



Topgolf Callaway Brands Corp.

Second Quarter 2023

Earnings Conference Call

August 8, 2023

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NYSE

IMPORTANT NOTICES

Forward-looking Statements. During the presentation, any comments made about future plans, events, financial results, performance, prospects, or growth opportunities, including statements relating to the Company's financial outlook (including, among others, net revenues, same venue sales, free cash flow, Adjusted EBITDA, Segment Adjusted EBITDA, net capital expenditures, non-GAAP depreciation & amortization, gross debt, net debt, net leverage, venue financing liability and interest and projected Topgolf venue economics), projected Topgolf venue financing options, new product lines, strength and demand of the Company's products and services, addressable markets and the consumer base, continued brand momentum, continued investments in the business, consumer trends and behavior, Topgolf venue openings, Toptracer installations, capital allocation priorities, anticipated stock repurchases, and statements of belief and any statement of assumptions underlying any of the foregoing, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are often characterized by the use of words such as "estimate," "expect," "anticipate," "project," "plan," "intend," "seek," "believe," "forecast," "foresee," "likely," "may," "should," "would," "goal," "target," "might," "will," "could," "predict," "continue" and the negative or plural of these words and other comparable terminology. Such statements reflect the Company's best judgment as of the time made based on then current market trends and conditions. Actual results could differ materially from those as a result of certain risks, unknowns and uncertainties applicable to the Company and its business. For additional details concerning these and other risks and uncertainties that could affect these statements and the Company's business, see the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as well as other risks and uncertainties detailed from time to time in the Company's reports on Forms 10-Q and 8-K subsequently filed with the SEC from time to time. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Regulation G. In addition, in order to assist you with period-over-period comparisons on a consistent and comparable basis, today's presentation includes certain non-GAAP information, which may include non-GAAP financial measures within the meaning of Regulation G. The Company provided information excluding certain non-cash amortization and depreciation of acquired intangible assets and purchase accounting adjustments. In addition, the Company has provided information excluding certain non-recurring items which are identified in the appendix to this presentation. These non-GAAP measures should not be considered as a substitute for any measure derived in accordance with GAAP. The non-GAAP information may also be inconsistent with the manner in which similar measures are derived or used by other companies. Management uses such non-GAAP information for financial and operational decision-making purposes and as a means to evaluate period-over-period comparisons and in forecasting the Company's business going forward. Management believes that the presentation of such non-GAAP information, when considered in conjunction with the most directly comparable GAAP information, provides additional useful comparative information for investors in their assessment of the underlying performance of the Company's business with regard to these items. The Company has provided reconciliations of such non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. The reconciliations are included in the appendix to this presentation.

For forward-looking free cash flow, Adjusted EBITDA, Segment Adjusted EBITDA, non-GAAP diluted earnings per share, 4-Wall Adjusted EBITDAR margin, return on gross investment and cash-on-cash return information (collectively, the "Non-GAAP Projections") provided in this presentation, reconciliation of such Non-GAAP Projections to the most closely comparable GAAP financial measure is not provided because the Company is unable to provide such reconciliation without unreasonable efforts. The inability to provide a reconciliation is because the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the applicable GAAP financial measure in the future but would not impact the Non-GAAP Projections. These items may include certain non-cash depreciation, which will fluctuate based on the Company's level of capital expenditures, timing of reimbursement of lease financing, non-cash amortization of intangibles related to the Company's acquisitions, income taxes, which can fluctuate based on changes in the other items noted and/or future forecasts, and other non-recurring costs and non-cash adjustments. Historically, the Company has excluded these items from the Non-GAAP Projections. The Company currently expects to continue to exclude these items in future disclosures of such measures and may also exclude other items that may arise. The events that typically lead to the recognition of such adjustments are inherently unpredictable as to if or when they may occur, and therefore actual results may differ materially. This unavailable information could have a significant impact on the applicable GAAP measure.

