

Canlan Reports 11% Revenue Increase for Q3 2023 and Continues Quarterly Dividend

Burnaby, British Columbia--(Newsfile Corp. - November 10, 2023) - Canlan Ice Sports Corp. (TSX: ICE) (the "Corporation") today reported its financial results for the third quarter ended September 30, 2023.

Overview of Q3 2023

- Total operating revenue of \$17.2 million increased by \$1.7 million or 10.8% compared to same quarter last year;
- Food and beverage revenue was up 48.3% compared to Q3 2022 resulting from increased tournament, third-party contract users and programs traffic;
- Excluding extraordinary items related to accounting gains on lease termination, swap contract valuations, and special roof remediation costs, net loss for the quarter was \$1.3 million compared to a loss of \$2.4 million in 2022; and
- The Company continued its roof remediation program with renewal projects at the Scarborough and Etobicoke ice rink facilities. During the quarter, approximately \$3.2 million was incurred on roof remediation compared to \$1.3 million in 2022. These projects are expected to complete by December 2023 and the renewal should provide long-term moisture protection and energy efficiencies for both facilities.

Three Months and Nine Months Ended September 30, 2023 Results

<i>(in thousands)</i>	For the 3 months ended September 30		For the 9 months ended September 30	
	2023	2022	2023	2022
Ice rink & recreational facilities revenue	\$ 17,246	\$ 15,564	\$ 61,534	\$ 51,585
Operating expense	(18,330)	(14,779)	(48,853)	(40,626)
	(1,084)	785	12,681	10,959
G&A expense	(2,197)	(1,644)	(6,283)	(5,015)
Operating earnings (loss) ¹	(\$3,281)	(\$859)	\$ 6,398	\$ 5,944
Operating earnings (loss) per share	(\$0.25)	(\$0.06)	\$ 0.48	\$ 0.45
Depreciation	(1,908)	(2,479)	(5,750)	(6,432)
Interest	(612)	(629)	(1,530)	(1,803)
Mark-to-market gain on held for trading financial liabilities	700	34	1,227	541
Gain on foreign exchange	6	12	5	13
Gain (loss) on sale of assets	-	(27)	10	79
Gain on early lease termination	-	4,530	-	4,530
Income tax recovery (expense)	1,243	(218)	35	(634)
Net earnings (loss)	(3,852)	\$ 364	\$ 395	\$ 2,238
Net earnings (loss) per share	(\$0.29)	\$ 0.03	\$ 0.03	\$ 0.17

Key Balance Sheet Figures

<i>(in thousands)</i>	September 30, 2023		December 31, 2022	
Assets				
Cash	\$	13,179	\$	18,532
Property plant and equipment		94,157		95,523
Investment		350		350
Other assets		10,879		7,308
Total assets	\$	118,565	\$	121,713
Liabilities and Equity				
Debt	\$	41,454	\$	39,812
Lease liabilities		5,030		10,331
Accounts payable and accrued liabilities		10,784		9,693
Deferred revenue		13,870		14,081
Other liabilities		1,657		1,145
Total liabilities		72,795		75,062
Share capital and contributed surplus		63,652		63,652
Foreign currency translation reserve		3,586		3,662

Deficit		(21,468)	(20,663)
Total shareholders' equity		45,770	46,651
Total liabilities and equity	\$	118,565	\$ 121,713

Third Quarter Results

(three months ended September 30, 2023 compared with three months ended September 30, 2022)

- Total operating revenue of \$17.3 million increased by \$1.7 million or 10.8% as third-party surface rentals, tournament registrations and food and beverage sales were all higher than 2022;
- Total operating expenses of \$18.3 million increased by \$3.6 million or 24.0% mainly due to higher expenses to service increased customer volumes and increased spending on roof remediation to expediate roofing projects;
- Total G&A expenses of \$2.2 million increased by \$0.6 million or 33.6% mainly due to accrual of post-employment compensation, and increased costs to enable the Company to execute significant components of its strategic plan;
- After G&A, operating loss was \$3.3 million compared to \$0.9 million in 2022; and
- After recording depreciation expense of \$1.9 million, finance costs of \$0.1 million, and income tax recovery of \$1.2 million, net loss was \$3.9 million or \$0.29 loss per share compared to earnings of \$0.4 million or \$0.03 earnings per share in the prior year. Included in 2022 net earnings was a one-time gain on early lease termination of \$4.5 million.

Nine Months Ended September 30, 2023 Results

(nine months ended September 30, 2023 compared with nine months ended September 30, 2022)

- Total operating revenue of \$61.5 million increased by \$9.9 million or 19.3% as sales from third-party surface rentals, the ASHL, Canlan tournament registrations, and instructional programs all increased compared to the prior year. In addition, pandemic-related closures disrupted Ontario operations during the month of January 2022;
- Total operating expenses of \$48.9 million increased by \$8.2 million or 20.3% principally due to higher expenses to service increased customer volumes and increased spending on roof remediation to expediate roofing projects;
- G&A expenses of \$6.3 million increased by \$1.3 million or 25.3% mainly due to accrual of post-employment compensation and increased costs to enable the Company to execute significant components of its strategic plan;
- Operating earnings before interest, depreciation and taxes was \$6.4 million compared to \$5.9 million in 2022; and
- After recording depreciation expense of \$5.8 million, and finance costs of \$0.3 million, net earnings were \$0.4 million or \$0.03 per share compared to \$2.2 million or \$0.17 per share in the prior year. Included in 2022 net earnings was a one-time gain on early lease termination of \$4.5 million.

"During the summer season, our Canlan Classic Tournament division operated more tournaments and attracted more players than ever before, which is a real testament to the team's focus on executing well-run events that provide excellent value for the teams," said Canlan's President & CEO, Joey St-Aubin. "In addition, our food & beverage teams did an amazing job of servicing the influx of tournament traffic, which was not easy given the continuing labour shortage faced by the industry as a whole."

Canlan's CFO, Ivan Wu, also added that a number of major capital projects that are focused on energy

conservation and enhancing customer experience were completed during the summer. In addition, the 2023 portion of the Company's roof remediation program will likely be complete before the end of the year, which is expected to provide energy efficiencies and long-term moisture protection for the sports complexes.

Dividend Policy

Canlan's Board of Directors has approved the continuation of the Corporation's quarterly dividend policy. As such, the Board declares eligible dividends totaling \$0.03 per common share that will next be paid on January 15, 2024 to shareholders of record at the close of business December 29, 2023. Canlan's Board of Directors reviews the Corporation's dividend policy on a quarterly basis. Canlan's dividend is designated as an "eligible" dividend under the Income Tax Act (Canada) and any corresponding provincial legislation. Under this legislation, individuals resident in Canada may be entitled to enhanced dividend tax credits, which reduce income tax otherwise payable.

Filings

Canlan's financial statements and Management's Discussion & Analysis for the quarter ended September 30, 2023 will be available via SEDAR on or before November 14, 2023 and through the Company's website, www.canlansports.com.

About Canlan

Canlan Ice Sports Corp. (operating as Canlan Sports) is the North American leader in the ownership, operations and programming of multi-purpose recreation and entertainment facilities. We 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", "anticipates", "budgets", "could", "should", 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; purchase or sale transactions; naturally caused incidences; competition; legislation and governmental regulation; and accounting policies and practices. The foregoing list of factors is not exhaustive.

For more information:

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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.



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