

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

August 2, 2024

TWC ENTERPRISES LIMITED ANNOUNCES SECOND QUARTER 2024 RESULTS AND ELIGIBLE DIVIDEND

Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net earnings	3,159	8,114	2,458	63
Basic and diluted earnings per share	0.13	0.33	0.10	-

Operating Data

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Canadian Full Privilege Golf Members			15,063	15,156
Championship rounds – Canada	399,000	391,000	399,000	391,000
18-hole equivalent championship golf courses – Canada			35.5	35.5
18-hole equivalent managed championship golf courses – Canada			3.5	2.0
Championship rounds – U.S.	46,000	55,000	136,000	169,000
18-hole equivalent championship golf courses – U.S.			6.5	8.0

The following is an analysis of net earnings:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2024	June 30, 2023
Operating revenue	\$ 62,183	\$ 64,653
Direct operating expenses ⁽¹⁾	53,049	53,834
Net operating income ⁽¹⁾	9,134	10,819
Amortization of membership fees	1,126	1,137
Depreciation and amortization	(3,681)	(3,492)
Interest, net and investment income	2,813	2,201
Other items	(3,902)	176
Income taxes	(2,331)	(2,727)
Net earnings	\$ 3,159	\$ 8,114

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2024	June 30, 2023
Operating revenue	\$ 127,529	\$ 91,163
Direct operating expenses ⁽¹⁾	113,938	74,973
Net operating income ⁽¹⁾	13,591	16,190
Amortization of membership fees	2,085	2,113
Depreciation and amortization	(7,196)	(6,954)
Interest, net and investment income	5,598	4,281
Other items	(8,503)	(13,572)
Income taxes	(3,117)	(1,995)
Net earnings	\$ 2,458	\$ 63

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

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2024	June 30, 2023
Net operating income (loss) by segment		
Canadian golf club operations	\$ 10,361	\$ 10,289
US golf club operations (2024 - US \$467,000; 2023 - US \$744,000)	636	1,001
Corporate and other	(1,863)	(471)
Net operating income ⁽¹⁾	\$ 9,134	\$ 10,819

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2024	June 30, 2023
Net operating income (loss) by segment		
Canadian golf club operations	\$ 13,915	\$ 13,141
US golf club operations (2024 - US \$2,630,000; 2023 - US \$3,139,000)	3,552	4,238
Corporate and other	(3,876)	(1,189)
Net operating income ⁽¹⁾	\$ 13,591	\$ 16,190

Operating revenue is calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2024	June 30, 2023
Annual dues	\$ 18,246	\$ 17,766
Golf	13,407	13,252
Corporate events	2,770	2,591
Food and beverage	9,798	10,011
Merchandise	4,581	4,528
Real estate	12,381	15,530
Rooms and other	1,000	975
Operating revenue	\$ 62,183	\$ 64,653

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2024	June 30, 2023
Annual dues	\$ 35,753	\$ 34,676
Golf	19,409	19,773
Corporate events	2,788	2,617
Food and beverage	11,065	11,439
Merchandise	6,336	5,920
Real estate	50,890	15,530
Rooms and other	1,288	1,208
Operating revenue	\$ 127,529	\$ 91,163

Direct operating expenses are calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2024	June 30, 2023
Operating cost of sales	\$ 6,284	\$ 6,235
Real estate cost of sales	13,488	15,277
Labour and employee benefits	20,661	19,818
Utilities	1,884	1,841
Selling, general and administrative expenses	1,367	1,327
Property taxes	665	685
Repairs and maintenance	1,114	1,124
Insurance	1,789	1,502
Turf operating expenses	2,215	2,057
Fuel and oil	484	401
Other operating expenses	3,098	3,567
Direct Operating Expenses ⁽¹⁾	\$ 53,049	\$ 53,834

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2024	June 30, 2023
Operating cost of sales	\$ 8,131	\$ 7,780
Real estate cost of sales	53,210	15,277
Labour and employee benefits	30,369	29,378
Utilities	3,584	3,578
Selling, general and administrative expenses	2,843	2,812
Property taxes	2,548	2,536
Repairs and maintenance	2,268	2,199
Insurance	2,789	2,833
Turf operating expenses	2,528	2,364
Fuel and oil	584	539
Other operating expenses	5,084	5,677
Direct Operating Expenses⁽¹⁾	\$ 113,938	\$ 74,973

(1) Please see Non-IFRS Measures

Second Quarter 2024 Consolidated Operating Highlights

Operating revenue decreased 3.8% to \$62,183,000 for the three month period ended June 30, 2024 from \$64,653,000 in 2023 due to the decline in real estate revenue from seven Highland Gate home sales compared to eight in 2023.

Direct operating expenses decreased 1.5% to \$53,049,000 for the three month period ended June 30, 2024 from \$53,834,000 in 2023 due to the decline in real estate cost of sales from less home sales in 2024.

Net operating income for the Canadian golf club operations segment increased to \$10,361,000 for the three month period ended June 30, 2024 from \$10,289,000 in 2023.

Interest, net and investment income increased to income of \$2,813,000 for the three month period ended June 30, 2024 from \$2,201,000 in 2023 due to higher cash balances and the income earned on these balances.

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

	For the three months ended	
	June 30, 2024	June 30, 2023
Foreign exchange gain (loss)	\$ (22)	\$ 453
Unrealized loss on investment in marketable securities	(5,119)	(474)
Insurance	621	-
Equity income from investments in joint ventures	-	260
Other	618	(63)
Other items	\$ (3,902)	\$ 176

At June 30, 2024, the Company recorded unrealized losses of \$5,119,000 on its investment in marketable securities (June 30, 2023 - \$474,000). This loss is attributable to the fair market value adjustments of the Company's investment in Automotive Properties REIT.

Net earnings in the amount of \$3,159,000 for the three month period ended June 30, 2024 changed from \$8,114,000 in 2023 due to the unrealized loss in the amount of \$5,119,000 on the Company's investment in Automotive Properties REIT recorded in 2024. Basic and diluted earnings per share decreased to \$0.13 per share in 2024, compared to basic and diluted earnings per share of \$0.33 cents in 2023.

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 cash dividend of 7.5 cents per common share to be paid on September 16, 2024 to shareholders of record as at August 30, 2024.

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 18-hole equivalent academy courses (including three managed properties) at 35 locations in Ontario, Quebec and Florida.

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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