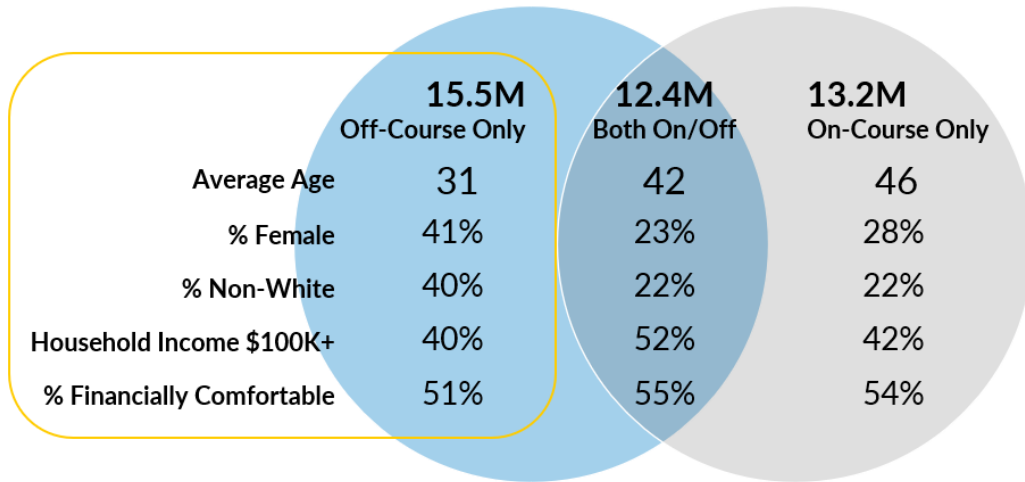
BUSINESS OVERVIEW

Chip Brewer

President & Chief Executive Officer

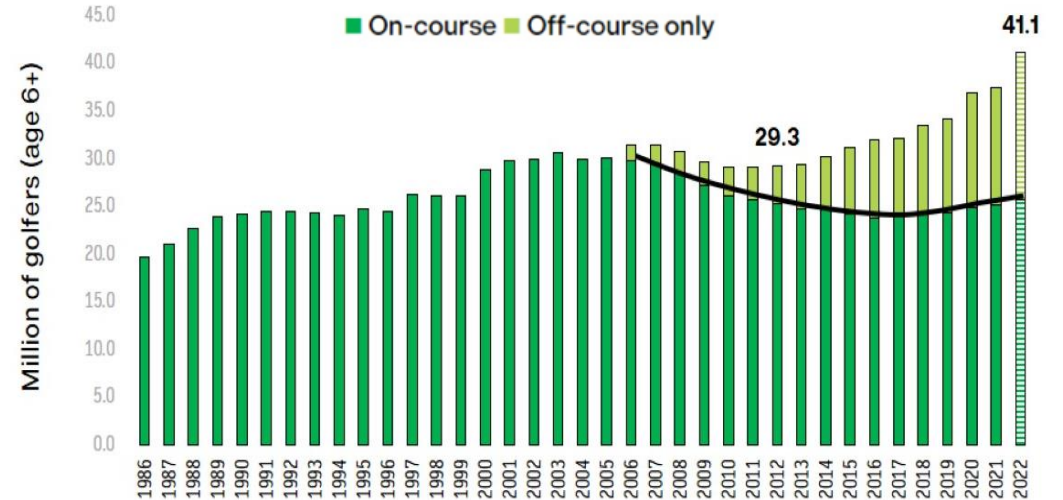
UNMATCHED SCALE AND CONSUMER REACH

MODERN GOLF ECOSYSTEM¹




Off-course participation is expanding the demographics of golf, attracting younger, more female, and non-white participants.

U.S. GOLF PARTICIPATION¹



For the first time in history, total participation exceeded 40M and off-course surpassed on-course.

Q2 2023 HIGHLIGHTS




Company delivered strong results consistent with expectations and reaffirms full year 2023 revenue and Adjusted EBITDA guidance



Topgolf delivered its 7th consecutive quarter of positive same venue sales growth



Topgolf opened 2 new venues in the U.S. and remains on plan to open 11 venues in 2023



Golf Equipment performed well with strong U.S. market share gains



Both total Company and Topgolf remain on track to be free cash flow positive in 2023

Q2 2023 SEGMENT HIGHLIGHTS

TOPGOLF



- ✓ SVS¹ of ~1%, within guidance range, and marking the 7th consecutive quarter of growth
- ✓ Opened 2 new owned and operated venues
- ✓ PIE has been implemented in over half of Topgolf venues

GOLF EQUIPMENT



- ✓ Golf demand remains robust
- ✓ Strong U.S. market share performance with #1 Driver, #1 Woods, #1 Irons and #2 Golf Balls²
- ✓ U.S. rounds played through June +5.5% year-over-year

ACTIVE LIFESTYLE



- ✓ Continued momentum across all brands
- ✓ TravisMathew delivered double-digit revenue growth
- ✓ 330 bps gross margin improvement YoY

BRAND HIGHLIGHTS

TOPGOLF
CALLAWAY
BRANDS

PARADYM SUCCESS ON TOUR & EXTENSION OF RAHM PARTNERSHIP



9 wins year-to-date for the Paradym driver on the PGA Tour

Extended Jon Rahm partnership. Will play Callaway and Odyssey equipment, wear Callaway headwear, TravisMathew apparel and footwear, and champion Topgolf's business

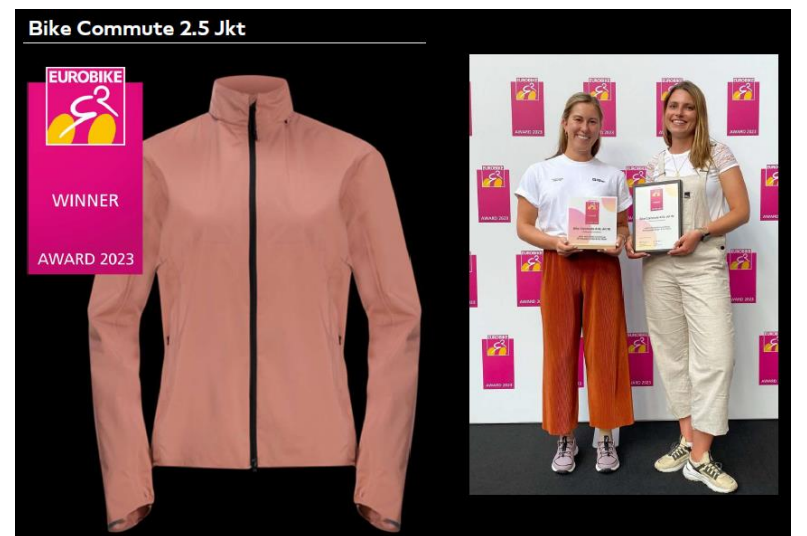
TRAVISMATHEW & AMBASSADORS AT ACC TAHOE GOLF TOURNAMENT 2023



TOPGOLF OPEN ACTIVATION HONORS U.S. OPEN CHAMPIONSHIP IN L.A.



