

# TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE  
KING CITY, ONTARIO  
TSX: TWC

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## TWC ENTERPRISES LIMITED ANNOUNCES THIRD QUARTER 2022 RESULTS AND ELIGIBLE DIVIDEND

### Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net earnings	<b>11,920</b>	22,757	<b>14,421</b>	27,684
Basic and diluted earnings per share	<b>0.49</b>	0.93	<b>0.59</b>	1.12

### Operating Data

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Canadian Full Privilege Golf Members			<b>16,014</b>	15,714
Championship rounds – Canada	<b>583,000</b>	631,000	<b>1,027,000</b>	993,000
18-hole equivalent championship golf courses – Canada			<b>37.5</b>	39.5
18-hole equivalent managed championship golf courses – Canada			<b>2.0</b>	2.0
Championship rounds – U.S.	<b>32,000</b>	37,000	<b>199,000</b>	193,000
18-hole equivalent championship golf courses – U.S.			<b>8.0</b>	8.0

The following is an analysis of net earnings:

<b>(thousands of Canadian dollars)</b>	For the three months ended	
	<b>September 30, 2022</b>	September 30, 2021
Operating revenue	\$ 65,009	\$ 63,245
Direct operating expenses <sup>(1)</sup>	42,687	36,292
Net operating income <sup>(1)</sup>	22,322	26,953
Amortization of membership fees	1,329	1,324
Depreciation and amortization	(4,493)	(4,712)
Interest, net and investment income	(1,510)	(263)
Other items	(1,517)	5,109
Income taxes	(4,211)	(5,654)
Net earnings	\$ 11,920	\$ 22,757

<b>(thousands of Canadian dollars)</b>	For the nine months ended	
	<b>September 30, 2022</b>	September 30, 2021
Operating revenue	\$ 155,677	\$ 111,413
Direct operating expenses <sup>(1)</sup>	115,210	77,681
Net operating income <sup>(1)</sup>	40,467	33,732
Amortization of membership fees	3,349	3,319
Depreciation and amortization	(13,375)	(14,255)
Interest, net and investment income	(812)	(1,083)
Other items	(7,669)	10,446
Income taxes	(7,539)	(4,475)
Net earnings	\$ 14,421	\$ 27,684

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

<b>(thousands of Canadian dollars)</b>	For the three months ended	
	<b>September 30, 2022</b>	September 30, 2021
Net operating income (loss) by segment		
Canadian golf club operations	\$ 23,626	\$ 28,016
US golf club operations (2022 - US loss \$375,000; 2021 - US loss \$294,000)	(493)	(370)
Corporate and other	(811)	(693)
Net operating income <sup>(1)</sup>	\$ 22,322	\$ 26,953

<b>(thousands of Canadian dollars)</b>	For the nine months ended	
	<b>September 30, 2022</b>	September 30, 2021
Net operating income (loss) by segment		
Canadian golf club operations	\$ 40,209	\$ 34,194
US golf club operations (2022 - US \$2,482,000; 2021 - US \$1,422,000)	3,120	1,786
Corporate and other	(2,862)	(2,248)
Net operating income <sup>(1)</sup>	\$ 40,467	\$ 33,732

Operating revenue is calculated as follows:

<b>(thousands of Canadian dollars)</b>	For the three months ended	
	<b>September 30, 2022</b>	September 30, 2021
Annual dues	\$ 16,967	\$ 19,598
Golf	17,965	21,161
Corporate events	4,855	2,347
Food and beverage	16,035	12,134
Merchandise	5,760	4,799
Rooms and other	3,427	3,206
<b>Operating revenue</b>	<b>\$ 65,009</b>	<b>\$ 63,245</b>

<b>(thousands of Canadian dollars)</b>	For the nine months ended	
	<b>September 30, 2022</b>	September 30, 2021
Annual dues	\$ 51,055	\$ 41,532
Golf	37,645	37,650
Corporate events	7,452	2,844
Food and beverage	27,360	16,284
Merchandise	11,281	8,807
Real estate	15,811	-
Rooms and other	5,073	4,296
<b>Operating revenue</b>	<b>\$ 155,677</b>	<b>\$ 111,413</b>

Direct operating expenses are calculated as follows:

