

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

March 2, 2023

TWC ENTERPRISES LIMITED ANNOUNCES 2022 YEAR END RESULTS AND ELIGIBLE DIVIDEND

Consolidated Financial Highlights

(in thousands of dollars except per share amounts)	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net earnings	4,245	61,963	18,666	89,647
Basic and diluted earnings per share	0.17	2.52	0.76	3.64

Operating Data

	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Canadian Full Privilege Golf Members			15,417	15,545
Championship rounds – Canada	150,000	198,000	1,177,000	1,191,000
18-hole equivalent championship golf courses – Canada			37.5	39.5
18-hole equivalent managed championship golf courses – Canada			2.0	2.0
Championship rounds – U.S.	70,000	68,000	269,000	261,000
18-hole equivalent championship golf courses – U.S.			8.0	8.0

The following is an analysis of net earnings:

(thousands of Canadian dollars)	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating revenue	\$ 186,512	\$ 174,013
Direct operating expenses ⁽¹⁾	137,936	121,601
Net operating income ⁽¹⁾	48,576	52,412
Amortization of membership fees	4,294	4,404
Depreciation and amortization	(17,856)	(19,440)
Interest, net and investment income	806	(1,204)
Other items	(7,998)	74,763
Income taxes	(9,156)	(21,288)
Net earnings	\$ 18,666	\$ 89,647

The following is a breakdown of net operating income (loss) by segment:

(thousands of Canadian dollars)	Year Ended December 31, 2022	Year Ended December 31, 2021
Net operating income (loss) by segment		
Canadian golf club operations	\$ 48,521	\$ 54,660
US golf club operations (2022 - US \$2,940,000; 2021 - US \$1,854,000)	3,742	2,354
Corporate and other - including Highland Gate	(3,687)	(4,602)
Net operating income ⁽¹⁾	\$ 48,576	\$ 52,412

Operating revenue is calculated as follows:

(thousands of Canadian dollars)	Year Ended December 31, 2022	Year Ended December 31, 2021
Annual dues	\$ 68,105	\$ 62,460
Golf	44,594	45,599
Corporate events	7,850	3,542
Food and beverage	31,057	19,400
Merchandise	13,547	11,647
Real estate sales	15,811	26,572
Rooms and other	5,548	4,793
	\$ 186,512	\$ 174,013

Direct operating expenses are calculated as follows:

(thousands of Canadian dollars)	Year Ended		Year Ended
	December 31, 2022		December 31, 2021
Operating cost of sales	\$	18,686	\$ 14,543
Real estate cost of sales		16,394	28,338
Labour and employee benefits		60,927	44,387
Utilities		7,707	5,908
Selling, general and administrative expenses		5,616	4,574
Property taxes		3,116	2,251
Repairs and maintenance		5,150	4,051
Insurance		3,650	3,103
Turf operating expenses		4,312	3,953
Fuel and oil		1,746	1,233
Other operating expenses		10,632	9,260
Direct Operating Expenses ⁽¹⁾	\$	137,936	\$ 121,601

⁽¹⁾ Please see Non-IFRS Measures on following page

2022 Consolidated Highlights

Operating revenue increased 7.2% to \$186,512,000 in 2022 from \$174,013,000 in 2021 due to less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace. Canadian annual dues revenue increased to \$61,521,000 in 2022 from \$56,508,000 in 2021 due to an increase in members. This was offset by the fact that ClubLink did not operate the 36 hole Bond Head leased property in 2022.

Direct operating expenses increased 13.4% to \$137,936,000 in 2022 from \$121,601,000 in 2021 due to the fact that certain activities were reduced in 2021 due to lockdowns and restrictions. Revenue has been more normalized in 2022 and so have expenses. Higher than normal inflation is also impacting most expense categories.

Net operating income for the Canadian golf club operations segment decreased 11.2% to \$48,521,000 in 2022 from \$54,660,000 in 2021 as a result of the Canada Emergency Wage Subsidy received in 2021.