JACK WOLFSKIN WINS EUROBIKE AWARD FOR BIKE COMUTE 2.5 JKT



UNIQUE AND COMPELLING INVESTMENT OPPORTUNITY



Proven

Demonstrated Results Across All Segments



Scaled

Unmatched Global Reach in Modern Golf



Diversified

Growth Not Determined by Any One Segment



Protected

High Barriers to Entry, Premium Brands, Create Deep Moats



Growth-Oriented

Positioned for Sustainable Growth within a Growing Category

BOTH TOTAL COMPANY AND TOPGOLF REMAIN ON TRACK TO BE FREE CASH FLOW POSITIVE IN 2023

FINANCIALS & OUTLOOK

Brian Lynch

Chief Financial Officer & Chief Legal Officer

Q2 2023 FINANCIAL RESULTS

GAAP RESULTS

(\$ in millions, except per share data)

	Q2 2023	Q2 2022	Change (%)
Net Revenues	\$ 1,179.7	\$ 1,115.7	5.7%
Income from Operations	\$ 116.0	\$ 129.0	(10.1%)
Other Expense, net	\$ (44.4)	\$ (20.7)	114.5%
Income before Income Taxes	\$ 71.6	\$ 108.3	(33.9%)
Net Income	\$ 117.4	\$ 105.4	11.4%
Earnings per Share - Diluted ³	\$ 0.59	\$ 0.53	11.3%

NON-GAAP RESULTS¹

(\$ in millions, except per share data)

	Q2 2023	Q2 2022	Change (%)	Constant Currency Change (%) ²
Net Revenues	\$ 1,179.7	\$ 1,115.7	5.7 %	6.5%
Income from Operations	\$ 130.5	\$ 135.1	(3.4)%	—%
Other Expense, net	\$ (44.3)	\$ (19.5)	127.2 %	
Income before Income Taxes	\$ 86.2	\$ 115.6	(25.4)%	
Net Income	\$ 77.8	\$ 93.5	(16.8)%	
Earnings per Share - Diluted ³	\$ 0.39	\$ 0.47	(17.0)%	
Adjusted EBITDA	\$ 206.2	\$ 207.3	(0.5)%	1.7%

1. See Appendix for reconciliations of non-GAAP measures to the most directly comparable GAAP measure.

2. "Constant Currency" information estimates the impact of changes in foreign currency rates on the translation of the Company's current or projected future period financial results as compared to the applicable comparable period. This impact is derived by taking the current or projected local currency results and translating them into U.S. dollars based upon the foreign currency exchange rates for the applicable comparable period. It does not include any other effect of changes in foreign currency rates on the Company's results or business.

3. Periodic interest expense related to the 2020 Convertible Notes is excluded from the calculation of net income for the purpose of calculating diluted earnings per share.

2023 YTD FINANCIAL RESULTS THRU Q2

GAAP RESULTS

(\$ in millions, except per share data)

	YTD THRU Q2 2023	YTD THRU Q2 2022	Change (%)
Net Revenues	\$ 2,347.1	\$ 2,155.9	8.9%
Income from Operations	\$ 196.5	\$ 223.3	(12.0%)
Other Expense, net	\$ (104.1)	\$ (44.0)	136.6%
Income before Income Taxes	\$ 92.4	\$ 179.3	(48.5%)
Net Income	\$ 142.4	\$ 192.1	(25.9%)
Earnings per Share – Diluted ³	\$ 0.72	\$ 0.97	(25.8%)

NON-GAAP RESULTS¹

(\$ in millions, except per share data)

	YTD THRU Q2 2023	YTD THRU Q2 2022	Change (%)	Constant Currency Change (%) ²
Net Revenues	\$ 2,347.1	\$ 2,155.9	8.9 %	10.6%
Income from Operations	\$ 221.5	\$ 241.1	(8.1)%	1.0%
Other Expense, net	\$ (92.7)	\$ (41.6)	122.8 %	
Income before Income Taxes	\$ 128.8	\$ 199.5	(35.4)%	
Net Income	\$ 111.0	\$ 164.4	(32.5)%	
Earnings per Share – Diluted ³	\$ 0.57	\$ 0.84	(32.1)%	
Adjusted EBITDA	\$ 363.5	\$ 377.1	(3.6)%	2.2%

1. See Appendix for reconciliations of non-GAAP measures to the most directly comparable GAAP measure.

2. "Constant Currency" information estimates the impact of changes in foreign currency rates on the translation of the Company's current or projected future period financial results as compared to the applicable comparable period. This impact is derived by taking the current or projected local currency results and translating them into U.S. dollars based upon the foreign currency exchange rates for the applicable comparable period. It does not include any other effect of changes in foreign currency rates on the Company's results or business.

3. Periodic interest expense related to the 2020 Convertible Notes is excluded from the calculation of net income for the purpose of calculating diluted earnings per share.

