

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

August 4, 2023

TWC ENTERPRISES LIMITED ANNOUNCES SECOND QUARTER 2023 RESULTS AND ELIGIBLE DIVIDEND

Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net earnings	8,114	3,594	63	2,501
Basic and diluted earnings per share	0.33	0.15	0.00	0.10

Operating Data

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Canadian Full Privilege Golf Members			15,156	15,583
Championship rounds – Canada	391,000	444,000	391,000	444,000
18-hole equivalent championship golf courses – Canada			35.5	37.5
18-hole equivalent managed championship golf courses – Canada			2.0	2.0
Championship rounds – U.S.	55,000	55,000	169,000	167,000
18-hole equivalent championship golf courses – U.S.			8.0	8.0

The following is an analysis of net earnings:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2023	June 30, 2022
Operating revenue	\$ 64,653	\$ 52,736
Direct operating expenses ⁽¹⁾	53,834	39,569
Net operating income ⁽¹⁾	10,819	13,167
Amortization of membership fees	1,137	1,081
Depreciation and amortization	(3,492)	(4,458)
Interest, net and investment income	2,201	422
Other items	176	(3,582)
Income taxes	(2,727)	(3,036)
Net earnings	\$ 8,114	\$ 3,594

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2023	June 30, 2022
Operating revenue	\$ 91,163	\$ 90,668
Direct operating expenses ⁽¹⁾	74,973	72,523
Net operating income ⁽¹⁾	16,190	18,145
Amortization of membership fees	2,113	2,020
Depreciation and amortization	(6,954)	(8,882)
Interest, net and investment income	4,281	698
Other items	(13,572)	(6,152)
Income taxes	(1,995)	(3,328)
Net earnings	\$ 63	\$ 2,501

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

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2023	June 30, 2022
Net operating income (loss) by segment		
Canadian golf club operations	\$ 10,289	\$ 12,675
US golf club operations (2023 - US \$744,000; 2022 - US \$421,000)	1,001	529
Corporate and other	(471)	(37)
Net operating income ⁽¹⁾	\$ 10,819	\$ 13,167

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2023	June 30, 2022
Net operating income (loss) by segment		
Canadian golf club operations	\$ 13,141	\$ 16,583
US golf club operations (2023 - US \$3,139,000; 2022 - US \$2,857,000)	4,238	3,613
Corporate and other	(1,189)	(2,051)
Net operating income ⁽¹⁾	\$ 16,190	\$ 18,145

Operating revenue is calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2023	June 30, 2022
Annual dues	\$ 17,766	\$ 17,286
Golf	13,252	13,842
Corporate events	2,591	2,573
Food and beverage	10,011	10,382
Merchandise	4,528	4,301
Real estate	15,530	3,037
Rooms and other	975	1,315
Operating revenue	\$ 64,653	\$ 52,736

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2023	June 30, 2022
Annual dues	\$ 34,676	\$ 34,088
Golf	19,773	19,680
Corporate events	2,617	2,597
Food and beverage	11,439	11,325
Merchandise	5,920	5,521
Real estate	15,530	15,811
Rooms and other	1,208	1,646
Operating revenue	\$ 91,163	\$ 90,668

Direct operating expenses are calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2023	June 30, 2022
Operating cost of sales	\$ 6,235	\$ 5,974
Real estate cost of sales	15,277	2,370
Labour and employee benefits	19,818	18,822
Utilities	1,841	1,966
Selling, general and administrative expenses	1,327	1,460
Property taxes	685	695
Repairs and maintenance	1,124	1,556
Insurance	1,502	903
Turf operating expenses	2,057	2,108
Fuel and oil	401	621
Other operating expenses	3,567	3,094
Direct Operating Expenses ⁽¹⁾	\$ 53,834	\$ 39,569

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2023	June 30, 2022
Operating cost of sales	\$ 7,780	\$ 7,302
Real estate cost of sales	15,277	16,394
Labour and employee benefits	29,378	27,498
Utilities	3,578	3,640
Selling, general and administrative expenses	2,812	2,884
Property taxes	2,536	2,335
Repairs and maintenance	2,199	1,781
Insurance	2,833	2,626
Turf operating expenses	2,364	2,358
Fuel and oil	539	735
Other operating expenses	5,677	4,970
Direct Operating Expenses⁽¹⁾	\$ 74,973	\$ 72,523

(1) Please see Non-IFRS Measures

Second Quarter 2023 Consolidated Operating Highlights

Operating revenue increased 22.6% to \$64,653,000 for the three month period ended June 30, 2023 from \$52,736,000 in 2022 due to the revenue from the eight Highland Gate home sales in 2023 as compared to two in 2022.

Direct operating expenses increased 36.1% to \$53,834,000 for the three month period ended June 30, 2023 from \$39,569,000 in 2022 due to the cost of sales from the eight Highland Gate home sales in 2023 as compared to two in 2022.

Net operating income for the Canadian golf club operations segment decreased to \$10,289,000 for the three month period ended June 30, 2023 from \$12,675,000 in 2022 due to the conclusion of ClubLink's lease of The Country Club which expired as of December 31, 2023.

Depreciation and amortization decreased 21.7% to \$3,492,000 in 2023 from \$4,458,000 in 2022 due to the conclusion of The Country Club lease which has also resulted in a decline in depreciation of right-of-use assets.

Interest, net and investment income increased to \$2,201,000 for the three month period ended June 30, 2023 from \$422,000 in 2022 due to a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT.

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

	For the three months ended	
	June 30, 2023	June 30, 2022
Foreign exchange gain	\$ 453	\$ 481
Unrealized loss on investment in marketable securities	(474)	(8,366)
Equity income (loss) from investments in joint ventures	260	(62)
Gain on real estate fund investments	-	4,370
Other loss	(63)	(5)
Other items	\$ 176	\$ (3,582)

At June 30, 2023, the Company recorded unrealized losses of \$474,000 on its investment in marketable securities (June 30, 2022 - \$8,366,000). This loss is attributable to the fair market value adjustments of the Company's investment in Automotive Properties REIT.

The exchange rate used for translating US denominated assets has changed from 1.3544 at December 31, 2022 to 1.3240 at June 30, 2023. This has resulted in a foreign exchange gain of \$453,000 for the three month period ended June 30, 2023 on the translation of the Company's US denominated financial instruments.

Net earnings increased to \$8,114,000 for the three month period ended June 30, 2023 from \$3,594,000 in 2022 due to an unrealized loss on the Company's investment in Automotive Properties REIT in the amount of \$8,366,000 recorded in 2022 as compared to \$474,000 in 2023. Basic and diluted earnings per share increased to 33 cents per share in 2023, compared to basic and diluted earnings per share of 15 cents in 2022.

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 5 cents per common share to be paid on September 15, 2023 to shareholders of record as at August 31, 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 ½ 18-hole equivalent championship and 2.5 18-hole equivalent academy courses (including two 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