



CANLAN ICE SPORTS CORP.
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED
December 31, 2022

DATED: March 23, 2023

DEFINITIONS

In this Annual Information Form (“**Annual Information Form**” or “**AIF**”), references to “**the Company**” or to “**we**”, “**us**”, and “**our**” refer to Canlan Ice Sports Corp. together with its subsidiaries. References to “**Canlan**” are to Canlan Ice Sports Corp.

References to IFRS refer to International Financial Reporting Standards.

FORWARD LOOKING STATEMENTS

Certain statements in this Annual Information Form 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 Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these risks, uncertainties, and assumptions, readers should not place undue reliance on these forward-looking statements.

When used in this Annual Information Form, such statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. Forward-looking statements include, but are not limited to estimates, plans, expectations, opinions, forecasts, projections, priorities, strategies, targets, guidance, or other statements that are not statements of fact. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this Annual Information Form under "Description of the Business" as well as statements regarding the Company's objectives, plans, and goals, including future operating results, economic performance, and expectations and intentions regarding the Company's strategic plans and priorities for the next three years may make reference to or involve forward-looking statements. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. 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 Company's markets; climate change; the effects of COVID 19 and other epidemics and pandemics; competition; any limitation on the cost of borrowing; any increase in insurance rates or inability to reinsure; legislation and governmental regulation; and accounting policies and practices. The foregoing list of factors is not exhaustive. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements.

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CANLAN ICE SPORTS CORP.

Name, Address and Incorporation

The head office of Canlan Ice Sports Corp. is located at Scotia Barn (formerly Burnaby 8Rinks), 6501 Sprott Street, Burnaby, British Columbia V5B 3B8, and its registered records offices are located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. Canlan's common shares (the "**Common Shares**") are listed on the Toronto Stock Exchange ("**TSX**") under the symbol "ICE".

Canlan was formed on December 30, 2019 by the amalgamation under the *Business Corporations Act* (British Columbia) of Canlan Ice Sports Corp. and its wholly-owned subsidiary, Les Quatre Glaces (1994) Inc. The amalgamated company adopted the constating documents of the predecessor "Canlan Ice Sports Corp.", which was formed on December 24, 2004 by an amalgamation under the British Columbia *Business Corporations Act* of Canlan Ice Sports Corp. and three of its wholly-owned subsidiaries, Ice Sports Centre Etobicoke Inc., Adult "Safe-Hockey" Leagues Ltd. and O & O Development Corporation. The predecessor company, Canlan Ice Sports Corp., was incorporated under the former *Companies Act* of British Columbia in 1956 under the name Burrard Mortgage Investments Ltd.

In 1974, the restrictions on the business the Company could carry on were removed, the maximum selling price of the shares was deleted, and new articles were adopted. In 1978, the company's name was changed to Canlan Investment Corporation, and its authorized capital was increased. In 1990, the authorized capital was again increased, and the designation of its shares was changed to Common Shares. In 1999, Canlan's name was changed to its current name, "Canlan Ice Sports Corp.", to align the name with its new business focus. In 2000, its authorized capital was increased to 500,000,000 Common Shares. In 2005 Canlan completed a transition under the British Columbia *Business Corporations Act*, which resulted in its memorandum being replaced by a notice of articles. Further, in 2005 Canlan adopted a new set of articles and created a new class of preference shares with no maximum authorized capital. In 2008, Canlan consolidated all of its issued and outstanding Common Shares on a 20-for-1 basis. All share and per share information in this document have been restated to reflect the share consolidation on a retrospective basis.

Inter-corporate Relationships

Subsidiaries

The following is a list of Canlan's principal subsidiaries, all of which are directly 100% owned by Canlan:

<u>Subsidiary</u>	<u>Jurisdiction of incorporation</u>
Canlan Ice Sports (USA) Corp. P.C. Development Inc.	Washington, U.S.A. Oregon, U.S.A.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

The Company's principal business is the acquisition, development and operation of recreation facilities in North America. At December 31, 2022, the Company owned, leased or managed a network of 17 facilities in Canada and the United States containing 49 full sized ice sheets, five indoor turf fields (of which one is a FIFA-sized turf), 20 multi-sport hard courts, and outdoor beach volleyball courts. The Company owns 12 of these facilities containing 1.4 million square feet of space situated on 170 acres of land. Of the five facilities not owned fee-simple, one facility is operated under a long-term land lease arrangement, one facility under an operating agreement with a municipality and a further one facility under lease agreements. We also manage two facilities on behalf of municipalities. Canlan owns and operates these facilities directly and through its subsidiaries. See "Description of Business – Summary of Facility Operations".

The Company generates revenues from six core business segments:

- 1) **Ice/Field Sales and Internal Programming (grouped as "Ice and Field Sales")**. The Company provides rental of ice or field time, organizes leagues and tournaments, and provides lessons and youth camps.
- 2) **Food and Beverage**. The Company operates restaurants and concession outlets within its recreation facilities.
- 3) **Sports Stores**. The Company operates retail sports stores in its facilities that sell hockey, skating and soccer equipment and apparel.
- 4) **Sponsorship**. The Company earns revenues from sponsorship and advertising.

- 5) **Space Rental.** The Company rents certain indoor and exterior space to third party tenants in a number of its facilities.
- 6) **Management and Consulting Services.** The Company manages two recreation facilities owned by third parties.

See “Description of the Business”.

Three Year History

COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and the Company temporarily suspended facility operations at the end of the business day on March 13, 2020. From that date until February 2022, the Company has been managing the impact of public health orders related to indoor recreation that have either completely suspended or severely limited business operations. On January 31, 2022, Ontario health restrictions were lifted, which finally enabled all facilities to resume 100% of their operations.

During 2020 and 2021, the Company was forced to furlough a portion of its employees due to facility closures. The remaining human resources were allocated to design and execute special health and safety protocols to operate sport complexes where possible, adjust product offerings and season schedules to service customers in conjunction with government regulations that would contract or expand capacity at any time, and implement measures to preserve liquidity and strengthen the Company’s financial resilience in managing the effects of a reduction in business activity. Measures included application for government subsidies, debt and liquidity management, and completing sale transactions of non-strategic real estate assets that the Company had initiated prior to the start of the pandemic.

The Company’s facilities were in full operation starting February 1, 2022 and the Company’s liquidity position was quickly returned to pre-pandemic levels.

Normal Operations

In addition to managing the effects of COVID-19, over the past three years, the Company's areas of focus have been:

- Enhancing the appeal of leagues and instructional programs to match changing demographics and in turn, maintain or grow market share in the communities in which we operate;
- Rebranding the sports complexes and product offerings to enable modernized marketing campaigns and customer experiences when interacting with Canlan online or inside our facilities. The Company now conducts business under one unified brand name called Canlan Sports;
- Executing an expansion growth strategy to first identify investment opportunities of suitable sports complexes and then arranging to either purchase the complex or enter into a long-term lease or operating arrangement. During 2021, the Company entered into an agreement (with a purchase option) to lease a multi-sports complex in Libertyville, Illinois. On February 28, 2023, the Company exercised its option to purchase the facility. (See "Description of Business – Summary of Facility Operations");
- Renovating and renewing our infrastructure to enhance building efficiency, aesthetics and safety measures. In addition, executing energy management initiatives to reduce energy consumption; and
- Optimizing the Company's portfolio of assets to divest properties that are no longer strategic to the core business and utilizing the cash generated to invest in strategic assets that are expected to be more accretive to cashflow. During the past three years, sale transactions were completed on one ice rink facility and surplus land. In addition, in 2022, the company was compensated for agreeing to early-terminate its lease of a multi-sport complex in Ontario that resulted in a change of ownership of the property.

The COVID-19 pandemic disruptions, for now, seems to have subsided and normal business activities are ongoing. However, given the continued dynamics surrounding COVID-19, any impact on future business activity or public health concerns cannot be determined at this time.

Organic Revenue and Income Growth

Notwithstanding the effects of COVID-19 on business activities, the Company's focus has been on maintaining solid execution of youth hockey leagues and instructional programs such as Canlan's "Play to Learn" and "Play to Develop" hockey programs and the "YHL" (Youth Hockey League). Revenue from

instructional programs and youth hockey leagues from 2020 to 2022 are as follows:

<u>Year</u>	<u>(in thousands)</u>
2020	\$ 4,400
2021	\$ 5,800
2022	\$ 7,900

The Adult Safe Hockey League (“**ASHL**”) caters to male and female adult recreational players and remains one of the largest adult recreational hockey leagues in North America and represents the largest source of revenue for the Company. Revenue from the ASHL for the last three years is as follows:

<u>Year</u>	<u>(in thousands)</u>	<u>% of total ice & field</u>
2020	\$ 11,800	35%
2021	\$ 11,300	32%
2022	\$ 24,100	40%

The ASHL faces competition from other league and rink operators, but management focuses on enhancing the experience of players in terms of game play, competitive tiering, officiating, playoff formats, and post-game social networking. This is critical to maintaining our position as leaders in the adult recreation hockey market.

