

Canlan Sports Continues Facility Re-Openings in Q3 --- Reports Earnings Growth & Strengthening Liquidity ---

Burnaby, B.C., November 10, 2021 – Canlan Ice Sports Corp. (the “Corporation”) (TSX: ICE) today reported its financial results for the third quarter ended September 30, 2021.

Overview – Quarter Ended September 30, 2021

- Completed sale of an inactive ice rink property and realized net proceeds of \$7.2 million to help replenish the Company’s cash reserves;
- Generated revenue of \$12.6 million compared to \$9.4 million in 2020;
- With health restrictions gradually easing from mid-summer to early fall, Q3 EBITDA was \$3.1 million compared to \$0.3 million a year ago; and
- On July 1, 2021, Canlan Sports Libertyville in Illinois commenced operations.

Three Months and Nine Months Ended September 30, 2021 Results

<i>(in thousands)</i>	For the 3 months ended September 30		For the 9 months ended September 30	
	2021	2020	2021	2020
Ice rink & recreational facilities revenue	\$12,629	\$9,365	\$21,289	\$31,015
Other income - government subsidy	1,707	2,242	6,408	3,625
Operating expense	(10,007)	(10,001)	(22,385)	(30,544)
	4,329	1,606	5,312	4,096
G&A expense	(1,253)	(1,344)	(3,966)	(3,958)
EBITDA ¹	\$3,076	\$262	\$1,346	\$138
EBITDA per share	\$0.23	\$0.02	\$0.10	\$0.01
Depreciation	(1,980)	(1,919)	(5,838)	(5,990)
Interest	(733)	(571)	(1,987)	(1,776)
Mark-to-market gain (loss) on held for trading financial liabilities	67	14	310	(1,170)
Gain (loss) on foreign exchange	3	(10)	21	63
Gain on sale of assets	1,455	2,126	1,500	2,244
Income tax recovery (expense)	(843)	57	956	1,679
Net income (loss)	\$1,045	(\$41)	(\$3,692)	(\$4,812)
Net income (loss) per share	\$0.08	(\$0.00)	(\$0.28)	(\$0.36)

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. EBITDA with negative dollar amounts represents loss before interest, taxes, depreciation and amortization.

Key Balance Sheet Figures (in thousands):

	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$17,175	\$7,480
Property plant and equipment	99,179	98,771
Assets held-for-sale	-	6,053
Investment	350	350
Other assets	8,408	8,830
Total assets	\$125,112	\$121,484
Liabilities and Equity		
Debt	\$55,176	\$56,168
Lease liabilities	11,500	6,933
Accounts payable and accrued liabilities	7,387	7,683
Deferred revenue	10,950	6,159
Other liabilities	2,160	2,833
Total liabilities	87,173	79,776
Share capital and contributed surplus	63,652	63,652
Foreign currency translation reserve	1,880	1,957
Deficit	(27,593)	(23,901)
Total shareholders' equity	37,939	41,708
Total liabilities and equity	\$125,112	\$121,484

Third Quarter Results

(three months ended September 30, 2021 compared with three months ended September 30, 2020)

- Q3 revenue of \$12.6 million increased by \$3.3 million or 34.9% as facilities expanded product offerings with the gradual easing of health restrictions in each region;
- Adjustment of league formats enabled the completion of an abbreviated summer season for both hockey and soccer leagues and a full fall/winter ASHL season commenced in September with registrations filling to approximately 90% of pre-pandemic levels;
- In July 2021, the Company also opened Canlan Sports Libertyville, a sportsplex located in Libertyville, Illinois that contains soccer pitches, a fitness centre, sport courts and rock-climbing;
- The Company continued to qualify for Canadian federal wage and rent subsidies, which totaled \$1.7 million compared to \$2.2 million in 2020;
- Total operating expenses of \$10.0 million remained consistent with prior year despite increased operating activity as facility teams continued to balance cost management with industry-leading customer service and health and safety protocols;
- General and administration (G&A) expenses of \$1.3 million remained consistent with 2020;
- Q3 EBITDA was \$3.1 million compared to \$0.3 million a year ago;
- As reported on September 27, 2021, the Company completed the sale of an inactive ice rink property for net proceeds of \$7.2 million and recorded a gain of \$1.4 million; and

- After recording \$3.5 million related to depreciation, finance costs, income tax expenses and other miscellaneous items, net income for the period was \$1.0 million or \$0.08 a share compared to break-even in 2020.

