



Condensed Consolidated Interim Financial Statements

**CANLAN ICE SPORTS CORP.**

For the period ended September 30, 2024

(Unaudited)

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

*The accompanying condensed consolidated interim financial statements of the Company, as at and for the period ended September 30, 2024 have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by the entity's auditor.*

# CANLAN ICE SPORTS CORP.

Condensed Consolidated Interim Statements of Financial Position  
(Expressed in thousands)

	September 30, 2024 (unaudited)	December 31, 2023 (audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,800	\$ 19,029
Accounts receivable	3,505	2,991
Inventory	549	624
Prepaid and other expenses	2,349	1,256
	24,203	23,900
Non-current assets:		
Property, plant and equipment – facilities (note 4)	94,870	93,328
Deferred tax assets (note 10)	4,241	3,587
Other assets	905	1,022
Interest rate swap (note 6(b) and 11(a))	-	162
	100,016	98,099
	\$ 124,219	\$ 121,999
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 13,135	\$ 11,742
Deferred revenue and customer deposits	13,894	14,425
Current portion of:		
Lease liabilities (note 5)	789	951
Debt (note 6(a))	2,095	2,041
	29,913	29,159
Non-current liabilities:		
Lease liabilities (note 5)	6,861	5,376
Debt (note 6(a))	39,408	40,907
Other long-term liabilities (note 8)	1,847	946
Deferred tax liabilities (note 10)	994	955
Interest rate swap (note 6(b) and 11(a))	611	-
	49,721	48,184
Total liabilities	79,634	77,343
Shareholders' equity:		
Share capital (note 7)	63,109	63,109
Contributed surplus	543	543
Foreign currency translation reserve	3,521	2,832
Deficit	(22,588)	(21,828)
	44,585	44,656
	\$ 124,219	\$ 121,999

Nature of operations (note 1)

Commitments and contingencies (note 9)

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

Approved on behalf of the Board:

/s/ Victor D'Souza

Director

/s/ Joey St-Aubin

Director

# CANLAN ICE SPORTS CORP.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Revenue:</b>				
Ice rink and recreational facilities (note 14)	\$ 19,958	\$ 17,246	\$ 67,992	\$ 61,534
<b>Expenses (note 16):</b>				
Ice rink and recreational facilities				
Salaries, wages and benefits	7,941	7,619	24,701	23,633
Selling and customer service	2,772	2,630	8,377	7,720
Utilities	1,627	1,586	5,125	4,742
Cost of goods sold	1,020	969	4,039	3,752
Repairs and maintenance	3,717	4,755	6,977	6,849
Property tax	810	771	2,560	2,157
	<u>17,887</u>	<u>18,330</u>	<u>51,779</u>	<u>48,853</u>
Earnings (loss) from ice rink and recreational facilities before the undernoted	2,071	(1,084)	16,213	12,681
General and administration expenses (notes 8 and 16)	2,801	2,197	7,705	6,283
Earnings (loss) before the undernoted	(730)	(3,281)	8,508	6,398
<b>Other gains (expenses) (note 16):</b>				
Depreciation	(1,858)	(1,908)	(5,594)	(5,750)
Gain on sale of assets	9	-	9	10
Foreign exchange gain (loss)	(1)	6	3	5
	<u>(1,850)</u>	<u>(1,902)</u>	<u>(5,582)</u>	<u>(5,735)</u>
<b>Finance income (expenses):</b>				
Finance income	135	129	502	442
Finance expense	(645)	(741)	(2,254)	(1,972)
Gain (loss) on interest rate swaps (note 11(a))	(1,075)	700	(773)	1,227
	<u>(1,585)</u>	<u>88</u>	<u>(2,525)</u>	<u>(303)</u>
Earnings (loss) before income taxes	(4,165)	(5,095)	401	360
<b>Income tax expenses (recovery)</b>				
Current	(684)	(1,089)	576	4
Deferred	(861)	(154)	(615)	(39)
	<u>(1,545)</u>	<u>(1,243)</u>	<u>(39)</u>	<u>(35)</u>
Net earnings (loss) for the period	(2,620)	(3,852)	440	395
<b>Other comprehensive income (loss):</b>				
<i>Items that may be reclassified subsequently to net earnings:</i>				
Foreign currency translation differences	(484)	716	689	(76)
Total comprehensive income (loss)	(3,104)	(3,136)	1,129	319
Basic and fully diluted earnings (loss) per share	\$ (0.20)	\$ (0.29)	\$ 0.03	\$ 0.03
<b>Weighted average common shares issued for basic and diluted earnings per share calculations</b>				
	13,336,999	13,336,999	13,336,999	13,336,999