Under normal business conditions, the ASHL and other in-house programs and leagues have reduced the Company’s reliance on the rental of ice or field time by third-party users, which can be unpredictable due to many factors beyond the Company’s control, especially during the slower summer months.

In addition to Canlan’s internally produced programs, third-parties also rent ice to conduct their own activities through termed contract bookings and spot rentals. Revenue from ice rentals totaled \$12.4 million in 2020, \$13.5 million in 2021, and \$18.5 million in 2022.

In addition to hockey and skating, the Company has placed emphasis in growing non-ice revenue sources over the past several years. Canlan’s indoor soccer leagues are played in four of the Company’s facilities that contain turf fields. Revenue from the Adult Indoor Soccer League (“**AI SL**”), the Youth Indoor Soccer League (“**YISL**”), and soccer field rentals for the last three years is as follows:

<u>Year</u>	<u>(in thousands)</u>
2020	\$ 1,600
2021	\$ 1,600
2022	\$ 2,900

Two of the facilities that contain turf fields also have hard courts that host volleyball, ball hockey and basketball leagues.

The following table summarizes certain consolidated financial information over the past three years and reflects the business impact of COVID-19 as discussed above:

	Year ended December 31		
	2022	2021	2020
	(in thousands except per share amounts and issued and outstanding Common Shares)		
Revenue from operations	\$ 73,728	\$ 40,393	\$ 39,259
Government subsidy	\$ -	\$ 6,537	\$ 6,371
Operating earnings before G&A	\$ 17,999	\$ 11,577	\$ 6,210
Operating earnings after G&A	\$ 10,644	\$ 5,798	\$ 936
Net earnings (loss) before tax	\$ 5,129	\$ (2,546)	\$ (8,253)
Net earnings (loss) after tax	\$ 4,730	\$ (1,092)	\$ (6,363)
Net earnings (loss) per common share (basic and fully diluted)	\$ 0.35	\$ (0.08)	\$ (0.48)
Other comprehensive income (loss)	\$ 1,905	\$ (200)	\$ (313)
Cash flow from (used in) operations	\$ 10,577	\$ 12,136	\$ (8,791)
Total assets	\$ 121,713	\$ 116,612	\$ 121,484
Debt	\$ 39,812	\$ 43,796	\$ 56,168
Issued and outstanding Common Shares	13,337,448	13,337,448	13,337,448
Shareholders' equity	\$ 46,651	\$ 40,416	\$ 41,708
Dividends declared	\$ 400	\$ -	\$ -

Operating Earnings After G&A

We define operating earnings after G&A as earnings after general and administrative expenses and before interest, depreciation, foreign currency exchange, gain (loss) on assets sold and income tax. Operating earnings (loss) is not a term that has specific meaning in accordance with IFRS, and may be calculated differently by other companies.

During 2020 and 2021, operating earnings after G&A fluctuated based on business activity allowed by public health restrictions. In general, facilities operated at 40% to 50% of normal annual capacities. Fiscal 2022 was the first full year of business resumption where operating earnings of \$10.6 million reached 80% of 2019 (pre-pandemic level).

Expansion Growth Strategy

In 2020, management together with the Company's board of directors ("**Board**") updated the Company's growth strategy that incorporates several success factors. Management will develop initiatives based upon these success factors:

- 1) **Customer Experience and Innovation.** Position the company to provide guests with unique, extraordinary sports experiences.
- 2) **New Ventures.** Proactively seek out new opportunities that drive revenue and income growth through new assets and/or new products.
- 3) **Optimization of Asset Portfolio.** Maximize utilization of owned real estate assets to drive revenue growth.
- 4) **Operational Efficiencies.** Further enhance efficiencies in all possible business areas through process re-engineering and technology to drive income growth.

During 2022, management continued execution of projects to further all four of the above strategic areas of focus as discussed above (See “General Development of the Business – Three Year History”). In 2023, management anticipates it will continue to develop and implement initiatives related to these success factors, and provide updates to the Board to enable continuous monitoring of strategy execution.

Capital Expenditures and Acquisitions

In 2020, approximately \$1.5 million of capital expenditures were incurred to renew refrigeration and other plant equipment in various facilities.

During 2021, approximately \$0.5 million of capital expenditures were incurred related to the replacement of essential equipment at various facilities. A relatively low amount was invested in fixed assets in order to preserve liquidity.

In July 2021, the Company also opened Canlan Sports Libertyville, a sportsplex located in Libertyville, Illinois that contains two boarded soccer pitches, a fitness centre, rock-climbing, nine sport courts, an outdoor baseball diamond, and a concession. This facility was leased from the Village of Libertyville as part of a two-year lease agreement that contains an option to purchase the complex at a fixed price that can be exercised during the lease term. On February 28, 2023, the Company exercised its option to purchase the sports complex facility for \$5.1 million (\$3.8 million USD).

During 2022, approximately \$3.7 million of capital expenditures were incurred related to the installation of new, more energy efficient building equipment and systems, artificial field turf replacements, and eight new electric ice re-surfacers (six of which were leased financed).

The Financial Year Ended December 31, 2022, and Plans for 2023

In 2022, total operating revenue of \$73.7 million increased by \$33.3 million compared to 2021 as facilities resumed full operations and COVID-19 health restrictions were lifted. With the exception of the Ontario region during the month of January 2022, all facilities were opened for full activities.

Operating earnings after G&A was \$10.6 million compared to \$5.8 million in 2021. Excluding \$6.5 million of government subsidies in 2021, 2021 had an operating loss of \$0.7 million. (See “General Development of the Business – Three Year History – Operating Earnings after G&A”)

For 2023, the Company will focus on:

- 1) Increasing surface utilization back to and beyond pre-pandemic levels and ensuring surface hourly revenue is maximized through an in-depth surface-flow planning process. This process was disrupted during the pandemic years as bookings were adapted to health restrictions;
- 2) With operations returning to being fully-staffed (with many new recruits), another key objective will be to ensure team members at all levels are culturally, tactically and strategically aligned to enable the Company to execute its strategic initiatives; and
- 3) Continuing to move strategic initiatives forward related to revenue growth and operating efficiencies.

Significant Acquisitions

The Company has not completed any significant acquisitions in the last financial year for which a “business acquisition report” is required to be filed under National Instrument 51-102, *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

General

Canlan is one of the largest developers and operators of recreation and leisure facilities in North America, and its Common Shares are listed on the TSX under the symbol “ICE”. The facilities are generally operated under the trade name of “Canlan Sports”.

The Company generates revenues from the following six core business segments:

1) Ice and Field Sales

The Company earns revenues from the following activities in this business segment: revenues from contract rental of ice and field time, team registration fees for leagues and tournaments organized by the Company, and enrolment fees for instructional programs and youth camps. Ice and Field Sales accounted for approximately 83% of the Company's total revenues in 2022 (88% in 2021).

2) Food & Beverage (F&B)

The Company operates restaurants, sports bars, and concession outlets within some of its facilities. Approximately 11% of the Company's revenues were generated from restaurant and lounge operations in 2022 (5% in 2021). In 2019, prior to the onset of COVID-19, F&B revenue represented approximately 14% of total revenue.

3) Sports Stores

The Company operates retail sports stores that sell hockey and skating equipment and apparel in its ice rink facilities. Sales from retail sports stores generated approximately 1% of the Company's total revenues in 2021 and 2022.

4) Sponsorship

The Company also earns revenues from sponsorship and advertising, where clients utilize the Company's facility wall and space, rink boards, and web site to communicate or distribute their marketing materials to our target audience. Revenue from sponsorship generated about 2% of total revenues in 2022 (1% in 2021).

5) Space Rental

Certain interior and exterior space is rented to third party tenants at a number of facilities. Space rental generates approximately 2% of total revenues in 2022 (3% in 2021).

6) Management and Consulting Services

Included in total revenues are fees earned from consulting and management contracts where the Company manages recreation facilities owned by third parties. Less than 1% of total revenue came from management and consulting agreements in 2021 and 2022.