Nine Months Ended September 30, 2021 Results

(nine months ended September 30, 2021 compared with nine months ended September 30, 2020)

- Total revenue of \$21.3 million decreased by \$9.7 million or 31.4% compared to 2020. In 2020, the Company experienced normal facility operations during most of Q1, a seasonally strong quarter for the Company;
- Operations began in 2021 with limited surface rental activity only in the U.S. and since then, each region's health restrictions have gradually eased enabling all facilities on both sides of the border to offer a wider range of programs and services;
- In September, the gradual resumption of activity culminated in all facilities executing their full product range of surface rentals, leagues, and programs along with the reopening of restaurant and sports store services;
- Government subsidies amounted to \$6.4 million for the period compared to \$3.6 million in 2020;
- Total operating expenses of \$22.4 million decreased by \$8.2 million or 26.7% principally due to reduced business activity compared to 2020;
- G&A costs of \$4.0 million remained consistent with prior year. After G&A expenses, EBITDA was \$1.3 million compared to \$0.1 million in 2020;
- In September 2021, Company completed the sale of an ice rink property and recorded a gain of \$1.4 million. Disposals of other miscellaneous inactive equipment resulted in additional gains of \$0.1 million; and
- After recording \$6.5 million related to depreciation, finance costs, income tax recoveries, and miscellaneous items, net loss was \$3.7 million or \$0.28 a share compared to \$4.8 million or \$0.36 a share in 2020.

Managing the Effects of COVID-19 Pandemic

The Company continues to manage the effects of the COVID-19 pandemic that has significantly reduced business activity in the Company's recreation facilities since March 2020. Measures taken to preserve liquidity and maintain the Company's resilience during this period include:

- reduction of labour and other operating costs;
- application for government subsidies;
- adapting to changing health orders to enable facilities to operate whenever possible; and
- collaboration with the Company's senior lenders to secure working capital.

The extent of the impact of the pandemic will vary depending on the duration of health restrictions, and the general economic activity in Canada and the United States and the pace of recovery following the pandemic cannot be accurately predicted at this time.

"Consistent throughout the pandemic, our team has done an outstanding job in adapting to changing health orders and that was no different in the past few months as all team members were focused on reopening complexes, maximizing surface utilization, enforcing health and safety protocols, and instilling customer confidence in product delivery," said Canlan's CEO, Joey St-Aubin. "We're thrilled to provide full service to all our user groups with fun, safe, and competitive play. Thank you all for your patience and being part of our recreation network."

“So far, the restart has demonstrated that demand for recreation remains strong despite a certain degree of uncertainty that the pandemic continues to pose,” added Ivan Wu, Canlan’s CFO. “The resurgence of registrations and the timely completion of the sale of the Les 4 Glaces facility in Quebec has helped to strengthen the Company’s financial position.”

Dividend Policy

Given steps implemented by management to preserve cash balances, combined with the austerity being asked of our employees, 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 September 30, 2021 will be available via SEDAR on November 10, 2021 and subsequently through the Company’s website, www.canlansports.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 seven indoor soccer fields, and 24 sport, volleyball, and basketball courts. To learn more about Canlan please visit www.canlansports.com.

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

Caution concerning forward-looking statements

Certain statements in this News Release may constitute "forward looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this News Release, such statements may use such words as "may", "will", "expect", "believe", "plan" 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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