

TWC ENTERPRISES LIMITED

FOR IMMEDIATE RELEASE
KING CITY, ONTARIO
TSX: TWC

August 5, 2021

TWC ENTERPRISES LIMITED ANNOUNCES SECOND QUARTER 2021 RESULTS AND ELIGIBLE CASH DIVIDEND

Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net earnings (loss)	4,472	2,605	4,927	(29,815)
Basic and diluted earnings (loss) per share	0.18	0.10	0.20	(1.13)

Operating Data

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
ClubLink				
Canadian Full Privilege Golf Members			15,097	13,978
Championship rounds – Canada	362,000	302,000	362,000	302,000
18-hole equivalent championship golf courses – Canada			39.5	39.5
18-hole equivalent managed championship golf courses – Canada			2.0	1.0
Championship rounds – U.S.	63,000	36,000	156,000	148,000
18-hole equivalent championship golf courses – U.S.			8.0	8.0

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

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2021	June 30, 2020
Net operating income (loss) by segment		
Canadian golf club operations	\$ 9,065	\$ 1,790
US golf club operations (2021 - US \$585,000; 2020 - US loss \$375,000)	723	(526)
Corporate operations	(752)	(731)
Net operating income ⁽¹⁾	\$ 9,036	\$ 533

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2021	June 30, 2020
Net operating income (loss) by segment		
Canadian golf club operations	\$ 6,178	\$ 2,947
US golf club operations (2021 - US \$1,716,000; 2020 - US \$543,000)	2,156	708
Corporate operations	(1,555)	(1,502)
Net operating income ⁽¹⁾	\$ 6,779	\$ 2,153

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

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2021	June 30, 2020
Operating revenue	\$ 34,059	\$ 21,696
Direct operating expenses ⁽¹⁾	25,023	21,163
Net operating income ⁽¹⁾	9,036	533
Amortization of membership fees	1,037	1,241
Depreciation and amortization	(4,788)	(4,890)
Interest, net and investment income	(384)	(1,212)
Other items	(303)	6,635
Income taxes	(126)	298
Net earnings	\$ 4,472	\$ 2,605

⁽¹⁾ Please see Non-IFRS Measures

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2021	June 30, 2020
Operating revenue	\$ 48,168	\$ 41,766
Direct operating expenses ⁽¹⁾	41,389	39,613
Net operating income ⁽¹⁾	6,779	2,153
Amortization of membership fees	1,995	2,245
Depreciation and amortization	(9,543)	(9,843)
Interest, net and investment income	(820)	(1,802)
Other items	5,337	(27,863)
Income taxes	1,179	5,295
Net earnings (loss)	\$ 4,927	\$ (29,815)

⁽¹⁾ Please see Non-IFRS Measures

Second Quarter 2021 Consolidated Operating Highlights

Revenue consists of the following:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2021	June 30, 2020
Annual dues	\$ 13,992	\$ 9,505
Golf	12,299	8,827
Corporate events	426	228
Food and beverage	3,577	1,949
Merchandise	2,945	1,138
Rooms and other	820	49
	\$ 34,059	\$ 21,696

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 both 2020 and 2021, annual dues revenue was not recognized during certain periods. There was an average of 56 days (2020 - 44 days) in the second quarter that ClubLink was allowed to operate in Ontario. Canadian annual dues revenue increased 55.6% to \$12,547,000 for the three-month period ended June 30, 2021 from \$8,063,000 in 2020 due to this policy. This deferral will be recognized into revenue throughout the remainder of the year on a straight-line basis.

Operating revenue increased 57.0% for the three month period ended June 30, 2021 due to higher annual dues revenue and ability to operate (as described above) in addition to the fact that the economy, and by extension the Company's business, was more open in 2021 as compared to the second quarter of 2020.

Direct operating expenses increased 18.2% to \$25,023,000 for the three-month period ended June 30, 2021 from \$21,163,000 in 2020 due to the fact that Canadian golf clubs were open for additional days in 2021. This increase is directly related to the increases in all categories of operating revenue.

Net operating income for the Canadian golf club operations segment increased to \$9,065,000 for the three-month period ended June 30, 2021 from income of \$1,790,000 in 2020 due to the shift in the recognition of annual dues revenue.

Interest, net and investment income decreased 68.3% to an expense of \$384,000 for the three-month period ended June 30, 2021 from \$1,212,000 in 2020 due to a decrease in borrowings and an increase in investment income 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, 2021	June 30, 2020
Glen Abbey development charge	\$ (9,500)	\$ -
Unrealized foreign exchange loss	(432)	(3,444)
Unrealized gain on investment in marketable securities	6,808	10,308
Insurance proceeds	2,603	0
Equity income (loss) from investments in joint ventures	404	(324)
Other	(186)	95
Other items	\$ (303)	\$ 6,635

The Glen Abbey development charge represents the expensing of the development costs previously capitalized as part of the redevelopment appeals which have now been withdrawn.

The exchange rate used for translating US denominated assets has changed from 1.2575 at March 31, 2021 to 1.2394 at June 30, 2021. This has resulted in a foreign exchange loss of \$432,000 for the three-month period ended June 30, 2021 on the translation of the Company's US denominated financial instruments.

The majority of the insurance proceeds represents funds collected to close out the insurance claim in regard to the fire event at the Le Maître clubhouse.

Net earnings is \$4,472,000 for the three-month period ended June 30, 2021 from \$2,605,000 in 2020 due to the increase in revenue, including annual dues. Basic and diluted earnings per share increased to 18 cents per share in 2021, compared to 10 cents in 2020.

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 September 15, 2021 to shareholders of record as at August 31, 2021.

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 49.5 18-hole equivalent championship and 3.5 18-hole equivalent academy courses (including one managed property) at 37 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