The tables below present a breakdown of Canlan's revenues (in Canadian dollars) by type and geographic location for 2022 and 2021:

<i>in thousands</i>	2022		2021	
	Sales	% of total	Sales	% of total
Ice and Field Sales	\$ 60,819	83	\$ 35,690	88
Food and Beverage	8,342	11	1,930	5
Sports Store	783	1	406	1
Sponsorship	1,201	2	551	1
Space Rental	1,796	2	1,339	3
Management & Consulting Fees	268	-	270	1
Other	519	1	207	1
	\$ 73,728	100	\$ 40,393	100

<i>in thousands</i>	2022		2021	
	Sales	% of total	Sales	% of total
Canada:				
British Columbia	\$ 17,448	24	\$ 10,648	27
Saskatchewan	6,710	9	4,116	10
Manitoba	4,153	5	1,553	4
Ontario	33,607	46	16,307	40
	61,918	84	32,624	81
USA	11,810	16	7,769	19
	\$ 73,728	100	\$ 40,393	100

Summary of Current Facility Operations

British Columbia

Scotia Barn

The Company's largest facility, Scotia Barn, is located in Burnaby, British Columbia and is wholly-owned by Canlan. This facility contains seven National Hockey League ("NHL") standard ice surfaces, one indoor soccer field, a licensed restaurant and lounge, and a retail sports store. A human performance centre and a physiotherapy clinic are operated at this facility by tenants. In 2019, the Company signed a sponsorship naming rights agreement with The Bank of Nova Scotia to name the facility "Scotia Barn".

Canlan Sports North Shore

Canlan Sports North Shore, in North Vancouver, British Columbia, is a three-rink complex. This facility contains three NHL standard ice surfaces, a licensed restaurant and lounge, and a retail sports store. The land on which the facility is situated is owned by The Corporation of the District of North Vancouver (“**North Vancouver**”).

Canlan constructed the facilities on this property for North Vancouver and Canlan has no interest, legal or beneficial, in the facilities or the land. Pursuant to the terms of an ice facility partnering agreement between Canlan and North Vancouver, Canlan has been appointed to manage the facilities for a 50-year term, during which Canlan is entitled to any surplus revenues after the payment of all costs associated with operating the facility. Canlan is required to pay all costs associated with the facility even if there are not sufficient revenues to cover these costs. Canlan is entitled to a fee from North Vancouver, based on the hours the facility is made available for public programs. If the facilities are ever rendered wholly or partially unusable for public programs, then North Vancouver’s obligations to compensate Canlan for the time made available for public programs will abate until the facilities are reconstructed, and the term of the ice facility partnering agreement will, at Canlan’s option, be extended for a period equal to the abatement period. The agreement will expire on August 31, 2048, unless extended by the abatement period or at the option of North Vancouver.

Canlan Sports Langley Twin Rinks

Canlan Sports Langley Twin Rinks, in Langley, British Columbia, is a two-rink complex, which contains two NHL standard ice surfaces, and a licensed restaurant and lounge. The land on which the facility is situated is owned by the City of Langley. Canlan sub-leases the facility from the third party pursuant to a sub-lease agreement, which expires on December 31, 2024.

South Cariboo Recreation Centre

South Cariboo Recreation Centre, in 100 Mile House, British Columbia, is a single-rink complex owned by the Cariboo Regional District, which contains one NHL standard ice surface, three curling surfaces and a food and beverage concession. Canlan manages this facility pursuant to a 60-month management contract, which expires on March 31, 2024. At the end of the contract term, there is no renewal right but Canlan may, no later than one year prior to the end of the initial term, provide notice to the Cariboo Regional District of its intent to negotiate an agreement to manage the facility for an additional period.

Armstrong/Spallumcheen Parks & Recreation

The Armstrong/Spallumcheen Parks & Recreation facility, in Armstrong, British Columbia, is a single-rink complex, which contains a single-pad ice arena, rodeo fairgrounds, swimming pool, auditorium, dry floor arena, park, and ball diamonds. Canlan was originally engaged to manage all the facilities of the Armstrong/Spallumcheen Parks & Recreation Commission under a management contract that commenced on June 1, 2005. This contract was renewed under similar terms on November 19, 2021 with a contract term from January 1, 2022 to December 31, 2024.

Saskatchewan

Canlan Sports Saskatoon South (formerly Canlan Sports Jemini)

Canlan Sports Saskatoon South, in Saskatoon, Saskatchewan, is a four-rink complex owned by Canlan. This facility contains four NHL standard ice surfaces, a licensed restaurant and a retail sports store.

Canlan Sports Saskatoon North (formerly Canlan Sports Agriplace)

Canlan Sports Saskatoon North in Saskatoon, Saskatchewan, is a two-rink complex owned by Canlan. This facility contains two NHL standard ice surfaces, and a licensed restaurant.

Manitoba

Canlan Sports Winnipeg

Canlan Sports Winnipeg is a four-rink complex owned by Canlan. This facility contains three NHL standard ice surfaces, one indoor soccer field, a licensed restaurant and a retail sports store.

Ontario

Canlan Sports Etobicoke

Canlan Sports Etobicoke, in Etobicoke, Ontario, is a four-rink complex owned by Canlan. This facility contains four NHL standard ice surfaces, a licensed restaurant and a retail sports store.

Canlan Sports Scarborough

Canlan Sports Scarborough, in Scarborough, Ontario, is a four-rink complex owned by Canlan. This facility contains four NHL standard ice surfaces, an outdoor multi-sport court, and a licensed restaurant and a retail sports store.

Canlan Sports York

Canlan Sports York in Toronto, Ontario, is a six-rink facility situated on land that is owned by York University. This facility contains five NHL standard ice surfaces, one Olympic-size ice surface, conference space, a licensed restaurant, and a retail sports store.

In August of 2006, Canlan purchased the assets of this facility and assumed a 49-year land lease agreement with York University that ends on October 30, 2044.

Canlan Sports Oakville

Canlan Sports Oakville, in Oakville, Ontario, is a four-rink complex owned by Canlan. This facility contains four NHL standard ice surfaces, a licensed restaurant and a retail sports store.

Canlan Sports Oshawa

Canlan Sports Oshawa, in Oshawa, Ontario, is a two-rink complex owned by Canlan. This facility contains two NHL standard ice surfaces, a licensed restaurant and a retail sports store.

Canlan Sportsplex

Canlan Sportsplex, in Mississauga, Ontario, contained two indoor soccer fields, a ball hockey court, three volleyball courts, and a licensed restaurant. The complex was a vacant warehouse that Canlan leased from an arm's length third-party and converted into an indoor multi-sport facility in 2012. Canlan leased the facility pursuant to an agreement that would have expired on October 15, 2023, with two five-year renewal options. Effective August 31, 2022, the Company agreed to early-terminate the lease of this sports complex for consideration of \$4,450,000.

Quebec

Les 4 Glaces

Les 4 Glaces was an ice-rink complex in Brossard, Quebec, which contained four NHL standard ice surfaces, a licensed restaurant and a retail sports store. In May 2019, the Company closed the facility as it was at the end of its economic useful life and on September 24, 2021, the sale of this facility was completed.

Illinois

Canlan Sports Romeoville

Canlan Sports Romeoville, a 106,000 square-foot facility, contains three NHL standard ice surfaces, a food and beverage concession and a retail sports store. The Company purchased the facility, which is situated on eight acres of land, in June 2011. This facility is located in Romeoville, a suburb south of Chicago, Illinois and the facility is the home of a large minor hockey organization.

Canlan Sportsplex Lake Barrington

Canlan Sportsplex Lake Barrington is a 175,000 square-foot multi-sport facility located in Lake Barrington, a suburb west of Chicago, Illinois. The facility contains one FIFA-sized turf field, a fitness center, and two gymnasiums that can accommodate four full-sized basketball courts or eight regulation volleyball courts. The Company's indirectly held subsidiary, Lake Barrington Sportsplex LLC, a limited liability company wholly owned by the Company's subsidiary Canlan Ice Sports (USA) Corp., purchased the facility on January 30, 2015, pursuant to a purchase and sale agreement dated December 19, 2014.

Canlan Sports West Dundee

Canlan Sports West Dundee, a 106,000 square-foot facility situated on eight acres of land, contains three NHL standard ice surfaces, a licensed restaurant and a retail sports store. The Company purchased the facility on March 19, 2019. This facility is located in West Dundee, a suburb west of Chicago, Illinois. The West Dundee facility is the home of a large minor hockey organization.

