2024	3.52%	(i) \$	25,438	\$ 27,235
Variable rate	2024	Prime + 0.50%	(ii)	7,406	6,343
	2024	Prime + 0.50%	(iii)	1,956	2,065
	2024	Prime + 1.00%	(iii)	-	1,947
	2024	BA + 2.10%	(iii)	702	738
	2027	CDOR + 2.10%	(iv)	5,286	5,641
				40,788	43,969
Deferred financing costs				(80)	(173)
				40,708	43,796
Current portion				4,493	4,436
Non-current portion				\$ 36,215	\$ 39,360

As at September 30, 2022, debt consists of five credit facilities, four of which have been drawn, as follows:

- (i) \$38,500,000 loan amortized over 15 years, maturing on May 25, 2024, interest at BA rate plus 2.10% per annum payable monthly. The Company entered into an interest rate swap contract (note 11a), maturing on May 25, 2023, to fix the interest rate at 3.52% per annum payable monthly. At September 30, 2022, the balance outstanding was \$25,438,000;
- (ii) \$20,000,000 loan (with \$10,000,000 of this amount revolving) amortized over 15 years, maturing on May 25, 2024, interest at Prime rate plus 0.50% per annum payable monthly. At September 30, 2022, the balance outstanding was \$7,406,000;
- (iii) \$20,000,000 revolving capital expenditure loan amortized over 15 years, maturing on May 25, 2024. At September 30, 2022, the balance outstanding was \$2,658,000. Of this amount, \$702,000 accrues interest at BA rate plus 2.10% per annum payable monthly, and \$1,956,000 accrues interest at Prime rate plus 0.50% per annum payable monthly;
- (iv) \$5,325,000 loan amortized over 15 years, maturing on September 30, 2027, interest at CDOR plus 2.1% per annum payable monthly. At September 30, 2022, the balance outstanding was \$5,286,000; and
- (v) \$745,000 demand revolving operating loan, interest at Prime rate plus 0.50% per annum. No amounts have been drawn on this loan to date.

Credit facilities are secured by first mortgages, demand debentures, general security agreements, general assignments of book debts, assignments of rents and insurance, and specific pledging of title to, and interest in the respective land and buildings.

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Amortization of deferred financing costs related to these facilities totaling \$93,000 (2021 - \$95,000) was recorded in finance costs.

The Company is required to comply with covenant criteria established by its lenders. These include tangible net worth and debt coverage ratio measurements. As at September 30, 2022, the Company was in compliance with these covenants.

## 7. Share capital:

The common shares of the Company are listed on the Toronto Stock Exchange.

	Number of Shares	Amount
(a) Authorized: 500,000,000 common shares of no par value		
(b) Issued and outstanding: September 30, 2022 and December 31, 2021	13,337,448	\$ 63,109

## 8. General and administration expenses:

General and administration expenses consist of the following:

	Nine months ended September 30,	
	2022	2021
Salaries, wages and benefits	\$ 3,871	\$ 3,185
Professional and regulatory fees	420	359
Office	437	365
Travel	171	3
Other	116	54
	\$ 5,015	\$ 3,966

## 9. Commitments and contingencies:

(a) Due to the nature of the sports and recreation business, various physical injury lawsuits involving the Company are pending. The financial impact of these lawsuits is not determinable, but management believes, based on legal counsels' opinions, that the outcome will not materially affect the Company's financial position.

(b) At September 30, 2022, the Company has letters of guarantee outstanding with various vendors in the amount of \$5,000 (2021 - \$5,000).