TOPGOLF DETAILED FINANCIAL DISCLOSURE

(\$ in millions)	Q2 2023 ¹	Q2 2022 ¹
Net Revenue	\$471	\$404
Segment Income from Operations	\$44	\$44
Non-GAAP Depreciation & Amortization	\$40	\$32
Non-cash lease amortization expense	\$4	\$7
Non-cash stock compensation expense	\$4	\$4
Adjusted Segment EBITDA	\$92	\$86
Net Capital Expenditures	\$59	\$62
Venue Financing Liability	\$1,014	\$670
Venue Financing Interest	\$20	\$13

KEY LIQUIDITY METRICS

Metric ¹ (\$ in millions)	As of Jun 30, 2023	As of Jun 30, 2022
Available Liquidity	\$648	\$640
Net Debt	\$2,239	\$1,440
Net Leverage Ratio	4.1x	2.7x

Metric ¹ (\$ in millions)	As of Jun 30, 2023	As of Jun 30, 2022
Net Capital Expenditures	\$148	\$154
Non-GAAP Depreciation & Amortization	\$100	\$80

2023 OUTLOOK

FULL YEAR 2023¹

(\$ in millions)	Current FY 2023 Guidance	Previous FY 2023 Guidance	FY 2022 Reported Results
Net Revenue	\$4,420 - \$4,470	\$4,420 - \$4,470	\$3,996
Adjusted EBITDA	\$625 - \$640	\$625 - \$640	\$558
Gross Debt	\$2,599	\$2,599	\$2,063

Full Year Guidance Assumptions¹

- Topgolf segment revenue of approximately \$1.9 billion
- Topgolf expected to generate FY 2023 Adjusted EBITDA of \$315 - \$325 million
- Non-GAAP diluted earnings per share estimated to be \$0.63 - \$0.69 on ~200 million shares outstanding²
- Non-GAAP Depreciation and Amortization expense of approximately \$215 million
- Net Capital Expenditures of \$270 million, net of reimbursements related to venue financing (includes ~\$190 million from Topgolf)

Q3 2023¹

(\$ in millions)	Q3 2023 Guidance	Q3 2022 Reported Results
Net Revenue	\$1,050 - \$1,075	\$989
Adjusted EBITDA	\$141 - \$154	\$144

Third Quarter Guidance Assumptions

- Topgolf is expected to deliver same venue sales growth of 1% to 3% year-over-year, which would represent 12% to 14% same venue sales growth on a two-year stack basis³

2023 TOPGOLF KEY METRICS OUTLOOK

(\$ in millions)	2023 Guidance ¹	FY 2022 Reported Results ¹
Net Revenue	~\$1,900	\$1,549
Segment Adjusted EBITDA	\$315-\$325	\$235
Non-GAAP Depreciation & Amortization	~\$164	\$125
Net Capital Expenditures	~\$190	\$281
Venue Financing Liability	~\$1,200	\$886
Venue Financing Interest	~\$80	\$55

OUTLOOK ASSUMPTIONS

- Open 11 new Topgolf owned and operated venues in 2023, with 8 expected to open in the fourth quarter 2023
- Install 7,000+ Toptracer range bays
- Same venue sales expected to be up mid to high single digits for full year 2023 compared to 2022
- Capital expenditures are expected to decrease year-over-year due primarily to the timing of venue financing