Canlan Sportsplex Libertyville

Canlan Sportsplex Libertyville is a multi-sport facility located in Libertyville, Illinois. This facility contains two boarded soccer pitches, a fitness center, rock-climbing, nine sport courts, an outdoor baseball diamond, and concession. This facility was being leased from the Village of Libertyville as part of a two-year lease agreement that contained an option to purchase the complex at a fixed price that can be exercised during the lease term and the lease commenced in July 2021. On February 28, 2023, the Company exercised its option to purchase the sports complex (see "Three Year History").

Summary of Other Services

Restaurant and Lounge Operations

Most of the Company's facilities have restaurants and sports bars that overlook the rinks or fields and are designed to meet the requirements of its diverse user groups, which include minor hockey players, families and adult recreational users.

Retail Sports Store Operations

The Company has basic retail sports stores in many of its operations, focused on high volume, high margin items and services required by its user groups. Four of the stores are operated by third party operators that lease the space and the other six stores are operated by the Company on its own account. The Company focuses on providing such services as skate sharpening and selling such high turnover items as sticks and hockey tape.

Sponsorship and Space Rental

Due to the large number of people who visit the Company's facilities on a regular basis and such specific user groups as the ASHL, the Company offers local and national advertising and sponsorship opportunities.

The Company also rents space in its buildings to such complementary tenants as those providing sports medicine, sports training services, and other sports organizations.

Management and Consulting Services

As Canlan has significant expertise in sports complex operations, the Company will, from time to time, be engaged to manage third-party facilities. Clients may include private facility owners, trustees, or municipalities and engagements range from one-time consulting engagements to long-term management contracts.

Competitive Conditions

The ice rink and indoor soccer industry is highly competitive and Canlan competes with other private and municipal operators in various major markets. Other private operators may have more resources than Canlan, and municipal operators can operate at a loss for an indefinite period without the same negative consequences such losses would have on private sector companies.

Our strategy to compete in this marketplace is to focus on customer service and delivering high quality ice sports programs, sports leagues, and hockey tournaments that can be combined with hospitality and retail components. The Company's competitive strengths include:

- **Geographic coverage.** The Company owns and operates facilities in five provinces in Canada and one U.S. state, giving us a broad geographic coverage.
- **Adult Safe Hockey League.** The Company operates the ASHL, which is the largest and most established adult recreation hockey league in North America. The ASHL operates in both the winter and summer months and has approximately 60,000 players registered in a typical year. The ASHL is a full-service league and operates in all of our facilities. Management carefully enforces a strict set of rules that govern the players' conduct in the ASHL and conducts mandatory referee training clinics. Besides safe play, players also enjoy the benefits of proper competitive tiering, real-time electronic statistics system, and regional and continental playoff events.
- **Diversified Recreation.** In addition to ice surfaces, the Company also operates turf fields and sport courts on which many other sports can be played such as, but not limited to, soccer, volleyball, basketball, and ball hockey. This enables the Company to diversify its product offerings and expand its market reach to various demographic groups.
- **Our Team.** Canlan normally employs approximately 1,000 full and part time dedicated employees in Canada and the USA.

Through training and internal communications, we have established Canlan as the place to work in our segment and we attract skilled people in the industry. Our employees have industry-specific knowledge and are focused on providing quality customer service and a safe environment. In addition, Canlan's executive team is comprised of six individuals who plan and monitor operations in all departments, sets policies, as well as continually assesses future growth strategies. These individuals have extensive expertise in facility operations, sales, marketing, customer service, finance, IT and human resources.

- **Buying Power.** As a result of being geographically diversified and having significant volumes in a number of supply chains, we are able to negotiate national supply agreements for preferred pricing.

Business Cycles

The Company's business cycle is highly seasonal. While 56% of our revenue is generated in the first and last quarters, approximately 90% of our operating earnings after G&A (See "General Development of the Business – Three Year History – Operating Earnings after G&A") is earned in the first and last quarters of the year. This is because the revenue with the highest margins, such as adult hockey leagues and contract sales, are earned predominantly during these two

quarters. In addition, much of our operating costs are fixed. We have developed youth programs and tournaments to increase revenue during the summer months. These strategies, along with continued increase in cash flow from the winter months, have allowed Canlan to become self-sustaining throughout the year.

Loans

At December 31, 2022, the Company's credit facilities were as follows:

- 1) \$25.3 million non-revolving loan amortized over 25 years, maturing on November 30, 2027, interest at BA rate plus 1.85% payable monthly. Previously, the Company had entered into an interest rate swap contract to fix the interest rate at 3.52% per annum, payable monthly, on this credit facility, which will mature on June 21, 2023. The Company has also entered into a new forward interest rate swap contract with a term from June 21, 2023 to November 21, 2027, to fix the interest rate at 5.34% per annum payable monthly once the previous interest rate contract matures. At December 31, 2022, the balance outstanding was \$24.9 million;
- 2) \$5.2 million non-revolving loan amortized over 25 years, maturing on November 30, 2027, interest at BA rate plus 1.85% per annum payable monthly. The Company entered into an interest rate swap contract, maturing on November 30, 2027, to fix the interest rate at 5.50% per annum payable monthly. At December 31, 2022, the balance outstanding was \$5.2 million;
- 3) \$10.0 million revolving loan amortized over 25 years, maturing on November 30, 2027, interest at BA rate plus 1.85% per annum payable monthly. The Company entered into an interest rate swap contract, maturing on November 30, 2027, to fix the interest rate at 5.50% per annum payable monthly. At December 31, 2022, the balance outstanding was \$2.2 million;
- 4) \$20.0 million revolving capital expenditure loan amortized over 25 years, maturing on November 30, 2027, interest at BA rate plus 1.85% per annum payable monthly. The Company entered into an interest rate swap contract, maturing on November 30, 2027, to fix the interest rate at 5.50% per annum payable monthly. At December 31, 2022, the balance outstanding was \$2.3 million;
- 5) \$5.3 million loan amortized over 15 years, maturing on September 30, 2027, interest at CDOR plus 2.1% per annum payable monthly. At December 31, 2022, the balance outstanding was \$5.2 million. Subsequent to December 31, 2022, the Company entered into an interest rate swap contract in January 2023 to fix the interest rate at 5.70%; and

- 6) \$0.7 million demand revolving operating loan, interest at Prime rate plus 0.25% per annum. No amounts have been drawn on this loan to date.

The credit facilities are principally secured by the following:

- Demand mortgages and assignments of rents from Canlan creating a first fixed financial charge over the Burnaby location “Scotia Barn”, the Etobicoke location “Canlan Sports Etobicoke”, the Scarborough location “Canlan Sports Scarborough”, and the Oakville location “Canlan Sports Oakville”;
- First priority charge on Canlan Sports West Dundee, granted by Ice Sports West Dundee LLC;
- First priority charge on Canlan Sports Romeoville, granted by Canlan Ice Sports Romeoville LLC;
- First priority charge on Canlan Sportsplex Lake Barrington, granted by Lake Barrington Sportsplex LLC;
- General security agreements creating a first fixed charge and security interest over all present and after acquired personal property of Canlan and a floating charge over all of Canlan’s present and after acquired real property; and
- Unlimited guarantees of indebtedness by Canlan Ice Sports Corp. and Canlan Ice Sports (USA) Corp.

Employees

At December 31, 2022 Canlan had approximately 950 full-time and part-time employees.

Social and Environmental Policies

Canlan has adopted a Code of Conduct and Business Ethics Policy to provide guidelines in respect of the conduct and behaviour expected from the Company’s employees and the Board. Employees and Directors sign a confirmation of their review and acknowledgement of the Code of Conduct and Business Ethics Policy annually. A copy of the Policy can be found on SEDAR at www.sedar.com and on the Company’s website at www.canlansports.com.

In conjunction with the Code of Conduct and Business Ethics Policy, the Company also has in place a policy on Whistleblowing. See “Whistleblower, Ethics and Internal Controls Complaint Procedure” in the Audit Committee Charter, attached as a Schedule hereto.

In addition, the Company has adopted a general Environmental Protection Policy to assure the environmental integrity of our processes and facility operations.

Bankruptcy and Similar Procedures

No proceedings for bankruptcy, receivership, or similar proceedings have been commenced against the Company or any of its subsidiaries, nor has the Company commenced any proceedings for the voluntary bankruptcy, receivership or similar proceedings of the Company or any of its subsidiaries, within the three most recently completed financial years, and no such proceedings were completed or are proposed for the current financial year.