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Notes to Condensed Consolidated Interim Financial Statements  
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(Tabular amounts expressed in thousands, except share and per share amounts)

## 10. Income taxes:

The tax effects of timing differences that give rise to deferred tax assets and liabilities are presented below:

	September 30, 2022	December 31, 2021
Deferred income tax assets:		
Unused tax losses	\$ 133	\$ 1,065
Properties	1,139	671
Other	118	175
	1,390	1,911
Deferred income tax liability:		
Properties	(936)	(934)
Financing fees and Other	(147)	(36)
	(1,083)	(970)
Net deferred income tax assets	\$ 307	\$ 941

## 11. Financial instruments:

### (a) Fair value:

The Company has the following financial instruments:

	Accounting classification	Fair value level
Financial assets not measured at fair value:		
Cash (i)	Amortized cost	1
Accounts receivable (i)	Amortized cost	2
Financial assets measured at fair value:		
Investment (iv)	FVOCI	3
Financial assets/liabilities measured at fair value:		
Interest rate swap (iii)	Financial assets/liabilities at FVTPL	2
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities (i)	Amortized cost	2
Lease liabilities (ii)	Amortized cost	2
Debt	Amortized cost	2

(i) The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities are considered by management to approximate their fair values due to their short-term nature.

(ii) The carrying values of lease liabilities are considered by management to approximate their fair values due to the lease rate at reporting date being consistent with the lease rate at inception date.

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(iii) In June 2016, the Company entered into an interest rate swap agreement (seven-year term) to fix the interest rate on a portion of its debt (note 6). The fair value of this derivative instrument has been presented as interest rate swap on the statement of financial position. Changes in fair value of the instrument are recognized in net earnings for the period. For the nine months ended September 30, 2022, a gain of \$541,000 (2021 – \$310,000) was recognized.

(iv) The carrying value of the investment is considered by management to approximate its fair value as the entity in which the Company has invested is a start-up entity.

(b) Financial risk management:

(i) Interest rate risk:

The terms of the Company's outstanding debt are described in note 6. As certain of the Company's debt instruments bear interest at floating rates and are not economically hedged by interest rate swaps, fluctuations in these rates will impact the cost of financing incurred in future periods. A change in the base market rates upon which these loans accrue interest by 1% will increase or decrease interest expense by approximately \$154,000 (December 31, 2021 - \$167,000) per annum.

(ii) Liquidity risk:

Liquidity risk is the risk from the Company's potential inability to meet its financial obligations. To mitigate this risk, the Company constantly monitors its cash flows and operations to ensure current and long-term obligations can be met. The Company's capital resources are comprised of cash, cash flow from operating activities, and a long-term debt arrangement that includes revolving credit lines that can be utilized for working capital and capital expenditures (note 6). Cash is comprised of cash balances and deposits with financial institutions. Due to the seasonality of the business, the Company finances a portion of its assets through customer deposits received in advance of the services being provided.

At September 30, 2022, the Company has a working capital deficiency of \$11,975,000 (December 31, 2021 – \$9,790,000). Excluding the effect of the purchase option attached to the right-of-use lease liability (note 4), the Company's working capital deficiency was \$6,822,000 at September 30, 2022.

(iii) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. Effective collection management procedures and monitoring of credit risk of amounts receivable are core control procedures of the Company. Appropriate provisions, if required, are recorded for impaired accounts. Historically, the Company has not experienced significant losses related to trade accounts receivable from individual customers. The Company does not face any material concentrations of credit risk. The Company's credit risk on cash is limited as it maintains its holdings with large highly rated financial institutions.

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(Tabular amounts expressed in thousands, except share and per share amounts)

(iv) Currency risk:

The Company is exposed to currency risk on sales, purchases, and amounts receivable that are denominated in a currency other than the respective functional currency of the Company, the Canadian dollar. The currency in which these transactions primarily are denominated is the U.S. dollar. The Company is exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Company has not entered into forward contracts to mitigate this risk; however, cash generated from U.S. business activities is used to service working capital needs of U.S. operations.

## 12. Capital risk management:

The Company defines capital that it manages as the sum of cash, long-term borrowings, and shareholders' equity.

The Company's objectives when managing its capital are:

- (a) To safeguard the Company's ability to continue as a going concern so that it can provide services to its customers and continue to reduce debt;
- (b) To comply with debt covenants;
- (c) To maintain a financial position suitable for supporting the Company's growth strategies and provide an adequate return to shareholders; and
- (d) To return excess cash to shareholders through payment of dividends.