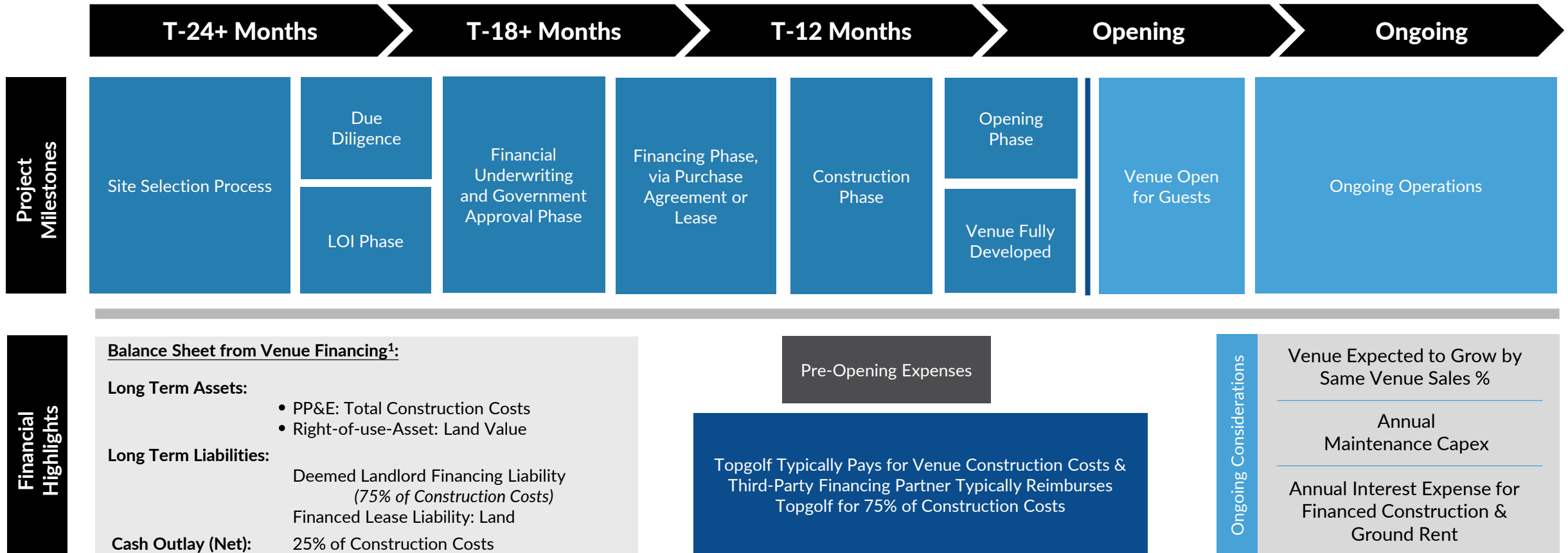
TOPGOLF VENUE UNIT ECONOMICS

ATTRACTIVE VENUE ECONOMICS WITH HIGH RETURN TARGETS

Target Year-5 Unit Economics ¹ (\$ in millions)	Representative Venue Sizes	
	Small to Medium	Medium to Large
Venue Revenue ²	\$13 - \$18	\$20 - \$28
4-Wall Adjusted EBITDAR Margin	~35%	
Total Construction Cost (Before Financing)	\$20 - \$27	\$30 - \$40
Estimated Payback Period	~2.5 years	
Target Cash-on-Cash Returns	~50% - 60%	
Target Return on Gross Investment	~18% - 22%	

TARGET RETURNS

VENUE DEVELOPMENT AND FINANCING OVERVIEW



1. Topgolf currently has various types of leases for their venues (DLF, Operating & Financing.)



APPENDIX

SHARE COUNT ASSUMPTIONS

As-Converted Diluted EPS Calculation



Adjusted Net Income (for EPS calculations only)

- Add ~\$1.6M per quarter of after-tax convertible debt interest expense



Diluted share count 2023 projection of ~200M shares

- Includes 14.7M of shares related to convertible notes



Capped call protects up to 5M shares based on share price



<200M Diluted shares, taking into account the capped call

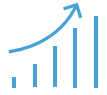


For valuation purposes, if using ~200M for your share count, the \$258M debt related to convertible notes should be excluded from the total net debt calculation



CAPITAL ALLOCATION STRATEGY

CAPITAL ALLOCATION PRIORITIES



Reinvest in the business to unlock high ROI embedded growth

Ability to invest in high return Topgolf venues and TravisMathew stores



Maintain healthy balance sheet by prudently managing leverage

2025 target of less than 3.0x Net Leverage



Opportunistically explore investments in complementary areas

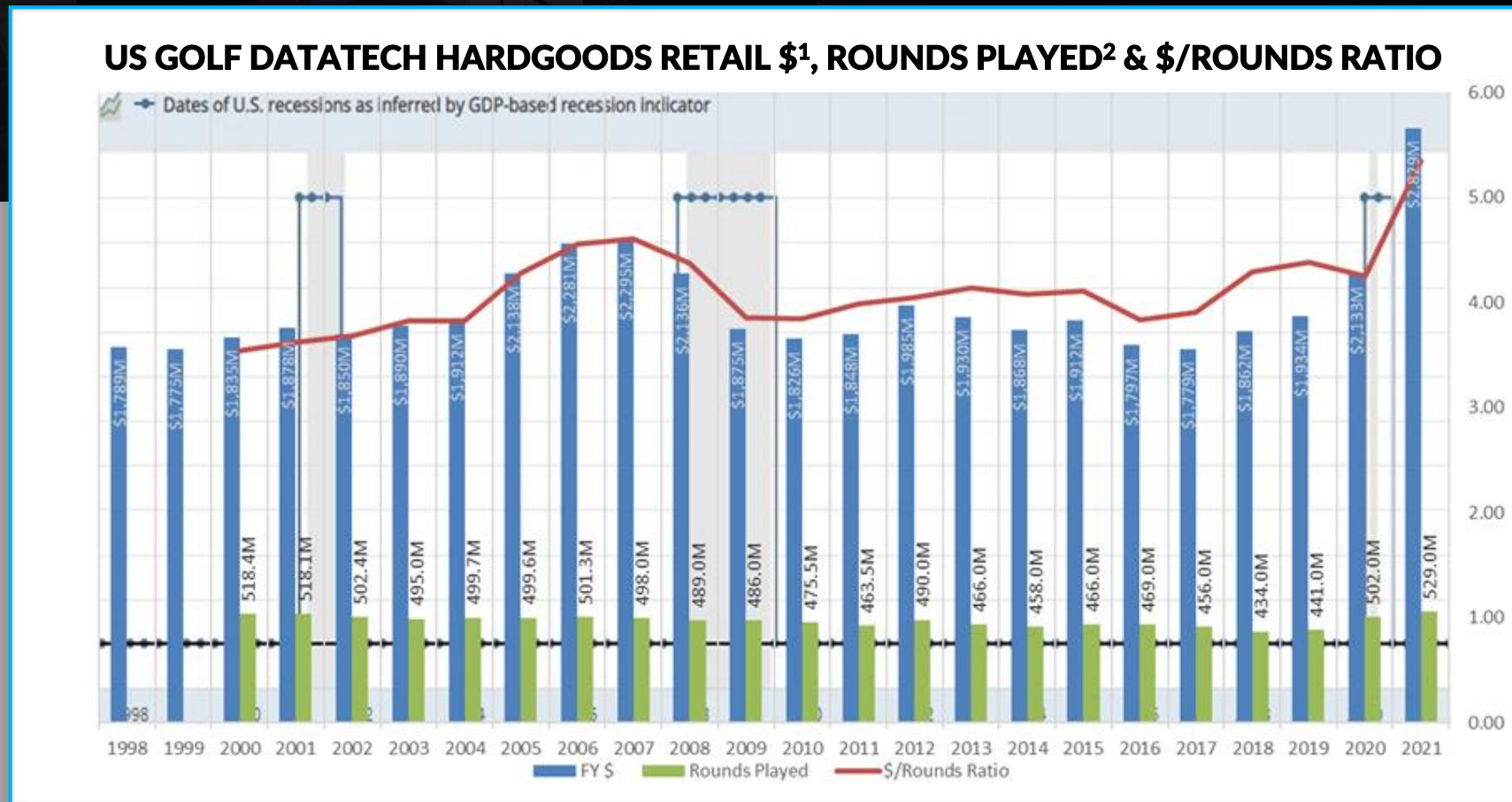
Strong liquidity position provides flexibility



