



Canlan Reports Q2 Results & An Update of Current Operations

Burnaby, B.C., August 13, 2020 – Canlan Ice Sports Corp. (the “Corporation”) (TSX: ICE) today reported its financial results for the second quarter ended June 30, 2020.

Overview of Six Months Ended June 30, 2020

- Cash-on-hand at June 30, 2020 was \$6.1 million and at August 12, 2020, the Company’s cash position was approximately \$9.2 million with access to working capital credit lines of \$10.0 million;
- As a result of the COVID-19 pandemic that forced facility closures and continues to limit the Company’s operations, revenue for the period was \$21.7 million compared to \$45.8 million and EBITDA was negative \$0.1 million compared to earnings of \$8.1 million a year ago. As previously reported on June 18, 2020, facilities resumed operations on a limited basis beginning the week of June 15, 2020. Currently, approximately 60% of the Company’s ice surface inventory has been reactivated. Food & beverage and retail operations remain suspended for the short term; and
- During the period of facility closures, the Company took advantage of the downtime to complete various important maintenance projects to enhance ice quality and plant efficiencies.

Three Months and Six Months Ended June 30, 2020 Results

<i>(in thousands)</i>	For the 3 months ended June 30		For the 6 months ended June 30	
	2020	2019	2020	2019
Ice rink & recreational facilities revenue	\$767	\$19,798	\$21,650	\$45,784
Other income - government subsidy	1,383	-	1,383	-
Operating expense	5,769	17,791	20,543	34,772
	(3,619)	2,007	2,490	11,012
G&A expense	1,262	1,564	2,614	2,951
EBITDA ¹	(\$4,881)	\$443	(\$124)	\$8,061
EBITDA per share	(\$0.37)	\$0.03	(\$0.01)	\$0.60
Depreciation	1,954	2,033	4,071	4,024
Interest	574	677	1,205	1,260
Mark-to-market loss on held for trading financial liabilities	128	219	1,184	706
Loss (gain) on foreign exchange	43	21	(73)	42
Loss (gain) on sale of assets	(118)	8	(118)	(400)
Income tax expense (recovery)	(1,646)	(657)	(1,622)	524
Net earnings (loss)	(\$5,816)	(\$1,858)	(\$4,771)	\$1,905
Net earnings (loss) per share	(\$0.44)	(\$0.14)	(\$0.36)	\$0.14

¹ Earnings before interest, taxes, depreciation and amortization (EBITDA) is often used as a measure of financial performance. However, EBITDA is not a term that has specific meaning in accordance with IFRS, and may be calculated differently by other companies. Canlan reconciles EBITDA to its net earnings.

Key Balance Sheet Figures (in thousands):

	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$6,094	\$16,528
Property plant and equipment	103,177	105,209
Assets held-for-sale	6,371	6,406
Note receivable	2,599	2,492
Other assets	10,487	10,528
Total assets	\$128,728	\$141,163
Liabilities and Equity		
Interest bearing debt	\$64,123	\$65,574
Accounts payable and accrued liabilities	7,983	11,578
Deferred revenue	7,210	12,199
Other liabilities	3,924	3,428
Total liabilities	83,240	92,779
Share capital and contributed surplus	63,652	63,652
Foreign currency translation reserve	4,145	2,270
Deficit	(22,309)	(17,538)
Total shareholders' equity	45,488	48,384
Total liabilities and equity	\$128,728	\$141,163

Second Quarter Results

(three months ended June 30, 2020 compared with three months ended June 30, 2019)

- Total revenue and government subsidies totaled \$2.2 million compared to \$19.8 million in 2019 as facilities were substantially closed during Q2 until approximately two weeks prior to the end of the quarter. Revenue from facility operations was \$0.8 million and government subsidies granted related to the Canadian government's Emergency Wage Subsidy program totaled \$1.4 million;
- Beginning the week of June 15, 2020, the Company re-opened ice rink surfaces and to date, approximately 60% of its sport surface inventory has resumed third-party rentals, in-house programs and modified ice hockey league play for youth and adults. New protocols are in place to ensure proper physical distancing and compliance with health and safety regulations. The modified format of hockey league has been popular in most markets;
- Facility expenses totaled \$5.8 million compared to \$17.8 million a year ago. Included in facility expenses were \$2.5 million in labour (2019 - \$8.5 million), \$1.2 million in customer service expenses (2019 - \$3.8 million) related mostly to the purchase of health and safety equipment, signage, and other items in preparation of facility re-openings, and \$0.8 million in repairs and maintenance (2019 - \$1.5 million), as the Company took advantage of the downtime to complete various important maintenance projects to enhance ice quality and plant efficiencies;
- G&A expenses of \$1.3 million, decreased by \$0.3 million or 19.3% due to reduced labour and the cancellation of almost all travel during this period;
- Operating loss from operations was \$4.9 million for the quarter ended June 30, 2020 compared to income of \$0.4 million a year ago; and
- After recording \$0.9 million related to depreciation, finance costs, gains on equipment sales, foreign exchange differences, and income tax recoveries, net loss for the period was \$5.8 million compared to \$1.9 million in 2019.

