

# TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE  
KING CITY, ONTARIO  
TSX: TWC

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## TWC ENTERPRISES LIMITED ANNOUNCES SECOND QUARTER 2022 RESULTS AND INCREASE TO ELIGIBLE CASH DIVIDEND

### Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net earnings	3,594	4,472	2,501	4,927
Basic and diluted earnings per share	0.15	0.18	0.10	0.20

### Operating Data

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Canadian Full Privilege Golf Members			15,583	15,097
Championship rounds – Canada	444,000	362,000	444,000	362,000
18-hole equivalent championship golf courses – Canada			37.5	39.5
18-hole equivalent managed championship golf courses – Canada			2.0	2.0
Championship rounds – U.S.	55,000	63,000	167,000	156,000
18-hole equivalent championship golf courses – U.S.			8.0	8.0

The following is an analysis of net earnings:

<b>(thousands of Canadian dollars)</b>	For the three months ended	
	June 30, 2022	June 30, 2021
Operating revenue	\$ 52,736	\$ 34,059
Direct operating expenses <sup>(1)</sup>	39,569	25,023
Net operating income <sup>(1)</sup>	13,167	9,036
Amortization of membership fees	1,081	1,037
Depreciation and amortization	(4,458)	(4,788)
Interest, net and investment income	422	(384)
Other items	(3,582)	(303)
Income taxes	(3,036)	(126)
Net earnings	\$ 3,594	\$ 4,472

<b>(thousands of Canadian dollars)</b>	For the six months ended	
	June 30, 2022	June 30, 2021
Operating revenue	\$ 90,668	\$ 48,168
Direct operating expenses <sup>(1)</sup>	72,523	41,389
Net operating income <sup>(1)</sup>	18,145	6,779
Amortization of membership fees	2,020	1,995
Depreciation and amortization	(8,882)	(9,543)
Interest, net and investment income	698	(820)
Other items	(6,152)	5,337
Income taxes	(3,328)	1,179
Net earnings	\$ 2,501	\$ 4,927

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

<b>(thousands of Canadian dollars)</b>	For the three months ended	
	June 30, 2022	June 30, 2021
Net operating income (loss) by segment		
Canadian golf club operations	\$ 12,675	\$ 9,065
US golf club operations (2022 - US \$421,000; 2021 - US \$585,000)	529	723
Corporate and other	(37)	(752)
Net operating income <sup>(1)</sup>	\$ 13,167	\$ 9,036

<b>(thousands of Canadian dollars)</b>	For the six months ended	
	June 30, 2022	June 30, 2021
Net operating income (loss) by segment		
Canadian golf club operations	\$ 16,583	\$ 6,178
US golf club operations (2022 - US \$2,857,000; 2021 - US \$1,716,000)	3,613	2,156
Corporate and other	(2,051)	(1,555)
Net operating income <sup>(1)</sup>	\$ 18,145	\$ 6,779

Operating revenue is calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2022	June 30, 2021
Annual dues	\$ 17,286	\$ 13,992
Golf	13,842	12,299
Corporate events	2,573	426
Food and beverage	10,382	3,577
Merchandise	4,301	2,945
Real estate	3,037	-
Rooms and other	1,315	820
<b>Operating revenue</b>	<b>\$ 52,736</b>	<b>\$ 34,059</b>

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2022	June 30, 2021
Annual dues	\$ 34,088	\$ 21,934
Golf	19,680	16,489
Corporate events	2,597	497
Food and beverage	11,325	4,150
Merchandise	5,521	4,008
Real estate	15,811	-
Rooms and other	1,646	1,090
<b>Operating revenue</b>	<b>\$ 90,668</b>	<b>\$ 48,168</b>

Direct operating expenses are calculated as follows:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2022	June 30, 2021
Operating cost of sales	\$ 5,974	\$ 3,350
Real estate cost of sales	2,370	-
Labour and employee benefits	18,822	11,568
Utilities	1,966	1,716
Selling, general and administrative expenses	1,460	1,312
Property taxes	695	724
Repairs and maintenance	1,556	1,253
Insurance	903	802
Turf operating expenses	2,108	1,883
Fuel and oil	621	335
Other operating expenses	3,094	2,080
<b>Direct Operating Expenses<sup>(1)</sup></b>	<b>\$ 39,569</b>	<b>\$ 25,023</b>

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2022	June 30, 2021
Operating cost of sales	\$ 7,302	\$ 4,303
Real estate cost of sales	16,394	-
Labour and employee benefits	27,498	19,392
Utilities	3,640	3,171
Selling, general and administrative expenses	2,884	2,402
Property taxes	2,335	2,652
Repairs and maintenance	1,781	1,602
Insurance	2,626	1,974
Turf operating expenses	2,358	1,980
Fuel and oil	735	418
Other operating expenses	4,970	3,495
<b>Direct Operating Expenses<sup>(1)</sup></b>	<b>\$ 72,523</b>	<b>\$ 41,389</b>

(1) Please see Non-IFRS Measures

## Second 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 56 days in the second quarter of 2021 that ClubLink was allowed to operate in Ontario. There have been no COVID-19 lockdowns to date in 2022. Canadian annual dues revenue increased 24.7% to \$15,649,000 for the three month period ended June 30, 2022 from \$12,547,000 in 2021 due to this policy and the increase in members. This deferral in 2021 was recognized into revenue throughout the remainder of the year on a straight-line basis.

Operating revenue increased 54.8% to \$52,736,000 for the three month period ended June 30, 2022 from \$34,059,000 in 2021 due to closures in 2021 as a result of COVID-19 lockdowns and less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace.

Direct operating expenses increased 58.1% to \$39,569,000 for the three month period ended June 30, 2022 from \$25,023,000 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 increased to \$12,675,000 for the three month period ended June 30, 2022 from \$9,065,000 in 2021 due to the change in annual dues revenue described above.

Net operating income for the US golf club operations decreased to US\$421,000 for the three month period ended June 30, 2022 from US\$585,000 in 2021 due to decreased rounds.

Interest, net and investment income increased to income of \$422,000 for the three month period ended June 30, 2022 from an expense of \$384,000 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:

	For the three months ended	
	June 30, 2022	June 30, 2021
Unrealized foreign exchange gain (loss)	\$ 481	\$ (432)
Unrealized gain (loss) on investment in marketable securities	(8,366)	6,808
Gain on real estate fund investments	4,370	-
Insurance proceeds	-	2,603
Equity income (loss) from investments in joint ventures	(62)	404
Glen Abbey redevelopment charge	-	(9,500)
Other	(5)	(186)
Other items	\$ (3,582)	\$ (303)

The exchange rate used for translating US denominated assets has changed from 1.2496 at March 31, 2022 to 1.2886 at June 30, 2022. This has resulted in a foreign exchange gain of \$481,000 for the three month period ended June 30, 2022 on the translation of the Company's US denominated financial instruments.

Net earnings decreased to \$3,594,000 for the three month period ended June 30, 2022 from \$4,472,000 in 2021 due to an unrealized loss on the Company's investment in Automotive Properties REIT. Basic and diluted earnings per share decreased to 15 cents per share in 2022, compared to basic and diluted earnings per share of 18 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 September 15, 2022 to shareholders of record as at August 31, 2022. This is an increase from 2 cents per common share.

## **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)*