<b>(thousands of Canadian dollars)</b>	For the three months ended	
	<b>September 30, 2022</b>	September 30, 2021
Operating cost of sales	\$ 8,868	\$ 7,242
Labour and employee benefits	22,092	18,881
Utilities	2,506	2,059
Selling, general and administrative expenses	1,382	1,092
Property taxes	441	206
Repairs and maintenance	924	768
Insurance	1,252	1,116
Turf operating expenses	1,159	1,178
Fuel and oil	681	511
Other operating expenses	3,382	3,239
<b>Direct Operating Expenses<sup>(1)</sup></b>	<b>\$ 42,687</b>	<b>\$ 36,292</b>

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2022	September 30, 2021
Operating cost of sales	\$ 16,170	\$ 11,545
Real estate cost of sales	16,394	-
Labour and employee benefits	49,590	38,273
Utilities	6,146	5,230
Selling, general and administrative expenses	4,266	3,494
Property taxes	2,776	2,858
Repairs and maintenance	2,705	2,370
Insurance	3,878	3,090
Turf operating expenses	3,517	3,158
Fuel and oil	1,416	929
Other operating expenses	8,352	6,734
Direct Operating Expenses <sup>(1)</sup>	\$ 115,210	\$ 77,681

(1) Please see Non-IFRS Measures

### Third Quarter 2022 Consolidated Operating Highlights

As required by IFRS, ClubLink recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are allowed to open and services are provided. As a result of COVID-19 lockdowns in 2021, annual dues revenue was not recognized during certain periods. There were no COVID-19 lockdowns in the third quarter of 2021. There have been no COVID-19 lockdowns to date in 2022. Canadian annual dues revenue decreased 15.5% to \$15,317,000 for the three month period ended September 30, 2022 from \$18,133,000 in 2021. Due to this policy, the deferral of 2021 annual dues from lockdowns during the first six months were recognized into revenue throughout the third and fourth quarter on a straight-line basis.

Operating revenue increased 2.8% to \$65,009,000 for the three month period ended September 30, 2022 from \$63,245,000 in 2021 due to less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace. This was offset by the decline in annual dues revenue as described above and the fact that ClubLink has not operated the Bond Head property in 2022.

Direct operating expenses increased 17.6% to \$42,687,000 for the three month period ended September 30, 2022 from \$36,292,000 in 2021 due to the fact that certain activities were reduced in 2021 due to lockdowns and restrictions. High inflation is also impacting most expense categories.

Net operating income for the Canadian golf club operations segment decreased to \$23,626,000 for the three month period ended September 30, 2022 from \$28,016,000 in 2021 due to the change in annual dues revenue described above.

Interest, net and investment income increased to an expense of \$1,510,000 for the three month period ended September 30, 2022 from an expense of \$263,000 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 certain 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 income (loss) items:

	For the three months ended	
	September 30, 2022	September 30, 2021
Unrealized foreign exchange gain (loss)	\$ (440)	\$ 708
Unrealized gain (loss) on investment in marketable securities	(1,915)	2,067
Insurance proceeds	220	-
Equity income (loss) from investments in joint ventures	623	(340)
Glen Abbey redevelopment charge	-	(189)
Impairment reversal (Heron Bay)	-	2,628
Other	(5)	235
<b>Other items</b>	<b>\$ (1,517)</b>	<b>\$ 5,109</b>

The exchange rate used for translating US denominated assets has changed from 1.2886 at June 30, 2022 to 1.3707 at September 30, 2022. This has resulted in a foreign exchange loss of \$440,000 for the three month period ended September 30, 2022 on the translation of the Company's US denominated financial instruments.

Net earnings decreased to \$14,421,000 for the three month period ended September 30, 2022 from \$22,757,000 in 2021 due to a \$6,626,000 change in other items as analyzed above. Basic and diluted earnings per share decreased to 49 cents per share in 2022, compared to basic and diluted earnings per share of 93 cents 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 cash dividend of 5 cents per common share to be paid on December 15, 2022 to shareholders of record as at November 30, 2022.

## 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 47.5 18-hole equivalent championship and 2.5 18-hole equivalent academy courses (including two managed properties) at 36 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](http://www.sedar.com) and on the Company website at [www.twcenterprises.ca](http://www.twcenterprises.ca)*