

# TWC Enterprises Limited Announces Third Quarter 2021 Results and Eligible Cash Dividend

KING CITY, Ontario, Nov. 01, 2021 (GLOBE NEWSWIRE) -- TWC Enterprises Limited (TSX: TWC) -

## Consolidated Financial Highlights (unaudited)

(in thousands of dollars except per share amounts)	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net earnings (loss)	22,757	22,427	27,684	(7,388)
Basic and diluted earnings (loss) per share	0.93	0.87	1.12	(0.28)

## Operating Data

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Canadian Full Privilege Golf Members			15,714	14,671
Championship rounds – Canada	631,000	689,000	993,000	991,000
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.	37,000	43,000	193,000	191,000
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	
	September 30, 2021	September 30, 2020
Net operating income (loss) by segment		
Canadian golf club operations	\$ 28,016	\$ 32,193
US golf club operations (2021 - US loss \$294,000; 2020 - US loss \$336,000)	(370)	(445)
Corporate operations	(693)	(758)
Net operating income <sup>(1)</sup>	\$ 26,953	\$ 30,990

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2021	September 30, 2020
Net operating income (loss) by segment		
Canadian golf club operations	\$ 34,194	\$ 35,140
US golf club operations (2021 - US \$1,422,000; 2020 - US \$207,000)	1,786	263
Corporate operations	(2,248)	(2,260)
Net operating income <sup>(1)</sup>	\$ 33,732	\$ 33,143

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

For the three months ended  
September September

<b>(thousands of Canadian dollars)</b>	<b>30, 2021</b>	<b>30, 2020</b>
Operating revenue	<b>\$ 63,245</b>	\$ 55,293
Direct operating expenses <sup>(1)</sup>	<b>36,292</b>	24,303
Net operating income <sup>(1)</sup>	<b>26,953</b>	30,990
Amortization of membership fees	<b>1,324</b>	1,307
Depreciation and amortization	<b>(4,712)</b>	(4,718)
Interest, net and investment income	<b>(263)</b>	(1,046)
Other items	<b>5,109</b>	3,119
Income taxes	<b>(5,654)</b>	(7,225)
Net earnings	<b>\$ 22,757</b>	\$ 22,427

<b>(thousands of Canadian dollars)</b>	<b>For the nine months ended</b>	
	<b>September</b>	<b>September</b>
	<b>30, 2021</b>	<b>30, 2020</b>
Operating revenue	<b>\$ 111,413</b>	\$ 97,059
Direct operating expenses <sup>(1)</sup>	<b>77,681</b>	63,916
Net operating income <sup>(1)</sup>	<b>33,732</b>	33,143
Amortization of membership fees	<b>3,319</b>	3,552
Depreciation and amortization	<b>(14,255)</b>	(14,561)
Interest, net and investment income	<b>(1,083)</b>	(2,848)
Other items	<b>10,446</b>	(24,744)
Income taxes	<b>(4,475)</b>	(1,930)
Net earnings (loss)	<b>\$ 27,684</b>	\$ (7,388)

(1) Please see Non-IFRS Measures

### Third Quarter 2021 Consolidated Operating Highlights

Revenue consists of the following:

<b>(thousands of Canadian dollars)</b>	<b>For the three months ended</b>	
	<b>September</b>	<b>September</b>
	<b>30, 2021</b>	<b>30, 2020</b>
Annual dues	<b>\$ 19,598</b>	\$ 15,821
Golf	<b>21,161</b>	20,874
Corporate events	<b>2,347</b>	1,689
Food and beverage	<b>12,134</b>	10,089
Merchandise	<b>4,799</b>	4,194
Rooms and other	<b>3,206</b>	2,626
	<b>\$ 63,245</b>	\$ 55,293

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 early in both years. Canadian annual dues revenue increased 27.2% to \$18,133,000 for the three month period ended September 30, 2021 from \$14,254,000 in 2020 due to this policy and an increase in members. Any displaced revenue from the closure period will be recognized into revenue throughout the remainder of the year on a straight-line basis.

Operating revenue increased 14.4% for the three month period ended September 30, 2021 due to higher annual dues revenue along with the ability to operate in 2021 with less restrictions as compared to 2020.

Direct operating expenses increased 49.3% to \$36,292,000 for the three month period ended September 30, 2021 from

\$24,303,000 in 2020 due to higher revenue levels in 2021 in addition to lower Canada Emergency Wage Subsidy amounts received in 2021.

Net operating income for the Canadian golf club operations segment decreased to \$28,016,000 for the three month period ended September 30, 2021 from income of \$32,193,000 in 2020.

Interest, net and investment income decreased 74.9% to an expense of \$263,000 for the three month period ended September 30, 2021 from \$1,046,000 in 2020 due to a decrease in operational 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:

(thousands of Canadian dollars)	For the three months ended	
	September 30, 2021	September 30, 2020
Impairment reversal (Heron Bay)	\$ 2,628	\$ -
Foreign exchange gain (loss)	708	(1,556)
Gain on property, plant and equipment	238	891
Unrealized gain on investment in marketable securities	2,067	3,909
Equity income (loss) from investments in joint ventures	(340)	43
Glen Abbey development charge	(189)	-
Other	(3)	(168)
<b>Other items</b>	<b>\$ 5,109</b>	<b>\$ 3,119</b>

On October 8, 2021, the Company sold Heron Bay Golf Club for proceeds of US\$32,000,000. At September 30, 2021, Heron Bay Golf Club has been classified as held for sale. Immediately prior to the classification of asset held for sale, the carrying amount of Heron Bay was re-measured to its recoverable amount. As a result, the Company recorded an impairment reversal pertaining to the 2018 impairment charge of US\$2,510,000. As of September 30, 2021, the impairment reversal was recorded at a value of \$2,628,000 (US\$2,074,000) representing the impairment reversal net of what would have otherwise subsequently been depreciated from January 1, 2019 to September 30, 2021.

The exchange rate used for translating US denominated assets has changed from 1.2394 at June 30, 2021 to 1.2741 at September 30, 2021. This has resulted in a foreign exchange gain of \$708,000 for the three-month period ended September 30, 2021 on the translation of the Company's US denominated financial instruments.

Net earnings remained relatively flat at \$22,757,000 for the three month period ended September 30, 2021 as compared to \$22,427,000 in 2020. Basic and diluted earnings per share increased to 93 cents per share in 2021, compared to 87 cents in 2020 due to the decline in weighted average shares outstanding 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 December 15, 2021 to shareholders of record as at November 30, 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 two managed properties) 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](http://www.sedar.com) and on the Company website at [www.twcenterprises.ca](http://www.twcenterprises.ca)*