



## Canlan Reports Q3 Results & Continues Limited Operations

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

### Overview of Three Months Ended September 30, 2020

- Cash on-hand at September 30, 2020 was \$9.4 million with additional access to working capital credit lines of \$10.0 million;
- As a result of the COVID-19 pandemic that forced facility closures and continue to limit the Company’s operations, Q3 revenue was \$9.4 million compared to \$18.6 million a year ago and EBITDA was \$0.3 million compared to \$0.7 million. Facilities resumed operations beginning the week of June 15, 2020; and
- The sale of a parcel of surplus land was completed and a note receivable related to the sale of an ice rink facility that completed in 2019 was collected. These transactions resulted in cash inflows of \$4.9 million.

### Three Months and Nine Months Ended September 30, 2020 Results

<i>(in thousands)</i>	For the 3 months ended September 30		For the 9 months ended September 30	
	2020	2019	2020	2019
Ice rink & recreational facilities revenue	\$9,365	\$18,600	\$31,015	\$64,384
Other income - government subsidy	2,242	-	3,625	-
Operating expense	10,001	16,734	30,544	51,506
	1,606	1,866	4,096	12,878
G&A expense	1,344	1,183	3,958	4,134
EBITDA <sup>1</sup>	\$262	\$683	\$138	\$8,744
EBITDA per share	\$0.02	\$0.05	\$0.01	\$0.66
Depreciation	1,919	1,942	5,990	5,966
Interest	571	683	1,776	1,943
Mark-to-market loss (gain) on held for trading financial liabilities	(14)	(26)	1,170	680
Loss (gain) on foreign exchange	10	(12)	(63)	30
Gain on sale of assets	(2,126)	(1,201)	(2,244)	(1,601)
Income tax expense (recovery)	(57)	(456)	(1,679)	68
Net earnings (loss)	(\$41)	(\$247)	(\$4,812)	\$1,658
Net earnings (loss) per share	(\$0.003)	(\$0.02)	(\$0.36)	\$0.12

<sup>1</sup> 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):**

	September 30, 2020	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	<b>\$9,384</b>	\$16,528
Property plant and equipment	<b>101,198</b>	105,209
Assets held-for-sale	<b>6,061</b>	6,406
Note receivable	-	2,492
Other assets	<b>10,144</b>	10,528
<b>Total assets</b>	<b>\$126,787</b>	\$141,163
<b>Liabilities and Equity</b>		
Interest bearing debt	<b>\$63,329</b>	\$65,574
Accounts payable and accrued liabilities	<b>8,107</b>	11,578
Deferred revenue	<b>6,704</b>	12,199
Other liabilities	<b>3,953</b>	3,428
<b>Total liabilities</b>	<b>82,093</b>	92,779
Share capital and contributed surplus	<b>63,652</b>	63,652
Foreign currency translation reserve	<b>3,392</b>	2,270
Deficit	<b>(22,350)</b>	(17,538)
<b>Total shareholders' equity</b>	<b>44,694</b>	48,384
<b>Total liabilities and equity</b>	<b>\$126,787</b>	\$141,163

**Third Quarter Results**

*(three months ended September 30, 2020 compared with three months ended September 30, 2019)*

- Revenue totaled \$9.4 million compared to \$18.6 million in 2019 as facilities returned to limited operations during Q3. Subsidies from the Canadian Emergency Wage Subsidy program added another \$2.2 million of income to help offset labour costs;
- Beginning the week of June 15, 2020, the Company resumed operations and to date, all facilities, except one, are active with surface utilization at approximately 50% to 60% of the Company's normal levels as league and tournament play is restricted in certain markets. Food and beverage and proshop operations remain substantially closed;
- Stringent protocols continue to be in place at all facilities to ensure proper physical distancing and compliance with health and safety regulations. In addition, a modified format of hockey league has been relatively well-received;
- Facility expenses totaled \$10.0 million compared to \$16.7 million a year ago. Included in facility expenses were \$5.3 million in labour (2019 - \$7.9 million), \$1.8 million in customer service expenses (2019 - \$3.1 million) related mostly to the marketing, sales, and operations of adult & youth hockey leagues, \$1.1 million in utility expenses (2019 - \$1.7 million), and \$1.1 million in repairs and maintenance (2019 - \$2.1 million);
- General and administration expenses of \$1.3 million increased by \$0.2 million or 13.6% mainly due to increased legal and professional services required for guidance on reporting compliance, HR, public relations, and presentations to regulatory bodies as we continue to operate through the pandemic;
- EBITDA for the quarter was \$0.3 million compared to \$0.7 million a year ago;