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

# CANLAN ICE SPORTS CORP.

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited)

(Expressed in thousands)

	Share capital	Contributed surplus	Foreign currency translation reserve	Deficit	Total
Balance at December 31, 2022	\$ 63,109	\$ 543	\$ 3,662	\$ (20,663)	\$ 46,651
Net earnings	-	-	-	395	395
Other comprehensive loss	-	-	(76)	-	(76)
Dividends to common shareholders	-	-	-	(1,200)	(1,200)
Balance at September 30, 2023	\$ 63,109	\$ 543	\$ 3,586	\$ (21,468)	\$ 45,770
Net earnings	-	-	-	40	40
Other comprehensive loss	-	-	(754)	-	(754)
Dividends to common shareholders	-	-	-	(400)	(400)
Balance at December 31, 2023	\$ 63,109	\$ 543	\$ 2,832	\$ (21,828)	\$ 44,656
Net earnings	-	-	-	440	440
Other comprehensive income	-	-	689	-	689
Dividends to common shareholders	-	-	-	(1,200)	(1,200)
Balance at September 30, 2024	\$ 63,109	\$ 543	\$ 3,521	\$ (22,588)	\$ 44,585

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

# CANLAN ICE SPORTS CORP.

Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited)

(Expressed in thousands)

For the nine months ended September 30

	2024	2023
Cash provided by (used in):		
Operations:		
Net earnings for the period	\$ 440	\$ 395
Adjustments for:		
Depreciation	5,594	5,750
Other long-term liabilities	901	-
Gain on sale of assets	(9)	(10)
Net finance expense	2,525	303
Deferred income taxes	(615)	(39)
Foreign exchange (gain) loss	48	(18)
Net change in non-cash working capital (note 15)	(763)	(847)
Interest paid (note 17)	(2,223)	(1,953)
Interest received	502	442
	<u>6,400</u>	<u>4,023</u>
Financing:		
Principal repayments of debt	(1,475)	(1,387)
Principal repayments on obligations under lease liabilities	(694)	(728)
Payment of dividends on common shares	(1,200)	(1,200)
Increase in principal of debt	-	3,200
Repayment of lease liability upon exercise of purchase option (note 4)	-	(4,572)
Financing fee (note 17)	-	(190)
	<u>(3,369)</u>	<u>(4,877)</u>
Investing:		
Expenditures on ice rink and recreational facilities	(4,260)	(4,203)
Expenditures on other assets	(102)	(296)
Net proceeds on sale of assets	9	10
	<u>(4,353)</u>	<u>(4,489)</u>
Effect of changes in foreign currency rates on cash and cash equivalents	93	(10)
Decrease in cash and cash equivalents	(1,229)	(5,353)
Cash and cash equivalents, beginning of year	19,029	18,532
Cash and cash equivalents, end of period	<u>\$ 17,800</u>	<u>\$ 13,179</u>

Supplemental cash flow information (note 15)

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

# CANLAN ICE SPORTS CORP.

Notes to Condensed Consolidated Interim Financial Statements  
Nine months ended September 30, 2024 and 2023

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

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## 1. Nature of operations:

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

## 2. Basis of preparation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting. The Interim Financial Statements should be read in conjunction with the notes to the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2023 (“Annual Audited Financial Statements”) which were prepared in accordance with IFRS Accounting Standards, since these interim financial statements do not contain all the disclosures required by IFRS Accounting Standards for annual financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on November 12, 2024.

### (b) Basis of measurement:

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

### (c) Functional and presentation currency:

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

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

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

# CANLAN ICE SPORTS CORP.

Notes to Condensed Consolidated Interim Financial Statements  
Nine months ended September 30, 2024 and 2023

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

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(d) Significant judgments, estimates and assumptions:

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

In the process of applying the Company's accounting policies, management has made judgments, estimates and assumptions. Significant judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are the same as those described in the December 31, 2023 consolidated financial statements.

