

Canlan Reports a 23% Increase in Q3 Operating Revenue, Resumes and Increases Dividend

Burnaby, British Columbia--(Newsfile Corp. - November 11, 2022) - Canlan Ice Sports Corp. (TSX: ICE) (the "Corporation") today reported its financial results for the third quarter ended September 30, 2022.

Overview - Quarter Ended September 30, 2022

- Total operating revenue of \$15.6 million increased by \$2.9 million or 23% compared a year ago;
- Q3 same-facility surface revenue reached approximately 90% of pre-pandemic (Q3 2019) levels;
- Total operating loss was \$0.9 million compared to operating earnings of \$1.4 million in 2021; however, the prior year had the advantage of \$6.4 million of government subsidies. In 2022, operating expenses also increased as facilities completed a number of maintenance projects that had been deferred from the prior year, most notably, large roof remediation projects that totaled \$1.3 million plus \$0.4 million of building renovation upgrades at specific locations;
- Team registrations of the fall/winter Adult Safe Hockey League season returned to 98% of pre-pandemic levels;
- Given the return to full operations and the Company's relatively strong liquidity position, Canlan's Board of Directors has approved the resumption of the Corporation's quarterly dividend distribution and has set the quarterly dividend amount at \$0.03 a share, up from \$0.0275 a share;
- Canlan received cash consideration of \$4.5 million in September 2022 to surrender its lessee position of a sports complex lease prior to the maturity date of the lease agreement; and
- The Company continued to make important progress in reducing its carbon foot-print while also improving facility indoor air quality by investing in new electric ice re-surfacers, roof replacement initiatives, and enhanced refrigeration automation systems.

Three Months and Nine Months Ended September 30, 2022 Results

<i>(in thousands)</i>	For the 3 months ended September 30		For the 9 months ended September 30	
	2022	2021	2022	2021
Ice rink & recreational facilities revenue	\$ 15,564	\$ 12,629	\$ 51,585	\$ 21,289
Other income - government subsidy	-	1,707	-	6,408
Operating expense	(14,779)	(10,007)	(40,626)	(22,385)
	785	4,329	10,959	5,312
G&A expense	(1,644)	(1,253)	(5,015)	(3,966)
Operating earnings (loss) ¹	(\$859)	\$ 3,076	\$ 5,944	\$ 1,346
Operating earnings (loss) per share	(\$0.06)	\$ 0.23	\$ 0.45	\$ 0.10
Depreciation	(2,479)	(1,980)	(6,432)	(5,838)
Interest	(629)	(733)	(1,803)	(1,987)
Mark-to-market gain on held for trading financial liabilities	34	67	541	310
Gain on foreign exchange	12	3	13	21
Gain (loss) on sale of assets	(27)	1,455	79	1,500
Gain on early lease termination	4,530	-	4,530	-
Income tax recovery (expense)	(218)	(843)	(634)	956
Net earnings (loss)	\$ 364	\$ 1,045	\$ 2,238	(\$3,692)
Net earnings (loss) per share	\$ 0.03	\$ 0.08	\$ 0.17	(\$0.28)
Key Balance Sheet Figures (in thousands):				
	September 30, 2022		December 31, 2021	
Assets				
Cash	\$	15,933	\$	12,530
Property plant and equipment		96,835		97,432
Investment		350		350
Other assets		6,736		6,300

Total assets	\$	119,854	\$	116,612
Liabilities and Equity				
Debt	\$	40,708	\$	43,796
Lease liabilities		11,205		11,221
Accounts payable and accrued liabilities		8,621		8,152
Deferred revenue		13,342		12,029
Other liabilities		1,083		998
Total liabilities		74,959		76,196
Share capital and contributed surplus		63,652		63,652
Foreign currency translation reserve		3,998		1,757
Deficit		(22,755)		(24,993)
Total shareholders' equity		44,895		40,416
Total liabilities and equity	\$	119,854	\$	116,612

¹ Operating earnings (loss) is defined as earnings (loss) after general and administrative expenses and before interest, depreciation, foreign currency exchange, gain (loss) on assets sold and income tax. However, operating earnings is not a term that has specific meaning in accordance with IFRS, and may be calculated differently by other companies. Canlan reconciles operating earnings to its net earnings.

Third Quarter Results

(three months ended September 30, 2022 compared with three months ended September 30, 2021)

- Total operating revenue of \$15.6 million increased by \$2.9 million or 23% compared to 2021 as operations returned to 100% capacity in 2022;
- Total operating expenses of \$14.8 million increased by \$4.8 million or 47.7% due to the return to full operations in 2022 and the completion of significant maintenance projects, some of which were deferred from the previous two years (including roof remediation);
- Total G&A expenses of \$1.6 million increased by \$0.4 million or 31.2% mainly due to the centralization of our product and customer support team members;
- Loss from operations was \$0.9 million compared to operating earnings of \$3.1 million in Q3 2021. Included in prior year's operations earnings was \$1.7 million of income from government subsidies;
- During the quarter, a gain on early lease termination of \$4.5 million was recognized as Canlan received cash consideration of \$4.5 million to surrender its lessee position of a sports-complex-lease prior to the maturity date and extension-option of the lease agreement; and
- After recording \$3.3 million related to depreciation, finance costs, income tax expense and other miscellaneous items, net earnings for the period was \$0.4 million or \$0.03 a share compared to \$1.0 million or \$0.08 a share in 2021.