Return capital to shareholders through buybacks



THE CORE GOLFER PROVES TO BE RESILIENT, UNLESS AN ECONOMIC DOWNTURN IS BROAD AND DEEP



1. US Golf Datatech combined channel on-course and off-course, excluding sporting goods, mass channel, club, and some ecommerce, through 12/31/2021.
2. US Golf Datatech and the National Golf Foundation estimated rounds played data through 12/31/2021.

THE TOPGOLF EFFECT

The  TOPGOLF Effect

**~10% of current green grass
golfers credit their Topgolf
introduction for getting them
out on the golf course¹**

Q2 2023 SEGMENT OPERATING INCOME

Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Reported Results for the Three Months Ended June 30,		
	2023	2022	Change
Topgolf	\$ 44.0	\$ 44.2	(0.5) %
% of segment revenue	9.3 %	10.9 %	(160) bps
Golf Equipment	96.4	100.3	(3.9) %
% of segment revenue	21.4 %	22.2 %	(80) bps
Active Lifestyle	19.5	22.5	(13.3) %
% of segment revenue	7.6 %	8.7 %	(109) bps
Total Segment Operating Income	\$ 159.9	\$ 167.0	(4.3) %
% of segment revenue	13.6 %	15.0 %	(141) bps
Constant Currency Total Segment Operating Income ⁽¹⁾			(1.5) %

⁽¹⁾ Segment Operating income excludes corporate general and administrative expenses not utilized by management in determining segment profitability as well as the amortization and depreciation of acquired intangible assets and purchase accounting adjustments.

2023 YTD SEGMENT OPERATING INCOME

Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Reported Results for the Six Months Ended June 30,		
	2023	2022	Change
Topgolf	\$ 46.8	\$ 50.7	(7.7) %
% of segment revenue	5.4 %	7.0 %	(163) bps
Golf Equipment	178.0	201.1	(11.5) %
% of segment revenue	19.9 %	21.9 %	(197) bps
Active Lifestyle	56.8	49.2	15.4 %
% of segment revenue	9.8 %	9.6 %	18 bps
Total Segment Operating Income	\$ 281.6	\$ 301.0	(6.4) %
% of segment revenue	12.0 %	14.0 %	(196) bps
Constant Currency Total Segment Operating Income ⁽¹⁾			0.9 %

⁽¹⁾ Segment Operating income excludes corporate general and administrative expenses not utilized by management in determining segment profitability as well as the amortization and depreciation of acquired intangible assets and purchase accounting adjustments.

NON-GAAP RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Three Months Ended June 30,									
	2023					2022				
	GAAP	Non-Cash Amortization and Depreciation ⁽¹⁾	Non-Recurring Items ⁽²⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP	GAAP	Non-Cash Amortization, Depreciation ⁽¹⁾	Non-Recurring Items ⁽⁴⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP
Net revenues	\$ 1,179.7	\$ —	\$ —	\$ —	\$ 1,179.7	\$ 1,115.7	\$ —	\$ —	\$ —	\$ 1,115.7
Total costs and expenses	1,063.7	6.9	7.6	—	1,049.2	986.7	6.7	(0.6)	—	980.6
Income (loss) from operations	116.0	(6.9)	(7.6)	—	130.5	129.0	(6.7)	0.6	—	135.1
Other expense, net	(44.4)	—	(0.1)	—	(44.3)	(20.7)	(0.9)	(0.3)	—	(19.5)
Income (loss) before income taxes	71.6	(6.9)	(7.7)	—	86.2	108.3	(7.6)	0.3	—	115.6
Income tax (benefit) provision	(45.8)	(1.7)	(1.7)	(50.8)	8.4	2.9	(1.8)	(0.5)	(16.9)	22.1
Net income (loss)	\$ 117.4	\$ (5.2)	\$ (6.0)	\$ 50.8	\$ 77.8	\$ 105.4	\$ (5.8)	\$ 0.8	\$ 16.9	\$ 93.5
Earnings (loss) per share - diluted ⁽⁵⁾	\$ 0.59	\$ (0.02)	\$ (0.03)	\$ 0.25	\$ 0.39	\$ 0.53	\$ (0.03)	\$ 0.01	\$ 0.08	\$ 0.47
Weighted-average shares outstanding - diluted	201.3	201.3	201.3	201.3	201.3	200.6	200.6	200.6	200.6	200.6

(1) Includes amortization and depreciation of acquired intangible assets and purchase accounting adjustments.

