

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

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TWC ENTERPRISES LIMITED ANNOUNCES FIRST QUARTER 2023 RESULTS AND ELIGIBLE DIVIDEND

Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended	
	March 31, 2023	March 31, 2022
Net loss	(8,051)	(1,093)
Basic and diluted loss per share	(0.33)	(0.04)

Operating Data

	Three months ended	
	March 31, 2023	March 31, 2022
Canadian Full Privilege Golf Members	15,034	15,302
Championship rounds – Canada	-	-
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.	135,000	112,000
18-hole equivalent championship golf courses – U.S.	8.0	8.0

The following is an analysis of net loss:

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2023	March 31, 2022
Operating revenue	\$ 26,510	\$ 37,932
Direct operating expenses ⁽¹⁾	21,139	32,954
Net operating income ⁽¹⁾	5,371	4,978
Amortization of membership fees	976	939
Depreciation and amortization	(3,462)	(4,424)
Interest, net and investment income	2,080	276
Unrealized loss on investment in marketable securities	(13,558)	(2,819)
Other items	(190)	249
Income taxes	732	(292)
Net loss	\$ (8,051)	\$ (1,093)

At March 31, 2023, the Company recorded unrealized losses of \$13,558,000 on its investment in marketable securities (March 31, 2022 - \$2,819,000). This loss is attributable to the fair market value adjustments of the Company's investment in Automotive Properties REIT.

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

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2023	March 31, 2022
Net operating income (loss) by segment		
Canadian golf club operations	\$ 2,852	\$ 3,908
US golf club operations (2023 - US \$2,940,000; 2022 - US \$2,436,000)	3,237	3,084
Corporate operations and other	(718)	(2,014)
Net operating income ⁽¹⁾	\$ 5,371	\$ 4,978

Operating revenue is calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2023	March 31, 2022
Annual dues	\$ 16,910	\$ 16,802
Golf	6,521	5,838
Corporate events	26	24
Food and beverage	1,428	943
Merchandise	1,392	1,220
Real estate sales	-	12,774
Rooms and other	233	331
	\$ 26,510	\$ 37,932

Direct operating expenses are calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2023	March 31, 2022
Operating cost of sales	\$ 1,545	\$ 1,328
Real estate cost of sales	-	14,024
Labour and employee benefits	9,560	8,676
Utilities	1,737	1,674
Selling, general and administrative expenses	1,485	1,424
Property taxes	1,851	1,640
Repairs and maintenance	1,075	878
Insurance	1,331	1,070
Turf operating expenses	307	250
Fuel and oil	138	114
Other operating expenses	2,110	1,876
Direct Operating Expenses ⁽¹⁾	\$ 21,139	\$ 32,954

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

First Quarter 2023 Consolidated Operating Highlights

Operating revenue decreased 30.1% to \$26,510,000 for the three month period ended March 31, 2023 from \$37,932,000 in 2022 due to the revenue from the eight Highland Gate home sales in 2022.

Direct operating expenses decreased 35.9% to \$21,139,000 for the three month period ended March 31, 2023 from \$32,954,000 in 2022 due to the cost of sales from the eight Highland Gate home sales in 2022.

Net operating income for the Canadian golf club operations segment decreased to \$2,852,000 for the three month period ended March 31, 2023 from \$3,908,000 in 2022 due to increased operating expenses from both inflation and timing of expenditure.

Interest, net and investment income increased to income of \$2,080,000 for the three month period ended March 31, 2023 from \$276,000 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:

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2023	March 31, 2022
Foreign exchange gain (loss)	\$ 78	\$ (83)
Unrealized loss on investment in marketable securities	(13,558)	(2,819)
Equity income (loss) from investments in joint ventures	(480)	197
Other	212	135
Other items	\$ (13,748)	\$ (2,570)

At March 31, 2023, the Company recorded unrealized losses of \$13,558,000 on its investment in marketable securities (March 31, 2022 - \$2,819,000). 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 1.3533 at March 31, 2023. This has resulted in a foreign exchange gain of \$78,000 for the three month period ended March 31, 2023 on the translation of the Company's US denominated financial instruments.

Net loss in the amount of \$8,051,000 for the three month period ended March 31, 2023 changed from \$1,093,000 in 2022 due to an unrealized loss on the Company's investment in Automotive Properties REIT. Basic and diluted loss per share decreased to \$0.33 cents per share in 2023, compared to basic and diluted loss per share of \$0.04 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 June 15, 2023 to shareholders of record as at May 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 45.5 18-hole equivalent championship and 2 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