**3. Material accounting policies:**

These condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the December 31, 2023 consolidated financial statements except for the following two amendments to IAS 1, Presentation of Financial Statements that are effective for January 1, 2024:

- (a) The first amendment clarifies that the classification between current and non-current liabilities is based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations of whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of "settlement" as the transfer of cash, equity instruments, other assets or services to the counterparty.
- (b) The second amendment introduces Non-Current Liabilities with Covenants. It specifies that the classification of debt as current or non-current at the reporting date is not affected by the entity's compliance with the covenants after the reporting date.

The Company has adopted the above amendments from January 1, 2024. The adoption of these amendments does not have any material impact on the Company's financial disclosures.

# CANLAN ICE SPORTS CORP.

Notes to Condensed Consolidated Interim Financial Statements  
 Nine months ended September 30, 2024 and 2023

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

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

September 30, 2024	Cost	Accumulated amortization	Net book value
Land	\$ 19,849	\$ -	\$ 19,849
Buildings and building improvements	120,336	71,620	48,716
Leasehold improvements	593	568	25
Rink board systems	4,636	3,462	1,174
Refrigeration equipment	25,813	13,340	12,473
Machinery and equipment	21,766	15,641	6,125
Computers, furniture and fixtures	15,184	11,860	3,324
Ice resurfacing equipment	6,733	5,639	1,094
Work in progress	2,090	-	2,090
	\$ 217,000	\$ 122,130	\$ 94,870

December 31, 2023	Cost	Accumulated amortization	Net book value
Land	\$ 19,696	\$ -	\$ 19,696
Buildings and building improvements	117,852	68,905	48,947
Leasehold improvements	594	533	61
Rink board systems	4,626	3,377	1,249
Refrigeration equipment	25,607	12,567	13,040
Machinery and equipment	20,974	14,733	6,241
Computers, furniture and fixtures	13,532	11,135	2,397
Ice resurfacing equipment	6,715	5,299	1,416
Work in progress	281	-	281
	\$ 209,877	\$ 116,549	\$ 93,328

On February 28, 2023, the Company exercised its option to purchase a sports complex in Libertyville, Illinois, for \$4,572,000. The property was previously leased and recorded as a right-of-use asset within property, plant and equipment on the statement of financial position. The purchase was financed by cash and bank financing of \$3,200,000.

For the three and nine months ended September 30, 2024 and 2023, no impairment losses were recognized in property, plant and equipment.

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

	September 30, 2024	December 31, 2023
Property, plant and equipment owned	\$ 88,379	\$ 87,690
Right-of-use property, plant and equipment leased (note 5(a))	6,491	5,638
	\$ 94,870	\$ 93,328

# CANLAN ICE SPORTS CORP.

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

## 5. Right-of-use assets:

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

	Equipment	Building and building improvements	Total
December 31, 2023	\$ 3,238	\$ 2,400	\$ 5,638
Addition	-	2,017	2,017
Depreciation	(375)	(251)	(626)
Purchase options exercised	(538)	-	(538)
September 30, 2024	\$2,325	\$ 4,166	\$ 6,491

	Equipment	Building and building improvements	Total
December 31, 2022	\$ 2,180	\$ 7,610	\$ 9,790
Depreciation	(363)	(293)	(656)
Purchase options exercised	-	(4,823)	(4,823)
Foreign exchange	-	(10)	(10)
September 30, 2023	\$ 1,817	\$ 2,484	\$ 4,301

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

	September 30, 2024	December 31, 2023
Maturity analysis – contractual undiscounted cash flows		
Less than one year	\$ 1,238	\$ 1,306
One to five years	4,313	3,090
More than five years	6,063	5,525
Total undiscounted lease liabilities	\$ 11,614	\$ 9,921
Lease liabilities included in the statements of financial position:		
Current	\$ 789	\$ 951
Non-current	6,861	5,376
	\$ 7,650	\$ 6,327

During the three and nine months ended September 30, 2024, interest expense related to lease liabilities were \$110,000 and \$320,000 respectively (2023 - \$84,000 and \$278,000 respectively). During the three and nine months ended September 30, 2024, total lease expense related to leases of low-value items were \$29,000 and \$86,000 respectively (2023 - \$36,000 and \$100,000 respectively).