Reorganizations

The Company has not engaged in any material reorganizations of itself or any of its subsidiaries within the three most recently completed financial years. Similarly, the Company has not completed, nor is proposing to complete, any such material reorganizations during the current financial year.

RISK FACTORS

COVID-19 and other Pandemic or Epidemic Diseases

Outbreaks or the threat of outbreaks of viruses or other contagions or epidemic or pandemic diseases, including the COVID-19 outbreak of 2020, may lead to voluntary or mandatory building closures, government restrictions on travel, or gatherings, which may lead to a general slowdown of economic activity and disrupt our workforce and business operations. Such occurrences, could have a material adverse effect on the demand for recreation services. The pace of recovery following such occurrences cannot be accurately predicted, nor can the impact on the Company's cash flows, results of operations (that are sensitive to seasonality), and the Company's ability to obtain additional financing, or re-financing. Due to the COVID-19 pandemic the Company created an exposure control program that would be put into effect, when required, to prevent or limit the spread of disease. See "Three Year History".

Mitigating factors and strategies:

- Management establishes control measures and enhanced standard operating procedures to help protect the health and safety of employees' and guests.
- During periods of reduced business activity, management establishes cost management measures with the objective of preserving cash and mitigating the effects of a reduction in business activity.

- Through collaboration with senior lenders, the Company arranges, where possible, debt covenant waivers, deferrals of principal repayments and/or additional credit facilities that can be accessed if necessary.
- During such occurrences, financial support for businesses and individuals may be made available by various levels of government that the Company will access where appropriate.

Leverage and Ability to Service Indebtedness

The Company's level of debt and the limitations imposed on it by its debt agreements could have important consequences, including the following:

- the Company may have to use a significant portion of its cash flow from operations for debt service, rather than for operations.
- the Company may not be able to obtain additional debt financing for future working capital, capital expenditures or other corporate purposes.
- the Company could be more vulnerable to economic downturns and less able to take advantage of significant business opportunities or to react to changes in market or industry conditions.
- the Company's less leveraged competitors could have a competitive advantage.

See "Description of the Business - Loans".

The Company's ability to pay the principal and interest on debt obligations will depend on its future performance. To a significant extent, our performance will be subject to general economic, financial and competitive factors. We can provide no assurances that our business will generate cash flow from operations sufficient to pay the Company's indebtedness, fund other liquidity needs or permit the Company to refinance its indebtedness. The Company can provide no assurances that it can secure any further credit facilities or that the terms of any such credit facilities will be favourable.

If the Company has difficulty servicing its debt, the Company may be forced to adjust capital expenditures, seek additional financing, sell assets, restructure or refinance the Company's debt, adjust dividends, or seek equity capital. The Company might not be able to implement any of these strategies on satisfactory terms, if at all. The Company's inability to generate sufficient cash flow or refinance its indebtedness would have a material adverse effect on the Company's financial condition, results of operations and ability to satisfy the Company's obligations.

Mitigating factors and strategies:

- The Company manages its capital with the objectives of maintaining a financial position suitable for servicing debt in accordance with repayment schedules, complying with debt covenants, and supporting our growth strategies.
- The Company maintains good relationships with its lenders through regular communications and reporting.
- The Company continuously evaluates asset profitability and cost of capital to optimize return on capital.
- During the period where business operations were impacted by the COVID-19 pandemic, the Company had arranged for debt covenant waivers and/or amendments.

Infrastructure Expenditures

The Company's recreation facilities consist of property, plant and equipment that have useful lives estimated by management. Assets may become obsolete and may require replacement before the end of their estimated useful lives, which will necessitate significant capital expenditure.

Mitigating factors and strategies:

- The Company has implemented formal standard operating procedures and operational support visits to help protect our assets.
- The Company has a stringent asset repair and maintenance program.
- The Company has a long-term capital project program that plans capital expenditures in accordance with priorities and estimated useful lives.

Incurrence of Debt and the Granting of Security Interests

From time to time, the Company may enter into transactions and these transactions may be financed partially or wholly with short or long-term debt, which may increase the Company's debt levels above industry standards and may require the Company to grant security interests in favour of third parties. Neither the Company's articles nor notice of articles limit the amount of indebtedness that the Company may incur or its ability to grant security interests. Should the Company default on any of its obligations under any secured credit facility, this could result in seizure of the Company's assets. The level of the Company's indebtedness from time to time could impair our ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Mitigating factors and strategies:

- The Company manages its capital with the objectives of maintaining a financial position suitable for servicing debt in accordance with repayment schedules, complying with debt covenants, and supporting our growth strategies.

Insurance

The Company develops and organizes sports leagues to play at the facilities it owns and operates. Due to the nature of the sports we host, incidents can occur. We purchase liability and accident insurance, the cost of which is dependent upon the history of the number of injury claims and the quantum of such claims. There is always a risk that the cost of acquiring sufficient insurance to cover any such injury claims will become prohibitive or that such insurance will become unavailable. The Company has obtained insurance coverage that it believes would ordinarily be maintained by an operator of facilities similar to that of the Company. The Company's insurance is subject to various limits and exclusions. Damage or destruction to any of our facilities or lawsuits arising from use of such facilities could result in claims that are excluded by, or exceed the limits of, the Company's insurance coverage.

Mitigating factors and strategies:

- The Company maintains its facilities to high standards and continually monitors league activities and enforces a strict set of rules.
- The Company has developed risk management procedures and emergency preparedness guides at all of its locations.
- Management works closely with insurance providers.

Expansion and U.S. Operations

The Company's expansion strategies may include start-up of operations in new markets or the creation of new product offerings. Should market conditions of new locations or consumer preferences surrounding new products vary significantly from what was anticipated, the Company's financial results could be adversely affected.

Specifically, expansion strategies include certain markets in the U.S. As such, the Company faces the risks of operating in new markets where the demographics, consumer preferences, and economic conditions can be very different from Canadian markets in which the Company primarily operates.

Operating in the U.S. also creates foreign currency risk on sales and purchases that are denominated in U.S. dollars. Should the financial results of the Company's

U.S. subsidiaries significantly fall short of targets, the Company could be exposed to the risk of loss depending on the relative movement of this currency against the Canadian dollar. The Company does not currently enter into forward contracts to mitigate this risk. However, management anticipates that earnings from U.S. business activities are adequate to service the working capital needs of U.S. operations.

Mitigating factors and strategies:

- The Company performs due diligence to evaluate the structural condition of facilities, and conditions that support supply and demand in the marketplace of target investments.
- The Company performs extensive research and due diligence to evaluate and test new product offerings to ensure consumer demand matches the product offering prior to a full product launch.
- Management closely monitors the Canadian-U.S. foreign exchange rate and could utilize hedging instruments if necessary. In addition, a reasonable amount of U.S. currency is maintained on hand to meet operating needs.

Seasonality of Operations

The Company's business cycle is highly seasonal and under normal business conditions, approximately 56% of total revenues and virtually all of the operating profit are generated in the first and fourth quarters. This seasonality of operations impacts reported quarterly earnings. The operating results for any particular quarter is not necessarily a good indicator of operating results for the other fiscal quarters or the entire fiscal year. As a result of the seasonality, the highest cash flow period for the Company is in the fourth quarter when customer deposits for future ice contracts are received, and the lowest cash flow is in the summer months, when traffic is reduced. See "Description of the Business – Business Cycles".

Mitigating factors and strategies:

- Various programs are developed to increase traffic during the traditionally slower summer period.
- Variable operating costs are reduced during the summer period.
- Management ensures cash reserves are adequate to finance working capital throughout the off-peak seasons.

Competition

The recreation industry is highly competitive and Canlan competes with other private and municipal operators in various major markets. Other private operators may have more resources and less debt than Canlan, and municipal operators can operate at a loss for an indefinite period without the same negative consequences such losses would have on private companies. See “Description of Business – *Competitive Conditions*”.

Mitigating factors and strategies:

- Canlan has developed customer loyalty by providing superior customer service and facilities.
- The ice rink industry is capital intensive with high start-up expenses; therefore barriers to enter the business exist.
- We have developed expertise in all aspects of the ice rink development and multi-sport complex operations.