The Company executes a planning and budgeting process to determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. The Company ensures there are sufficient credit facilities to meet its current and future business requirements, taking into account its anticipated cash flows from operations and its cash balance on-hand. In addition, the Company has a capital expenditure facility available of \$17,342,000 as at September 30, 2022 (note 6(iii)). The Company is required to comply with covenant criteria established by its lenders (see note 6). These include tangible net worth and debt coverage ratio measurements. As at September 30, 2022, the Company was in compliance with these covenants.

## 13. Related party transactions:

- (a) During the nine months ended September 30, 2022, the Company expensed \$219,000 (2021 - \$141,000) in directors' fees.
- (b) The Company's key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including Directors and executive officers of the Company. Key management personnel compensation comprised the following:

	Nine months ended September 30,	
	2022	2021
Short-term employee benefits	\$ 1,559	\$ 1,445
Post employment benefits	86	35
	<u>\$ 1,645</u>	<u>\$ 1,480</u>

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(Tabular amounts expressed in thousands, except share and per share amounts)

## 14. Segmented information:

The Company's operations consist of full service ice rink and recreational facilities which constitute a single operating segment.

(a) Ice rink and recreational facilities revenue:

	Nine months ended September 30,	
	2022	2021
Ice and field sales	\$ 42,859	\$ 19,319
Food and beverage	5,583	316
Sports store	556	172
Sponsorship	697	286
Space rental	1,364	930
Management and consulting fees	201	201
Other	325	65
	\$ 51,585	\$ 21,289

There is no single customer who accounts for 10% or more of the Company's revenue.

(b) Geographic

	Nine months ended September 30, 2022			2021		
	Canada	USA	Total	Canada	USA	Total
Revenue	\$ 43,388	\$ 8,197	\$ 51,585	\$ 16,508	\$ 4,781	\$ 21,289

	September 30, 2022			December 31, 2021		
	Canada	USA	Total	Canada	USA	Total
Non-current assets	\$ 66,879	\$ 32,318	\$ 99,197	\$ 70,438	\$ 30,068	\$ 100,506
Total assets	\$ 82,556	\$ 37,298	\$ 119,854	\$ 82,126	\$ 34,486	\$ 116,612

# CANLAN ICE SPORTS CORP.

Notes to Condensed Consolidated Interim Financial Statements  
 Nine months ended September 30, 2022 and 2021

(Tabular amounts expressed in thousands, except share and per share amounts)

## 15. Supplemental cash flow information:

	Nine months ended September 30,			
	2022		2021	
(a) Net changes in non-cash working capital:				
Accounts receivable	\$	439	\$	1,339
Inventory		(38)		53
Prepaid and other expenses		(1,036)		(522)
Accounts payable and accrued liabilities		469		(297)
Deferred revenue and customer deposits		1,313		4,791
Effect of change in foreign currency		(323)		(3)
	\$	824	\$	5,361
(b) Non-cash transactions:				
Lease obligations	\$	886	\$	5,502

  

	December 31, 2021	Cash flow changes	Non-cash changes	September 30, 2022
Debt (note 6)	\$ 43,796	\$ (3,181)	\$ 93	\$ 40,708
Lease liabilities	11,221	(16)	-	11,205
	\$ 55,017	\$ (3,197)	\$ 93	\$ 51,913

## 16. Expenses by function:

The Company's consolidated statement of earnings and comprehensive income presents expenses on a mixed basis. IFRS requires a Company to present expenses according to its nature or function. The following information has been provided to disclose the Company's expenses by function:

	Nine months ended September 30,	
	2022	2021
Ice rink and recreational facilities expense	\$ 46,838	\$ 28,007
General and administrative expenses	5,235	4,182
Other income	(4,622)	(1,521)

The changes in the above table, as compared to the consolidated statement of earnings and comprehensive income, relate to depreciation of \$6,432,000 (2021 - \$5,838,000) being allocated from other expenses to ice rink and recreational facilities in the amount of \$6,212,000 (2021 - \$5,622,000), and to general and administrative expenses in the amount of \$220,000 (2021 - \$216,000).