

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

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TWC ENTERPRISES LIMITED ANNOUNCES FIRST QUARTER 2022 RESULTS AND ELIGIBLE CASH DIVIDEND

Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended	
	March 31, 2022	March 31, 2021
Net earnings (loss)	(1,093)	455
Basic and diluted earnings (loss) per share	(0.04)	0.02

Operating Data

	Three months ended	
	March 31, 2022	March 31, 2021
Canadian Full Privilege Golf Members	15,302	14,814
Championship rounds – Canada	-	-
18-hole equivalent championship golf courses – Canada	37.5	39.5
18-hole equivalent managed championship golf courses – Canada	2.0	1.0
Championship rounds – U.S.	112,000	93,000
18-hole equivalent championship golf courses – U.S.	8.0	8.0

The following is an analysis of net earnings (loss):

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2022	March 31, 2021
Operating revenue	\$ 37,932	\$ 14,109
Direct operating expenses ⁽¹⁾	32,954	16,366
Net operating income (loss) ⁽¹⁾	4,978	(2,257)
Amortization of membership fees	939	958
Depreciation and amortization	(4,424)	(4,755)
Interest, net and investment income	276	(436)
Other items	(2,570)	5,640
Income taxes	(292)	1,305
Net earnings (loss)	\$ (1,093)	\$ 455

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

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2022	March 31, 2021
Net operating income (loss) by segment		
Canadian golf club operations	\$ 3,908	\$ (2,887)
US golf club operations (2022 - US \$2,436,000; 2021 - US \$1,131,000)	3,084	1,433
Corporate operations and other	(2,014)	(803)
Net operating income (loss) ⁽¹⁾	\$ 4,978	\$ (2,257)

Operating revenue is calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2022	March 31, 2021
Annual dues	\$ 16,802	\$ 7,942
Golf	5,838	4,190
Corporate events	24	71
Food and beverage	943	573
Merchandise	1,220	1,063
Real estate sales	12,774	-
Rooms and other	331	270
	\$ 37,932	\$ 14,109

Direct operating expenses are calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	March 31, 2022	March 31, 2021
Operating cost of sales	\$ 1,328	\$ 953
Real estate cost of sales	14,024	-
Labour and employee benefits	8,676	7,824
Utilities	1,674	1,455
Selling, general and administrative expenses	1,424	1,090
Property taxes	1,640	1,928
Repairs and maintenance	878	800
Insurance	1,070	721
Turf operating expenses	250	97
Fuel and oil	114	83
Other operating expenses	1,876	1,415
Direct Operating Expenses⁽¹⁾	\$ 32,954	\$ 16,366

(1) Please see Non-IFRS Measures

First 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 was an average of 39 days in the first quarter of 2021 that ClubLink was allowed to operate in Canada. There have been no COVID-19 lockdowns to date in 2022. Canadian annual dues revenue increased 132.5% to \$15,114,000 for the three month period ended March 31, 2022 from \$6,501,000 in 2021 due to this policy. This deferral in 2021 was recognized into revenue throughout the remainder of the year on a straight-line basis.

Operating revenue increased 168.8% to \$37,932,000 for the three month period ended March 31, 2022 from \$14,109,000 in 2021 due to closures in 2021 as a result of COVID-19 lockdowns and the revenue from the eight Highland Gate home sales.

Direct operating expenses increased 101.4% to \$32,954,000 for the three month period ended March 31, 2022 from \$16,366,000 in 2021 due to the fact that certain activities were reduced in 2021 due to lockdowns and the cost of sales from the eight Highland Gate home sales.

Net operating income for the Canadian golf club operations segment increased to \$3,908,000 for the three month period ended March 31, 2022 from a loss of \$2,887,000 in 2021 due to the shift in the recognition of annual dues revenue in 2021.

Net operating income for the US golf club operations increased to US\$2,436,000 for the three month period ended March 31, 2022 from US\$1,131,000 in 2021 due to increased rounds and better yield per round.

Amortization of membership fees decreased 2.0% to \$939,000 from \$958,000 in 2021.

Interest, net and investment income increased to income of \$276,000 for the three month period ended March 31, 2022 from an expense of \$436,000 in 2021 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, 2022	March 31, 2021
Unrealized foreign exchange loss	\$ (83)	\$ (326)
Unrealized gain (loss) on investment in marketable securities	(2,819)	4,990
Insurance proceeds	-	754
Equity income from investments in joint ventures	197	229
Other	135	(7)
Other items	\$ (2,570)	\$ 5,640

The exchange rate used for translating US denominated assets has changed from 1.2678 at December 31, 2021 to 1.2496 at March 31, 2022. This has resulted in a foreign exchange loss of \$83,000 for the three month period ended March 31, 2022 on the translation of the Company's US denominated financial instruments.

Net loss is \$1,093,000 for the three month period ended March 31, 2022 from income of \$455,000 in 2021 due to an unrealized loss on the Company's investment in Automotive Properties REIT. Basic and diluted loss per share decreased to \$0.04 cents per share in 2022, compared to basic and diluted earnings per share of \$0.02 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 2 cents per common share to be paid on June 15, 2022 to shareholders of record as at May 31, 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 and on the Company website at www.twcenterprises.ca