# CANLAN ICE SPORTS CORP.

Notes to Condensed Consolidated Interim Financial Statements  
Nine months ended September 30, 2024 and 2023

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

## 6. Debt:

### (a) Credit Facilities:

	Maturity dates	Interest rates		September 30, 2024	December 31, 2023
Variable rate -	2027	CORRA + 1.85%	(i) \$	23,197	\$ 23,948
fixed with interest rate	2027	CORRA + 1.85%	(ii)	4,848	5,004
swap contracts	2027	CORRA + 1.85%	(iii)	2,013	2,077
(note 11 (a))	2027	CORRA + 1.85%	(iv)	2,172	2,242
	2027	CORRA + 2.10%	(v)	7,471	7,852
Variable rate	2027	Prime + 0.25%	(iv)	1,947	2,000
				41,648	43,123
Deferred financing costs				(145)	(175)
				41,503	42,948
Current portion				2,095	2,041
Non-current portion				\$ 39,408	\$ 40,907

As at September 30, 2024, total bank debt consists of the following:

- (i) \$25,337,000 non-revolving loan amortized over 25 years, maturing on November 30, 2027, interest at Canadian Overnight Repo Rate Average (CORRA) rate plus 1.85% per annum payable monthly. The Company has entered into an interest rate swap contract (note 6 (b)(i) and 11(a)), maturing on November 21, 2027, to fix the interest rate at 5.34% per annum payable monthly. At September 30, 2024, the balance outstanding was \$23,197,000;
- (ii) \$5,213,000 non-revolving loan amortized over 25 years, maturing on November 30, 2027, interest at CORRA rate plus 1.85% per annum payable monthly. The Company entered into an interest rate swap contract (note 6 (b)(ii) and 11(a)), maturing on November 30, 2027, to fix the interest rate at 5.50% per annum payable monthly. At September 30, 2024, the balance outstanding was \$4,848,000;
- (iii) \$10,000,000 revolving loan amortized over 25 years, maturing on November 30, 2027, interest at CORRA rate plus 1.85% per annum payable monthly. The Company entered into an interest rate swap contract (note 6 (b)(ii) and 11(a)), maturing on November 30, 2027, to fix the interest rate at 5.50% per annum payable monthly. At September 30, 2024, the balance outstanding was \$2,013,000;
- (iv) \$20,000,000 revolving capital expenditure loan amortized over 25 years, maturing on November 30, 2027. At September 30, 2024, the balance outstanding on this credit facility was \$4,119,000. Of this total, \$2,172,000 accrues interest at CORRA rate plus 1.85% per annum payable monthly. The Company entered into an interest rate swap contract (note 6 (b)(ii) and 11(a)), maturing on November 30, 2027, to fix the interest rate at 5.50% per annum payable monthly. The remaining \$1,947,000 outstanding at September 30, 2024, accrues interest at Prime plus 0.25% per annum payable monthly;
- (v) \$8,525,000 loan amortized over 15 years, maturing on September 30, 2027, interest at CORRA plus 2.1% per annum payable monthly. The Company entered into an interest rate swap contract (note 6

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

(b)(iii) and 11(a)), maturing on September 29, 2027 to fix the interest rate at 5.70% per annum payable monthly. At September 30, 2024, the balance outstanding was \$7,471,000; and

(vi) \$745,000 demand revolving operating loan, interest at Prime rate plus 0.25% per annum. No amounts have been drawn on this loan to date.

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

For the three and nine months ended September 30, 2024, amortization of deferred financing costs related to these facilities totaling \$11,000 and \$30,000 respectively (2023 - \$7,000 and \$19,000 respectively) was recorded in finance costs.

The Company is required to comply with covenant criteria established by its lenders. These include tangible net worth and debt coverage ratio measurements. As at September 30, 2024, the Company was in compliance with these covenants.

(b) Derivative instruments:

The Company uses derivative instruments in accordance with its overall risk management policies. The Company enters into interest rate swap agreements which exchange a receipt of floating interest for a payment of fixed interest to reduce the Company's exposure to interest rate variability on its outstanding floating-rate debt. The Company has not designated, for accounting purposes, its interest rate swaps as a cash flow hedge of its debt.