Climate Change

Canlan, like many other companies, is subject to climate change-related risks. Government regulations and public perception may adversely impact Canlan’s operations. Climate change may also increase the frequency and intensity of severe weather events, which may negatively impact our facilities, such as cause property damage or other disruption to the Company’s operations. Natural disasters, climate change impacts and disruptive events may impact our operations, customer satisfaction and client experience, and may result in increased insurance premiums or deductibles, and the decrease in the availability of, or loss of, coverage. To reduce the potential impact that business operations may pose on the environment, the Company has already implemented and will continue to implement the following:

- Invest in energy efficient equipment and fixtures to cool, heat and light Canlan Sports facilities and closely monitor and maintain the energy efficiency of the equipment throughout its life-cycle.
- Gradually transition its fleet of gas powered ice re-surfacers to electric technology.
- Continuously monitor utility usage, research, and develop new processes and technologies to reduce energy, water and paper consumption.

Employee and Union Relations

The Company has unionized employees at four of its facilities. The Company may not be able to negotiate a new contract on favourable terms, which could result in

increased operating costs as a result of higher wages or benefits paid to its unionized workers. If unionized workers engage in a strike or other work stoppage, the Company could experience a significant disruption in its operations or higher ongoing labour costs, which could have material adverse effects on the business, financial condition, results of operations and cash flows.

Mitigating factors and strategies:

- The Company maintains positive relationships with the unions and management and union representatives have bargained in good faith.
- The Company garners assistance and guidance from professional labour consultants where needed.

Key Personnel

The Company's future success depends, to a large extent, on the efforts and abilities of its executive officers and other key personnel. As the Company's ability to retain these key personnel and executive officers is important to its success and growth, the loss of such personnel could adversely affect the Company's business, financial condition, cash flows and results of operations.

Mitigating factors and strategies:

- The Company has established short-term and long-term compensation and incentive programs for its executive officers that are commensurate with their responsibilities and with market conditions.
- The Company maintains an open and candid working environment where executive officers can offer input into business strategies and decisions.

Utility Costs

Electricity, natural gas and water are significant components of operating costs of our facilities and the Company is susceptible to fluctuations in the market price of energy and related regulatory charges. In addition, the Company may experience power fluctuations or outages or cannot maintain adequate sources of natural gas and water. These factors may have a material adverse effect on the Company's business, financial conditions, results of operations and cash flows.

Mitigating factors and strategies:

- Where considered appropriate, the Company enters into medium-term energy contracts to mitigate the price fluctuations of gas and electricity.
- The Company carefully manages utility consumption through standard operating procedures and capital asset program.

- The Company has implemented an equipment replacement program, which utilizes newer technology and reduces energy consumption.
- The Company employs a full-time subject matter expert in energy management.

Privacy and Security of Information

In the ordinary course of our business we receive, process and store information from our guests and others, including personal information of our guests and employees often through online operations that depend upon the secure communication of information over public networks and in reliance on third party service providers. The secure operation of the networks and systems on which this information is stored, processed and maintained is critical to our business operations and strategy. Although we maintain systems to protect this information and rely on systems security of third-party software service providers, these systems must be continuously monitored and updated and could be compromised, in which case our guest information could become subject to intrusion, tampering or theft. Any compromise of our data security systems or the security systems of our third-party service providers could have an adverse impact on our reputation, be costly to remediate and could have a material adverse effect on our business.

Mitigating factors and strategies:

- The Company has deployed network security measures and performs periodic security compliance audits.
- Information security has been made a part of the Company's Enterprise Risk Management Strategy to provide oversight over this particular risk.

Interest Rate Risk

Debt of \$5.2 million, is subject to variable interest rates. For every 1% change in base market rates, interest expense will change by \$52,000 per annum.

Mitigating factors and strategies:

- The Company has fixed the interest rate on \$34.7 million or 87% of its loans.
- Management closely monitors market conditions and works with its senior lenders to mitigate interest rate risk where possible in periods of rising borrowing costs.

Control by Principal Shareholder and Liquidity of Common Shares.

Our principal shareholder, Bartrac Investments Ltd., holds 10,075,947 Common Shares and, as a result, controls approximately 75.5% of the aggregate voting power of the Company. Bartrac Investments Ltd.'s shareholdings allow it to control substantially all the actions taken by the shareholders of the Company, including the election of the directors.

In addition, at the date of this form, The Article 6 Marital Trust created under the First Amended and Restated Jerry Zucker Revocable Trust dated 4-2-07, an independent trust in the U.S., holds 2,297,000 Common Shares, which represents 17.2% of total outstanding Common Shares.

Such concentration of ownership could also have the effect of delaying, deterring, or preventing a change of control of the Company that might otherwise be beneficial to its shareholders and may also discourage acquisition bids for the Company and limit the amount certain investors may be willing to pay for the Common Shares.

DIVIDENDS

The Board of Canlan is authorized, at its discretion, to declare dividends on the Common Shares out of the profits of Canlan. On December 6, 2010, Canlan announced the introduction of a quarterly dividend in the amount of \$0.015 per common share. The first dividend was paid on January 17, 2011 to shareholders of record on December 15, 2010. On May 10, 2012, the Board approved an increase to the quarterly dividend from \$0.015 to \$0.02 per common share. On May 10, 2018, the Board approved an increase to the quarterly dividend from \$0.02 to \$0.025 per common share. On June 20, 2019, the Board approved an increase to the quarterly dividend from \$0.025 to \$0.0275 per common share. From October 15, 2019, dividends were paid to common shareholders on a quarterly basis at \$0.0275 per common share. The Board suspended the payment of dividends on March 24, 2020 due to the impact of COVID-19. On November 11, 2022, the Board approved the resumption of a quarterly dividend and set the quarterly dividend amount at \$0.03 per common share. The Board reviews the Company's dividend policy on a quarterly basis.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized capital of Canlan consists of 500,000,000 Common Shares with no par value and an unlimited number of preference shares.

As at December 31, 2022, Canlan had 13,337,448 Common Shares, and no preference shares, issued and outstanding, consistent with December 31, 2021 and 2020. The Company has not issued any Common Shares since November 2004.

Each Common Share carries the right for the holder thereof to receive notice of, attend and vote at any general meeting of Canlan. Each Common Share carries one vote and is entitled to dividends that may be declared by the Board, provided that no dividends may be declared on the Common Shares which reduce the assets of Canlan below the aggregate of the redemption amount of the preference shares.

No preference shares have been issued. The preference shares may only be allotted and issued as consideration for the acquisition by Canlan of real or personal property in circumstances where the transferor and Canlan have agreed to elect to transfer such property pursuant to section 85 of the *Income Tax Act* (Canada).

Constraints

The Company is not subject to any constraints imposed on the ownership of its securities to require a particular level of Canadian ownership.

Ratings

The Company has not asked for and received a credit rating, nor is the Company aware that it has received any other kind of rating, including a stability rating or a provisional rating, from one or more credit rating organizations in respect of its Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the TSX under the symbol “ICE”.

The following table sets out the high and low trading prices and volumes for the specific periods:

Month ended:	High	Low	Volume
January 31, 2022	\$3.40	\$3.39	1,630
February 28, 2022	\$3.80	\$3.25	16,308
March 31, 2022	\$4.21	\$3.40	12,430
April 30, 2022	\$3.60	\$3.41	4,024
May 31, 2022	\$3.60	\$3.40	3,961
June 30, 2022	\$3.65	\$3.60	2,670
July 31, 2022	\$3.60	\$3.35	2,000
August 31, 2022	\$4.00	\$3.35	2,594
September 30, 2022	\$3.80	\$3.50	50,610
October 31, 2022	\$3.50	\$3.40	6,751
November 30, 2022	\$4.35	\$3.20	5,863
December 31, 2022	\$4.05	\$3.90	931

Prior Sales

The Company does not have any classes of securities outstanding that are not listed or quoted on a marketplace.

Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

As far as the Company is aware, none of its Common Shares are subject to escrow (including pooling agreements) or are subject to any contractual restrictions on transfer (other than pledges that may be made to lenders).

DIRECTORS AND OFFICERS

Each of our directors is elected annually and holds office until our next annual meeting of shareholders unless he or she ceases to hold office before that date.