Interest, net and investment income changed to income of \$806,000 in 2022 from an expense of \$1,204,000 in 2021 due to a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT. The Company paid off several non-revolving mortgages in advance of their due dates resulting in an expense of \$2,604,000 which includes prepayment penalties and other costs.

Other items consist of the following loss (income) items:

(thousands of Canadian dollars)	Year Ended December 31, 2022	Year Ended December 31, 2021
Gain on sale of property, plant and equipment	\$ 376	\$ 40,304
Unrealized gain (loss) on investment in marketable securities	(15,754)	30,360
Gain on real estate fund investments	6,356	9,311
Insurance proceeds	580	3,812
Equity income from investments in joint ventures	457	1,270
Foreign exchange gain (loss)	247	(207)
Glen Abbey redevelopment charge	-	(9,785)
Other	(260)	(302)
Other items	\$ (7,998)	\$ 74,763

On October 8, 2021, the Company sold Heron Bay Golf Club in Florida for net proceeds of \$40,235,000 (US\$31,736,000). A gain of \$39,425,000 (US\$31,661,000) was recorded on this sale. This represents the vast majority of the total gain on property, plant and equipment recorded for 2021.

At December 31, 2022, the Company recorded unrealized losses of \$15,754,000 on its investment in marketable securities (December 31, 2021 - gain of \$30,360,000). This loss is attributable to the fair market value adjustments of the Company's investment in Automotive Properties REIT. The Company also recorded gains of \$6,356,000 (December 31, 2021 - \$9,311,000) on real estate fund investments in relation to Florida and southeastern US real estate.

The exchange rate used for translating US denominated assets has changed from 1.2678 at December 31, 2021 to 1.3544 at December 31, 2022. This has resulted in a foreign exchange gain of \$247,000 in 2022 on the translation of the Company's US denominated financial instruments.

Net earnings decreased to \$18,666,000 in 2022 from \$89,647,000 in 2021 due to the change in other items as described above. Basic and diluted earnings per share decreased to 76 cents per share in 2022, compared to \$3.64 in 2021.

Non-IFRS Measures

TWC uses non-IFRS measures as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. We consider these non-IFRS measures to be a meaningful supplement to net earnings. We also believe these non-IFRS measures are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance. These measures, which included direct operating expenses and net operating income do not have standardized meaning under IFRS. While these non-IFRS measures have been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, readers are cautioned that these non-IFRS measures as reported by TWC may not be comparable in all instances to non-IFRS measures as reported by other companies.

The glossary of financial terms is as follows:

Direct operating expenses = expenses that are directly attributable to company's business units and are used by management in the assessment of their performance. These exclude expenses which are attributable to major corporate decisions such as impairment.

Net operating income = operating revenue – direct operating expenses

Net operating income is an important metric used by management in evaluating the Company's operating performance as it represents the revenue and expense items that can be directly attributable to the specific business unit's ongoing operations. It is not a measure of financial performance under IFRS and should not be considered as an alternative to measures of performance under IFRS. The most directly comparable measure specified under IFRS is net earnings.

Eligible Dividend

Today, TWC Enterprises Limited announced an eligible dividend of 5 cents per common share to be paid on March 31, 2023 to shareholders of record as at March 15, 2023.

Corporate Profile

TWC is engaged in golf club operations under the trademark, “ClubLink One Membership More Golf.” TWC is Canada’s largest owner, operator and manager of golf clubs with 45.5 18-hole equivalent championship and 2.0 18-hole equivalent academy courses (including two managed properties) at 35 locations in Ontario, Quebec and Florida.

For further information please contact:

Andrew Tamlin
Chief Financial Officer
15675 Dufferin Street
King City, Ontario L7B 1K5
Tel: 905-841-5372 Fax: 905-841-8488
atamlin@clublink.ca

Management’s discussion and analysis, financial statements and other disclosure information relating to the Company is available through SEDAR and at www.sedar.com and on the Company website at www.twcenterprises.ca