- A gain of \$2.1 million on sale of a parcel of surplus land was recorded during Q3; and
- After recording \$2.4 million related to depreciation, finance costs, and income tax recoveries, the quarter broke even compared to a loss of \$0.2 million or \$0.02 per share in 2019.

### **Nine Months Ended September 30, 2020 Results**

*(nine months ended September 30, 2020 compared with nine months ended September 30, 2019)*

- Total revenue of \$31.0 million (excluding government wage assistance subsidies) decreased by 51.8% from a year ago due to curtailed operations resulting from the pandemic. Approved wage subsidies of \$3.6 million for the nine months to-date was used to help fund facility labour costs of \$15.2 million incurred during the period;
- Total operating costs of \$30.5 million, decreased 40.7% from last year;
- G&A costs of \$4.0 million decreased from 2019 by \$0.2 million or 4.3% principally due to decreased labour and travel costs; however, this decrease was partially offset by incremental expenses incurred to managing operations and mitigating risks related to the pandemic;
- EBITDA was \$0.1 million compared to \$8.7 million a year ago;
- Interest expense totaled \$1.8 million compared to \$1.9 million in 2019 while depreciation of \$6.0 million for the period remained consistent with the prior year; and
- After recording a gain of \$2.2 million on the sale of a parcel of excess land and some legacy equipment, a \$1.2 million unrealized loss on an interest rate swap contract, and income tax recoveries of \$1.7 million, net loss year-to-date was \$4.8 million or \$0.36 per share compared to net earnings of \$1.7 million or \$0.12 per share 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, all facilities, except one, are active with surface utilization at approximately 50% to 60% of the Company's normal levels as league and tournament play is restricted in certain markets. Food and beverage and proshop operations remain substantially closed. On November 2, 2020, a Provincial order was announced that required the ice rink facility in Winnipeg, Manitoba to close for a minimum of two weeks. In addition, facilities are operating in accordance with local health and safety regulations and a certified exposure control plan has been activated.

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 achieved the monumental task of resuming facility operations while enforcing a collection of protocols that are unprecedented in our industry, all to enable our customers to stay active in an environment that is as safe as possible. Plus, the team had to achieve this while constantly pivoting to make adjustments in response to changing

regulations. Since we resumed operations in June, Canlan has hosted over 11,000 hockey games with no reported incidents of COVID transmissions. This reflects the diligence and dedication of all of our staff, supported by local Health Authorities, to re-engineer the game play and processes to provide a safe social and physical activity,” said Canlan’s CEO, Joey St-Aubin. “In addition, it was very positive to see our guests adapt to our new protocols and be so receptive to our revised rules of play in the leagues we operated throughout the summer. We are grateful to all the user groups of our facilities for their loyalty and support.”

“The return to operations, though limited, certainly helped to reduce the negative cashflow impacts that the pandemic has had on our business,” added Canlan’s CFO, Ivan Wu. “In addition, the completion of asset sale transactions during the period, provided a timely source of cash to strengthen our overall liquidity position.”

## **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 the resumption of full business operations.

## **Filings**

Canlan’s financial statements and Management’s Discussion & Analysis for the period ended September 30, 2020 will be available via SEDAR on or before November 14, 2020 and through the Company’s website, [www.icesports.com](http://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](http://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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