Six Months Ended June 30, 2020 Results

(six months ended June 30, 2020 compared with six months ended June 30, 2019)

- Total revenue of \$21.7 million (excluding government wage assistance subsidies) decreased by 52.7% from a year ago due to the closure of facilities from mid-March to mid-June in 2020. Approved wage subsidies of \$1.4 million for the six months ended June 30, 2020 was used to help fund facility labour costs of \$9.9 million incurred during the period;
- Total operating costs of \$20.5 million, decreased 40.9% from last year;
- Facility expenses did not decrease by the same margin as revenue because the Company continued to complete critical maintenance projects during the period of facility closures. In addition, costs directly related to health and safety in preparation of facility re-openings were incurred;
- G&A costs of \$2.6 million decreased from 2019 by \$0.3 million or 11.4% mainly due to decreased labour and travel costs;
- For the first six months of 2020, with approximately one quarter of normal operations suspended, the Company sustained an operating loss of \$0.1 million compared to EBITDA of \$8.1 million a year ago; and
- After recording \$4.6 million related to depreciation, finance costs, gain on equipment sales, foreign exchange differences, and income tax recoveries, net loss for the period was \$4.8 million compared to net earnings of \$1.9 million a year ago.

Managing the Effects of COVID-19 Pandemic

The outbreak of the Coronavirus (COVID-19) resulted in a temporary closure of the Company's recreation facilities as at the end of business day March 13, 2020. Since that date, the Company has been managing the business impact of facility closures and executing plans to resume business operations in a new environment. During the week of June 15, 2020, the Company resumed facility operations on a limited capacity basis and currently, approximately 60% of the Company's sport surfaces have been made available for rental and in-house programs. In addition, facilities are operating in accordance with local health and safety regulations and a certified exposure control plan has been activated. Restaurant and retail operations remain closed at the present time.

Measures taken to preserve liquidity and strengthen the Company's resilience to deal with the effects of a reduction in business activity continue to be in place. These include revised operating procedures and capital plans to preserve cash, application of government subsidies to offset labour costs, and collaboration with banks to enhance liquidity and manage debt covenants as appropriate.

"During the quarter, our team made significant progress in getting the Company to a state of re-open readiness and in the latter half of June, we saw the plan come to fruition with our first skaters back on the ice and players back on the courts to stay active," said Canlan's CEO, Joey St-Aubin. "Not only did our team successfully implement new procedures to serve our guests and maintain the highest safety standards, they also marketed and executed new league offerings that quickly filled with registrations in most markets. I'd like to congratulate our team and thank our business partners and vendors that have facilitated the resumption of operations. Most of all, I'd like to thank our customers for their loyalty, patience and support through these difficult times. We are looking forward to having you back."

Dividend Policy

Given steps recently implemented by management to preserve cash balances, combined with the austerity being asked of our employees, directors, our customers, our suppliers and our financial partners, Canlan's Board of Directors suspended the payment of dividends on March 24, 2020 and will continue to do so until further notice. Canlan's Board of Directors reviews the Corporation's dividend policy on a quarterly basis and will continue to monitor this situation and respond accordingly as we work towards plans for the resumption of business operations.

Filings

Canlan's financial statements and Management's Discussion & Analysis for the period ended June 30, 2020 will be available via SEDAR on or before August 14, 2020 and through the Company's website, www.icesports.com.

About Canlan

Canlan Ice Sports Corp. is the North American leader in the development, operations and ownership of multi-purpose recreation and entertainment facilities. We are the largest private sector owner and operator of recreation facilities in North America and currently own, lease and/or manage 18 facilities in Canada and the United States with 49 ice surfaces, as well as five indoor soccer fields, and 15 sport, volleyball, and basketball courts. To learn more about Canlan please visit www.icesports.com.

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

Caution concerning forward-looking statements

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

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