Nine Months Ended September 30, 2022 Results

(nine months ended September 30, 2022 compared with nine months ended September 30, 2021)

- Total revenue was \$51.6 million compared to \$27.7 million in 2021 as operations were at full capacity starting February 2022 compared to 2021, when facility closures were still in effect until the latter weeks of Q2;
- Adult-Safe Hockey League (ASHL) revenue for the first nine months of 2022 reached approximately 93% of 2019 levels (pre-pandemic year) on a same-facility basis, demonstrating the continued strength of the Company's adult hockey league offering;
- Total operating expenses of \$40.6 million increased by \$18.2 million due to the full resumption of operations in 2022 and the completion of key maintenance projects to enhance facility dressing rooms, weather-proof building envelopes and maintain equipment in accordance with our repair and maintenance schedules;

- G&A expenses of \$5.0 million increased by \$1.0 million or 26.4% mainly due to the centralization of our product and customer support team members and resumption of normal office activities of corporate staff and board members (e.g. collaboration meetings, travel, training, recognition, etc);
- Operating earnings before interest, depreciation and taxes was \$5.9 million compared to \$1.3 million in 2021; and
- After recording a gain on early lease termination of \$4.5 million plus expenses of \$8.2 million related to depreciation, finance costs, income tax, and miscellaneous items, net earnings for the period was \$2.2 million or \$0.17 a share, compared to a net loss of \$3.7 million or \$0.28 a share a year ago.

"After the first three quarters of 2022, we've finally completed a full spring/summer season without interruptions for the first time in three years," said Joey St-Aubin, Canlan's CEO. "While the return of player participation in our youth hockey leagues and instructional programs have been more gradual, revenue from surface rentals, our ASHL, and our in-house tournaments has surged back to levels comparable to 2019. I'd like to congratulate the entire team in all locations for this achievement and I also want to thank our customers for their continued patronage. We're also starting to gain traction in our food and beverage operations as our recruitment programs, which have experienced significant challenges, have started to gain success in providing facilities with the critical labour required to service food and beverage operations at all of our locations."

"During Q3, a significant number of projects were completed in various sports complexes to enhance dressing rooms and playing surfaces, continue our roof remediation program to proactively protect against adverse weather conditions, and continue to drive initiatives to further our efforts to reduce carbon emissions and improve the air quality inside our sports complexes," added Canlan's CFO, Ivan Wu. "In addition, with our ability to return operations back to volumes comparable to pre-pandemic levels and our relatively strong balance sheet, Canlan's board of directors is excited to not only reinstate, but also increase the Company's quarterly dividend distribution. The new quarterly dividend rate has been set at \$0.03 per share, which represents a 9% increase compared to pre-pandemic distributions. Canlan's board and management greatly appreciate the support and patience of our shareholders during the past 30 months."

Dividend Policy

When the COVID-19 pandemic began, measures were implemented by management to preserve cash balances. Given this, combined with the austerity that was asked of our employees, directors, our customers, our suppliers and our financial partners, Canlan's Board of Directors suspended the payment of dividends on March 24, 2020. Given the return of full operations and the Company's relatively strong liquidity position, Canlan's Board of Directors has approved the resumption of the Corporation's quarterly dividend distribution. As such, the Board declares eligible dividends totaling \$0.03 per common share that will next be paid on January 16, 2023 to shareholders of record at the close of business December 29, 2022. Canlan's Board of Directors reviews the Corporation's dividend policy on a quarterly basis.

Filings

Canlan's financial statements and Management's Discussion & Analysis for the period ended September 30, 2022 will be available via SEDAR on or before November 14, 2022 and through the Company's website, www.canlansports.com.

About Canlan

Canlan Ice Sports Corp. is the North American leader in the development, operations and ownership of multi-purpose recreation and entertainment facilities. We are amongst the largest private sector owners and operators of recreation facilities in North America and currently own, lease and/or manage 17

facilities in Canada and the United States with 49 ice surfaces, as well as five indoor soccer fields, and 20 sport, volleyball, and basketball courts. To learn more about Canlan please visit www.canlansports.com.

Canlan Ice Sports Corp. is listed on the Toronto Stock Exchange under the symbol "ICE."

Caution concerning forward-looking statements

Certain statements in this News Release may constitute "forward looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this News Release, such statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this News Release. These forward looking statements involve a number of risks and uncertainties. Some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward looking statements are the effects of, as well as changes in: international, national and local business and economic conditions; political or economic instability in the Corporation's markets; competition; legislation and governmental regulation; and accounting policies and practices. The foregoing list of factors is not exhaustive.

For more information:

Canlan Ice Sports Corp.
Ivan Wu
CFO
604 736 9152



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