(2) Primarily includes \$3.0 million in restructuring and reorganization charges and \$2.3 million in IT integration and implementation costs stemming from acquisitions.

(3) Release of tax valuation allowances recorded in connection with the merger with Topgolf.

(4) Primarily includes \$2.3 million in charges related to the suspension of our Jack Wolfskin retail operations in Russia and \$1.8 million in IT integration and implementation costs stemming from acquisitions.

(5) Periodic interest expense related to the 2020 Convertible Notes is excluded from the calculation of net income for the purpose of calculating diluted earnings per share.

NON-GAAP RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Six Months Ended June 30,									
	2023					2022				
	GAAP	Non-Cash Amortization and Depreciation ⁽¹⁾	Non-Recurring Items ⁽²⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP	GAAP	Non-Cash Amortization, Depreciation ⁽¹⁾	Non-Recurring Items ⁽⁴⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP
Net revenues	\$ 2,347.1	\$ —	\$ —	\$ —	\$ 2,347.1	\$ 2,155.9	\$ —	\$ —	\$ —	\$ 2,155.9
Total costs and expenses	2,150.6	14.2	10.8	—	2,125.6	1,932.6	11.5	6.3	—	1,914.8
Income (loss) from operations	196.5	(14.2)	(10.8)	—	221.5	223.3	(11.5)	(6.3)	—	241.1
Other expense, net	(104.1)	(0.6)	(10.8)	—	(92.7)	(44.0)	(1.8)	(0.6)	—	(41.6)
Income (loss) before income taxes	92.4	(14.8)	(21.6)	—	128.8	179.3	(13.3)	(6.9)	—	199.5
Income tax (benefit) provision	(50.0)	(3.6)	(5.1)	(59.1)	17.8	(12.8)	(3.2)	(1.3)	(43.4)	35.1
Net income (loss)	\$ 142.4	\$ (11.2)	\$ (16.5)	\$ 59.1	\$ 111.0	\$ 192.1	\$ (10.1)	\$ (5.6)	\$ 43.4	\$ 164.4
Earnings (loss) per share - diluted ⁽⁵⁾	\$ 0.72	\$ (0.06)	\$ (0.08)	\$ 0.29	\$ 0.57	\$ 0.97	\$ (0.05)	\$ (0.03)	\$ 0.21	\$ 0.84
Weighted-average shares outstanding - diluted	201.4	201.4	201.4	201.4	201.4	200.7	200.7	200.7	200.7	200.7

(1) Includes amortization and depreciation of acquired intangible assets and purchase accounting adjustments.

(2) Primarily includes \$13.1 million in total charges related to our 2023 debt modification, \$3.5 million in IT integration and implementation related costs stemming from acquisitions, and \$3.0 million in restructuring and reorganization charges.

(3) Related to the release of tax valuation allowances recorded in connection with the merger with Topgolf.

(4) Primarily includes \$2.9 million in legal and credit agency fees related to a postponed debt refinancing, \$2.2 million in IT integration and implementation related costs stemming from acquisitions, and \$1.5 million in non-cash asset write-downs related to the suspension of our Jack Wolfskin retail operations in Russia.

(5) Periodic interest expense related to the 2020 Convertible Notes is excluded from the calculation of net income for the purpose of calculating diluted earnings per share.

ADJUSTED EBITDA RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	2023 Trailing Twelve Month Adjusted EBITDA					2022 Trailing Twelve Month Adjusted EBITDA				
	Quarter Ended					Quarter Ended				
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	Total	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	Total
Net income (loss)	\$ 38.5	\$ (72.7)	\$ 25.0	\$ 117.4	\$ 108.2	\$ (16.0)	\$ (26.2)	\$ 86.7	\$ 105.4	\$ 283.0
Interest expense, net	36.4	42.5	49.6	51.7	180.2	28.7	40.5	31.4	32.5	117.0
Income tax provision (benefit)	0.3	(3.5)	(4.2)	(45.8)	(53.2)	66.2	(69.5)	(15.7)	2.9	167.6
Depreciation and amortization expense	48.4	53.0	56.1	58.6	216.1	44.4	47.9	42.5	48.9	232.6
Non-cash stock compensation and stock warrant expense, net	10.3	9.7	12.5	12.3	44.8	10.8	12.0	14.5	11.6	69.5
Non-cash lease amortization expense	4.4	4.5	4.6	4.4	17.9	2.8	7.7	3.5	6.6	30.7
Acquisitions & other non-recurring costs, before taxes ⁽¹⁾	6.1	3.1	13.7	7.6	30.5	1.9	1.9	6.9	(0.6)	540.3
Adjusted EBITDA	\$ 144.4	\$ 36.6	\$ 157.3	\$ 206.2	\$ 544.5	\$ 138.8	\$ 14.3	\$ 169.8	\$ 207.3	\$ 1,440.7

(1) In 2023, amounts include \$13.1 million in total charges in connection with the 2023 debt modification, \$3.5 million in IT integration and implementation costs stemming from acquisitions, and \$3.0 million in charges related to a reorganization. In 2022, amounts include \$5.9 of implementation costs associated with new ERP systems stemming from acquisitions, \$3.6 million for legal costs and credit agency fees related to a postponed debt refinancing, and \$0.9 in reorganization costs. In 2021, amounts include \$1.9 million in transaction, transition, and other non-recurring costs associated with the merger with Topgolf, and \$1.9 million in expenses related to the implementation of new IT systems for Jack Wolfskin.