Information concerning our directors and officers as at December 31, 2022 is as follows:

DIRECTORS			
Name	Period of Directorship	Province, Country of Residence & Principal Occupation	Shares owned or over which Control or Direction is Exercised
Frank D. Barker ^{(2) (4)}	Since May 1986	British Columbia, Canada Partner, Kinetic Capital Partners	15,000 (0.11%)
Geoffrey J. Barker ⁽⁴⁾	Since May 1987	British Columbia, Canada V.P. Properties & Development, Bartrac Holdings Ltd.	365 (0.003%)
Victor D'Souza ⁽³⁾	Since June 2011	Ontario, Canada Managing Director, Reignite Capital	27,800 (0.21%)
Doug Brownridge ^{(1) (2) (3)}	Since March 2015	British Columbia, Canada Managing Director, STS Capital Partners Board Chair, Aprio Software	nil
Chris McMullen ^{(1) (3)}	Since October 2021	Ontario, Canada Business/Financial Consultant	12,000 (0.09%)
Don Crowe ^{(1) (2)}	Since October 2021	Washington, USA Chairman and CEO, Arena Sports, Inc.	nil
Connie Carras ^{(1) (3)}	Since June 2022	Ontario, Canada Board Chair, EnerQuality Corporation President, CEC Enterprises Consulting	nil

DIRECTORS			
Name	Period of Directorship	Province, Country of Residence & Principal Occupation	Shares owned or over which Control or Direction is Exercised
Joey St-Aubin	Since March 2009	Ontario, Canada President and CEO, Canlan Ice Sports Corp.	23,150 (0.17%)
<p><u>Notes:</u></p> <p>(1) Denotes a member of the Audit Committee.</p> <p>(2) Denotes a member of the Human Resource & Compensation, and Governance & Nominating Committees.</p> <p>(3) Denotes a member of the Strategic Risk Committee.</p> <p>(4) See "Conflicts of Interest"</p>			

EXECUTIVE OFFICERS			
Name	Position with Canlan & Principal Occupation	Province of Residence	Shares
Victor D'Souza	Chairman of the Board Managing Director, Reignite Capital	Ontario	27,800
Joey St-Aubin	President and Chief Executive Officer	Ontario	23,150
Michael Gellard	Executive Vice President	British Columbia	40,200
Ivan Wu	Chief Financial Officer and Recording Secretary	British Columbia	22,600
Mark Faubert	Chief Operating Officer	British Columbia	8,540
Rita Price	Vice President, People & Culture	Ontario	300
S. Liana Guiry	Vice President, Sales, Marketing and Customer Experience	Ontario	500

Rita Price was appointed to the role of Vice President, Human Resources in June 2020. Prior to joining Canlan, Ms. Price was the Director Human Resources and Labour Relations at Lifelabs from 2015 to 2020.

S. Liana Guiry was appointed to the role of Vice President Sales, Marketing and Customer Experience in February 2021. Prior to joining Canlan, Ms. Guiry was the Principal Strategy Consultant at Meta Bees from 2019 to 2021 and Vice President, Marketing at Revera Inc. from 2014 to 2019.

Chris McMullen was appointed as a director of the Company on October 18, 2021. Mr. McMullen is a CPA and also serves as chair of the Audit Committee. Mr. McMullen's past experience has included serving as chief financial officer of Livingston International and over the past five years, Mr. McMullen has provided business and financial consulting services to various clients including Buckland Customs Brokers Ltd. and PUDO Inc.

Don Crowe was appointed as a director of the Company on October 18, 2021. Over the past five years, Mr. Crowe has served as the Chairman and CEO of Arena Sports, Inc and its affiliated companies.

Connie Carras was appointed as a director of the Company on June 22, 2022. Over the past five years, Ms. Carras has served as President of CEC Enterprises Consulting and is also currently Board Chair of EnerQuality Corporation, a leader in energy efficiency innovation for housing.

The other directors and officers have held his or her present or principal occupation or similar positions with his or her present employer or its predecessor or affiliates for the past five years.

Ownership by Directors and Officers

The directors and officers of Canlan as a group, beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 150,455 Common Shares, representing 1.1% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the Company's knowledge, no director or executive officer of the Company is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") of any company (including the Company and any personal holding companies) that:

- 1) was subject to a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation, that was in effect for a period of more than thirty consecutive days (an "**Order**") that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or

- 2) was subject to an Order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in capacity as director, CEO or CFO.

To the Company's knowledge, no director or executive officer of the Company, or any shareholder holding a sufficient number of Common Shares to affect materially the control of the Company:

- 1) is, as at the date of the AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company and any personal holding companies) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- 2) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, executive officer or shareholder.

Conflicts of Interest

To the best of Canlan's knowledge, other than as disclosed herein, there are no known existing or potential material conflicts of interest among Canlan or any of its subsidiaries and any director or officer of Canlan or any of its subsidiaries except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Canlan and their duties as a director or officer of such other companies.

Frank D. Barker and Geoffrey J. Barker are both directors of Canlan. Frank D. Barker is a related party to Bartrac Investments Ltd. and Geoffrey J. Barker is a director of Bartrac Investments Ltd., the principal shareholder in Canlan, and Bartrac Holdings Ltd., which is an affiliate of Bartrac Investments Ltd.

Audit Committee

Audit Committee Information

The Board has established an Audit Committee (the “**Audit Committee**”). The full text of the Audit Committee Charter is included in the Schedule to this Annual Information Form.

Composition and Experience of the Audit Committee

Our Audit Committee consists of four members. All of the members of the Audit Committee are independent and financially literate as defined in National Instrument 52-110 - *Audit Committees*.

Based on their business and educational experiences, each Audit Committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection of the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

The name, relevant education and experience of each Audit Committee member are outlined below:

Chris McMullen, Business and Financial Consultant, has been a director of Canlan since October 2021. He is a Chartered Professional Accountant and has a Bachelor of Mathematics degree from University of Waterloo.

Doug Brownridge, Board Chair of Aprio Software and Managing Director of STS Capital Partners. Mr. Brownridge was appointed to the Board in March 2015, and holds a Bachelor of Commerce degree from the University of Toronto.

Don Crowe, Chairman and CEO of Arena Sports, Inc and its affiliated companies. Mr. Crowe was appointed to the Board in October 2021. He is a Certified Professional Accountant – USA, and has a Bachelor of Arts in Business Administration from the University of Washington

Connie Carras, Board Chair of EnerQuality and President of CEC Enterprises Consulting. Ms. Carras was appointed to the Board in June 2022. She is a Chartered Professional Accountant and has a Bachelor of Commerce degree from the University of Toronto.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation by the Audit Committee to nominate or compensate an external auditor (KPMG LLP, Chartered Professional Accountants) not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*), Section 3.2 (*Initial Public Offerings*), Section 3.3(2) (*Controlled Companies*), Section 3.4 (*Events Outside Control of Member*), Section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), Section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*), or Section 3.8 (*Acquisition of Financial Literacy*) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

Each year, the Audit Committee pre-approves policies and procedures for the engagement of non-audit services related to tax compliance and consulting services.

Auditor's Fees

The Company's auditor is KPMG LLP, independent chartered professional accountants, of 777 Dunsmuir Street, Vancouver, British Columbia V7Y 1K3. The partners and associates of KPMG LLP do not own any of the outstanding Common Shares.

The table below shows the fees that KPMG LLP billed to the Company for the various services described for the years ended December 31, 2022 and 2021:

	2022 <i>(in thousands)</i>	2021 <i>(in thousands)</i>
Audit Fees ⁽¹⁾	\$174.9	\$165.3
Audit-related Fees ⁽¹⁾	\$9.7	\$7.7
Tax Fees ⁽²⁾	\$83.9	\$73.4
Tax-related Fees ⁽²⁾	\$11.1	-

Notes:

(1) These fees represent professional services provided by the Company's auditor, KPMG LLP, with respect to the audit of the Company's consolidated financial statements.

- (2) These fees represent professional services provided by the Company's auditor, KPMG LLP, with respect to tax compliance and tax planning services.

Of the amount paid to KPMG LLP, in relation to fiscal 2022 services, 66% was in relation to audit and audit related services, and 34% in relation to tax compliance and other services.

INTERESTS OF EXPERTS

KPMG LLP is the Company's auditor and has prepared an opinion with respect to the Company's consolidated financial statements as at and for the year ended December 31, 2022. KPMG LLP reports that it is independent of the Company in accordance with the code of professional conduct of the Chartered Professional Accountants of British Columbia and the rules of the Public Company Accounting Oversight Board.

LEGAL PROCEEDINGS

The Company is not involved in any legal proceeding (or a collection of legal proceedings that present in large degree the same legal and factual issues), or aware of any legal proceeding that is contemplated, that involves a claim for damages where the amount involved (exclusive of interest and costs) would exceed 10% of the current assets of the Company.