As of September 30, 2024, the Company has the following interest rate swap contracts:

Note Reference	Interest rate Index	Term	Swap rate	Notional amount		Fair value		
				September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	
(i)	6 (a)(i)	CORRA	2023-2027	5.34%	\$ 23,197	\$ 23,948	(\$ 331)	\$ 139
(ii)	6 (a)(ii)(iii)(iv)	CORRA	2022-2027	5.50%	9,032	9,323	(171)	-
(iii)	6 (a)(v)	CORRA	2023-2027	5.70%	5,524	7,899	(109)	23
					\$ 37,753	\$ 41,170	(\$ 611)	\$ 162

## 7. Share capital:

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

	Number of Shares	Amount
(a) Authorized: 500,000,000 common shares of no par value		
(b) Issued and outstanding: September 30, 2024 and December 31, 2023	13,336,999	\$ 63,109

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Nine months ended September 30, 2024 and 2023

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

## 8. General and administration expenses:

General and administration expenses consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Salaries, wages and benefits	\$ 1,660	\$ 1,564	\$ 5,156	\$ 4,767
LTI Plan	654	65	991	65
Professional and regulatory fees	140	224	440	431
Office	219	202	703	562
Travel	57	49	205	212
Other	71	93	210	246
	\$ 2,801	\$ 2,197	\$ 7,705	\$ 6,283

Compensation expense related to the LTI Plan for the three and nine months ended September 30, 2024 has been included in other long-term liabilities as at September 30, 2024.

## 9. Commitments and contingencies:

Due to the nature of the sports and recreation business, various lawsuits involving the Company are pending. Management believes, based on legal counsels' opinions, that the outcome of these lawsuits will not materially affect the Company's financial position.

## 10. Income taxes:

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

	September 30,		December 31,	
	2024		2023	
Deferred income tax assets:				
Unused tax losses	\$	2,143	\$	2,158
Properties		1,202		1,012
Other		896		417
Total deferred income tax assets	\$	4,241	\$	3,587
Deferred income tax liabilities:				
Properties	\$	(993)	\$	(911)
Other		(1)		(44)
Total deferred income tax liabilities	\$	(994)	\$	(955)

# CANLAN ICE SPORTS CORP.

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

## 11. Financial instruments:

### (a) Fair value:

The Company has the following financial instruments:

	Accounting classification	Fair value level
Financial assets not measured at fair value:		
Cash and cash equivalents (i)	Amortized cost	1
Accounts receivable (i)	Amortized cost	2
Financial assets measured at fair value:		
Investment (included in other assets) (iv)	FVOCI	3
Interest rate swaps (iii)	Financial assets at FVTPL	2
Financial liabilities not measured at fair value:		
Accounts payable and accrued liabilities (i)	Amortized cost	2
Debt	Amortized cost	2
Financial liabilities measured at fair value:		
Other long-term liabilities (ii)	Financial liability at FVTPL	2
Interest rate swaps (iii)	Financial liability at FVTPL	2

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

(ii) The carrying values of other long-term liabilities is considered by management to approximate their fair values.

(iii) In November 2022 and January 2023, respectively, the Company entered into interest rate swap agreements (five-year term) to fix the interest rate on certain of its debt (note 6). The fair value of this derivative instrument has been presented as an interest rate swap on the statement of financial position. Changes in fair value of the instrument are recognized in net earnings (loss) for the period. For the three and nine months ended September 30, 2024, a loss of \$1,075,000 and \$773,000 respectively (2023 – a gain of \$700,000 and \$1,227,000 respectively) was recognized.

(iv) The carrying value of the investment is considered by management to approximate its fair value.

### (b) Financial risk management:

#### (i) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company monitors its interest rate exposure on an ongoing basis.

The terms of the Company's outstanding debt are described in note 6. As \$1,947,000 of the Company's debt instruments bear interest at floating rates and are not economically hedged by interest rate swaps, fluctuations in these rates will impact the cost of financing incurred in future periods. A change in the base market rates upon which these loans accrue interest by 1% will increase or decrease interest expense by approximately \$19,000 (2023 - \$20,000) per annum.

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

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(ii) Liquidity risk:

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

At September 30, 2024, the Company has a working capital deficiency of \$5,710,000 (December 31, 2023 – \$5,259,000). The Company anticipates that sufficient cash flows will be generated from operations to meet its current liabilities as they become due.

(iii) Credit risk:

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

(iv) Currency risk:

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

## 12. Capital risk management:

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

The Company's objectives when managing its capital are:

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

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The Company executes a planning and budgeting process to determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. The Company ensures there are sufficient credit facilities to meet its current and future business requirements, taking into account its anticipated cash flows from operations and its cash balance on-hand. In addition, the Company has a capital expenditure facility available of \$15,881,000 as at September 30, 2024 (note 6(iv)). The Company is required to comply with covenant criteria established by its lenders (see note 6). These include tangible net worth and debt coverage ratio measurements. As at September 30, 2024, the Company was in compliance with its debt covenants.

### 13. Related party transactions:

- (a) During the three and nine months ended September 30, 2024, the Company expensed \$58,000 and \$180,000 respectively (2023 - \$86,000 and \$207,000 respectively) in directors' fees.
- (b) A director of the Company is the chairman of a vendor from which the Company purchases services in the normal course of business. There were \$2,000 and \$6,000 in purchases from this vendor for the three and nine months ended September 30, 2024 respectively (2023 - \$nil and \$7,000 respectively).
- (c) The Company's key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including Directors and executive officers of the Company. Key management personnel compensation comprised the following:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 449	\$ 551	\$ 1,587	\$ 1,623
LTI Plan	654	-	991	-
Post employment benefits	249	114	512	342
	<u>\$ 1,352</u>	<u>\$ 665</u>	<u>\$ 3,090</u>	<u>\$ 1,965</u>

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## 14. Segmented information:

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

(a) Ice rink and recreational facilities revenue:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Ice and field sales	\$ 16,249	\$ 13,881	\$ 54,347	\$ 48,999
Food and beverage	2,455	2,199	9,889	8,886
Sports store	183	181	725	726
Sponsorship	389	301	890	912
Space rental	524	496	1,560	1,433
Management and consulting fees	53	111	200	249
Other	105	77	381	329
	\$ 19,958	\$ 17,246	\$ 67,992	\$ 61,534

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

(b) Geographic:

Revenue	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Canada	\$ 17,329	\$ 15,120	\$ 57,316	\$ 52,068
USA	2,629	2,126	10,676	9,466
	\$ 19,958	\$ 17,246	\$ 67,992	\$ 61,534

  

Assets	September 30, 2024			December 31, 2023		
	Canada	USA	Total	Canada	USA	Total
Non-current assets	\$ 68,703	\$ 31,313	\$ 100,016	\$ 67,084	\$ 31,015	\$ 98,099
Total assets	\$ 87,224	\$ 36,995	\$ 124,219	\$ 85,348	\$ 36,651	\$ 121,999

## 15. Supplemental cash flow information:

	Nine months ended September 30,	
	2024	2023
(a) Net changes in non-cash working capital:		
Accounts receivable	\$ (514)	\$ (551)
Inventory	75	(13)
Prepaid and other expenses	(1,093)	(1,173)
Accounts payable and accrued liabilities	1,393	1,091
Deferred revenue and customer deposits	(531)	(211)
Effect of change in foreign currency	(93)	10
	\$ (763)	\$ (847)

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(b) Changes in liabilities arising from financing activities:

	December 31, 2023	Cash flow changes	Non-cash changes	September 30, 2024
Debt (note 6)	\$ 42,948	\$ (1,475)	\$ 30	\$ 41,503
Lease liabilities	6,327	1,323	-	7,650
Dividends payable	400	-	-	400
	\$ 49,675	\$ (152)	\$ 30	\$ 49,553

## 16. Expenses by function:

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Ice rink and recreational facilities expense	\$ 19,680	\$ 20,158	\$ 57,154	\$ 54,363
General and administrative expenses	2,866	2,277	7,924	6,523
Other income	(8)	(6)	(12)	(15)

The changes in the above table, as compared to the consolidated statement of earnings and comprehensive income, relate to depreciation expense being allocated from other expenses to ice rink and recreational facilities and to general and administrative expenses. Total depreciation expenses for the three and nine months ended September 30, 2024 of \$1,858,000 and \$5,594,000, respectively, (2023 - \$1,908,000 and \$5,750,000 respectively) were reallocated. For the three and nine months ended September 30, 2024, \$1,793,000 and \$5,375,000, respectively, (2023 - \$1,828,000 and \$5,510,000 respectively) were allocated to ice rink and recreational facilities and \$65,000 and \$219,000, respectively, (2023 - \$80,000 and \$240,000 respectively) were allocated to general and administrative expenses.

## 17. Comparative Figures:

On the condensed consolidated statement of cash flows, financing fee of \$190,000 for the nine months ended September 30, 2023 has been reclassified from cash used in operations to cash used in financing activities.