The Company is involved, from time to time, in litigation in the ordinary course of business, including lawsuits with respect to personal injury claims related principally to spectators and participants of sports activities in the Company's facilities. However, such legal proceedings do not individually or collectively (that is, with other cases involving substantially the same legal and factual issues) involve a claim for damages that, exclusive of interest and costs, would exceed 10% of the current assets of the Company. The Company maintains liability insurance that is considered adequate to insure claims related to usual and customary risks associated with the operation of recreation facilities. See "Risk Factors – *Insurance*".

REGULATORY ACTIONS

The Company has not been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority during its most recently completed financial year. In addition, the Company has not been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor in making an investment decision. Finally, the Company did not enter into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during its most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this Annual Information Form, no director or executive officer of the Company, shareholder who holds more than 10% of the Common Shares, or any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

Common share dividends paid by Canlan to Bartrac Holdings Ltd., an affiliate of Canlan's controlling shareholder, Bartrac Investments Ltd., were as follows:

	<u>(in thousands)</u>
2022	\$ -
2021	\$ -
2020	\$277

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia is the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

There are no contracts that are material to the Company or any of its subsidiaries, other than contracts entered into in the ordinary course of the Company's business, that are required to be disclosed under National Instrument 51-102, Continuous Disclosure Obligations, and that were entered into within the most recently completed financial year, or before the most recently completed financial year but is still in effect.

ADDITIONAL INFORMATION

Additional information, including Directors' and Officers' remuneration and indebtedness, principal holders of Canlan's securities, options to purchase securities, and interests of insiders in material transactions is contained in Canlan's information circular for its Annual Meeting of Shareholders. Additional financial information is also provided in the Company's comparative financial statements and management and discussion and analysis for its December 31, 2022 financial year. These documents and other information about the Company can be found on SEDAR at www.sedar.com.

Corporate Information:

**Canlan Ice Sports Corp.
6501 Sprott Street
Burnaby, B.C.
V5B 3B8
Phone (604) 736-9152
Fax (604) 736-9170
Website: www.canlansports.com**

Schedule

Audit Committee Charter

The Board of Directors (the “Board”) has established an Audit Committee (the “Committee”) to assist the Board in fulfilling its oversight of the financial reporting process including the integrity of the Company’s accounting and financial reporting, the Company’s internal controls and disclosure controls, the Company’s legal and regulatory compliance, the Company’s ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Company’s external auditors, the management of the Company’s risks, the Company’s credit worthiness, treasury plans and financial policy and the Company’s whistleblower and complaint procedures.

1. *MEMBERSHIP*

- The Committee will have a minimum of three members, including the Chair of the Committee. The Board will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.
- The Board will appoint the Chair of the Committee from the Committee’s members by a majority vote. The Chair of the Committee will hold such position at the pleasure of the Board.
- All members of the Committee will be Independent Directors. A director is independent if he or she has no direct or indirect material relationship with the Company as determined in accordance with applicable laws and regulations.
- All members of the Committee will be financially literate as defined in accordance with applicable securities laws and standards.

2. *MEETINGS*

- The Committee will meet at least once each quarter corresponding with the Company’s reporting cycle and otherwise as necessary. Any member of the Committee may call meetings of the Committee.
- The Chair of the Committee will prepare an agenda in advance of each meeting.

- The notice, agenda and supporting documentation will be circulated to the members of the Committee at least four days in advance of the meeting to allow members appropriate time to prepare for the meeting. The notice and agenda will also be circulated to the CEO and all Directors.
- All Directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.
- At each meeting of the Committee, the Committee members may meet in private sessions among themselves only; and when appropriate with the external auditors only; and with Management only.
- The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether the director is a member of the Committee.

3. *QUORUM*

The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee.

4. *DUTIES*

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

Financial Reporting

Prior to public disclosure, the Committee in consultation with management, and where appropriate, the external auditors will review and recommend to the Board for approval:

- a) the annual audited financial statements and interim unaudited financial statements of the Company;
- b) the interim and annual management's discussion and analysis of financial condition and results of operations (MD&A) of the Company;
- c) earnings press releases and earnings guidance, if any;
- d) management's Statement on Financial Reporting; and
- e) all other material financial public disclosure documents of the Company including prospectuses, press releases with financial results and the Annual Information Form.

External Auditors

The external auditors will report directly to the Committee and the Committee will:

- a) recommend to the Board, for shareholder approval the external auditors and determine the compensation of the external auditors;
- b) oversee the work of the external auditors and review and approve the annual audit plan of the external auditors, including the scope of the audit to be performed. The Committee will discuss with the external auditors and management, the adequacy and effectiveness of the disclosure controls and internal controls of the Company and elicit recommendations for the improvement of such controls or particular areas where new or more detailed controls or procedures are desirable;
- c) meet with the external auditors without management present and ask the external auditors to report any significant disagreements with management regarding financial reporting, the resolution of such disagreements and any restrictions imposed by management on the scope and extent of the audit examinations conducted by the external auditors;
- d) pre-approve all audit, audit-related and non-audit services to be provided to the Company or any of its subsidiaries, by the external auditors (and its affiliates), in accordance with applicable securities laws;
- e) annually review the qualification, expertise and resources and the overall performance of the external audit team and, if necessary, recommend to the Board the termination of the external auditors or the rotation of the audit partner in charge;
- f) annually assess and confirm the independence of the external auditors and require the external auditors to deliver an annual report to the Committee regarding its independence, such report to include disclosure regarding all engagements (and fees related thereto) by the Company and relationships which may impact the objectivity and independence of the external auditors;
- g) require the external auditors to deliver an annual acknowledgement in writing to the Committee that the shareholders, as represented by the Board and the Committee, are its primary client;
- h) review post-audit or management letters, containing recommendations of the external auditors and management's response;
- i) review reports of the external auditors; and
- j) pre-approve the hiring of employees and former employees of current and former auditors in accordance with applicable securities laws.

Notwithstanding section (d) above, the Committee may delegate the pre-approval of non-audit services to any one member of the Committee, provided, however, a report is made to the Committee on any pre-approval of such services at the Committee's first scheduled meeting following the pre-approval.

Whistleblower, Code of Conduct and Business Ethics Policy and Procedures

The Committee will ensure that the Company has in place adequate procedures for:

- a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, auditing matters or conflicts of interest; and
- b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The CEO or CFO will report to the Committee, and the Committee will review such reports, on any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

Accounting and Financial Matters

The Committee will review:

- a) with management and the external auditors, the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that could materially affect the financial results and whether they should be disclosed in the MD&A;
- b) emerging accounting issues and their potential impact on the Company's financial reporting;
- c) significant judgments, assumptions and estimates made by management in preparing financial statements;
- d) the evaluation by the external auditors of management's internal control systems, and managements responses to any identified weaknesses;
- e) the evaluation by management of the adequacy and effectiveness in the design and operation of the Company's disclosure controls and internal controls for financial reporting;
- f) audits designed to report on management's representations on the effectiveness and efficiency of selected projects, processes, programs or departments; and

- g) management's approach for safeguarding corporate assets and information systems, the adequacy of staffing of key financial functions and their plans for improvements.

Legal/regulatory Matters and Ethics

The Committee will review:

- a) with management, the external auditors and, if appropriate, legal counsel, any litigation, claim or other contingency, including any tax assessment, that could have a material effect upon the financial position or operating results of the Company;
- b) annually, management's relationships and compliance with regulators, and the accuracy and timeliness of filing with regulatory authorities; and
- c) annually, the ethics policy, management's approach to business ethics and corporate conduct and the program used by management to monitor compliance with the policy.

Other

The Committee will review:

- a) the proposed disclosure concerning the Committee to be included in the Company's disclosure documents to verify, among other things, that it is in compliance with applicable securities law requirements;
- b) significant related party transactions and actual and potential conflicts of interest relating thereto to verify their propriety and that disclosure is appropriate;
- c) any proposed tax planning strategies prepared by management or recommendations pursuant to any tax advisory engagements;
- d) certain corporate policies and recommend to Board for approval if appropriate, on an annual basis; and
- e) at least once annually, evaluate the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Board via the Corporate Governance Committee.

The Committee will also have such other duties and responsibilities as are delegated to it and review such other matters as, from time to time, are referred to it by the Board.

5. *AUTHORITY*

The Committee, in fulfilling its mandate, will have the authority to:

- after informing the Board Chair and the CEO, engage and set compensation for independent counsel and other advisors;
- Communicate directly with the Chief Financial Officer, the External Auditors and General Counsel; and
- after informing the Board Chair and the CEO, access appropriate funding as determined by the Committee to carry out its duties.