TOPGOLF ADJUSTED EBITDA RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Segment operating income ⁽¹⁾ :	\$ 44.0	\$ 44.2	\$ 46.8	\$ 50.7
Depreciation and amortization expense	39.6	32	76.3	60.1
Non-cash stock compensation expense	4.2	4.5	8.3	8.2
Non-cash lease amortization expense	4.3	6.6	8.8	9.8
Other income (expense)	—	(1.0)	—	(1.0)
Adjusted segment EBITDA	\$ 92.1	\$ 86.3	\$ 140.2	\$ 127.8

(1) We do not calculate GAAP net income at the operating segment level, but has provided Topgolf's segment income from operations as a relevant measurement of profitability. Segment income from operations does not include interest expense and taxes as well as other non-cash and non-recurring items. Segment operating income is reconciled to the Company's consolidated pre-tax income in the Consolidated Net Revenues and Operating Segment Information included in this release.

TOPGOLF ADJUSTED EBITDA RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Twelve Months Ended December 31,	
	2022	
Segment operating income ⁽¹⁾ :	\$	76.8
Depreciation and amortization expense		125.2
Non-cash stock compensation expense		15.2
Non-cash lease amortization expense		19.6
Other expense		(1.4)
Adjusted segment EBITDA	\$	235.4

(1) We do not calculate GAAP net income at the operating segment level, but has provided Topgolf's segment income from operations as a relevant measurement of profitability. Segment income from operations does not include interest expense and taxes as well as other non-cash and non-recurring items. Segment operating income is reconciled to the Company's consolidated pre-tax income in the Consolidated Net Revenues and Operating Segment Information included in this release.

NET DEBT LEVERAGE RATIO

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	June 30, 2023	June 30, 2022
Total debt	\$ 1,674.0	\$ 1,206.5
Add: Deemed landlord financing obligations	766.5	505.4
Add: Finance lease obligations ⁽¹⁾	248.7	165.6
Less: Convertible notes	(258.3)	(258.8)
Less: Unrestricted cash	(191.8)	(178.3)
Net Debt	\$ 2,239.1	\$ 1,440.4
Trailing twelve month Adjusted EBITDA ⁽²⁾	\$ 544.5	\$ 530.2
Net Debt Leverage Ratio	\$ 4.1 X	\$ 2.7 X

⁽¹⁾ Includes \$247.3 million and \$163.2 million of Venue Finance Lease Obligations as of June 30, 2023 and June 30, 2022, respectively.

⁽²⁾ See page 6 for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure (net income).

DEFINITIONS OF CERTAIN FINANCIAL MEASURES

4-Wall Adjusted EBITDAR is a non-GAAP measure calculated as net income (loss) before interest, taxes, depreciation and amortization expense, non-cash stock compensation expense and rent, calculated at the venue level.

4-Wall Adjusted EBITDAR Margin is a non-GAAP measure calculated as US venues 4-Wall Adjusted EBITDAR divided by US venues revenue.

Available Liquidity is comprised of cash on hand, plus availability under revolving credit facilities.

Cash-on-Cash Return is a non-GAAP measure calculated by taking the 4-Wall Adjusted EBITDAR, less the annual building rent, annual ground rent and annual maintenance capex, divided by Topgolf's construction cost after financing. Cash-on-cash returns exclude pre-opening costs, enhancement capex, refresh capex and new technology improvements.

Free Cash Flow is a non-GAAP measure calculated as cash flows from operating activities, less capital expenditures net of proceeds from lease financing and net of proceeds from government grants.

Gross Debt is calculated as debt, including all Venue Financing Liabilities related to the Topgolf venues, less the Company's \$258.3 million in Convertible Notes.

Net Capital Expenditures are capital expenditures net of proceeds from lease financing and proceeds from government grants. For the six months ended June 30, 2023, net capital expenditures were \$148 million, net of proceeds from lease financing of \$111 million and proceeds from government grants of \$3 million. For the six months ended June 30, 2022, net capital expenditures were \$154 million, net of proceeds from lease financing of \$89 million.

Non-Cash Lease Amortization Expense excludes purchase price amortization related to the Topgolf merger.

Non-GAAP Depreciation & Amortization excludes pre-tax amortization of acquired intangible assets and purchase accounting adjustments. The excluded amounts for the three and six months ended June 30, 2023 and 2022 were \$7 million and \$8 million, respectively, and \$15 million and \$13 million, respectively. The amount excluded for the twelve months ended December 31, 2022 was \$29 million.

Payback Period represents the time needed to recover the initial investment in a venue, which consists of Topgolf's construction cost after financing and pre-opening expenses.

Return on Gross Investment is a non-GAAP measure calculated by taking the 4-Wall Adjusted EBITDAR, less the annual ground rent and annual maintenance capex, divided by the total construction cost before financing and pre-opening expense. Return on gross investment excludes enhancement capex, refresh capex and new technology improvements

Total Construction Cost (Before Financing) excludes the cost of land, as typically 100% of the cost of land is financed. Topgolf typically funds the total construction cost, and a third party financing partner typically reimburses Topgolf approximately 75%, leaving the remaining 25% as Topgolf's net cash outlay related to construction costs.

Venue Financing Interest is the interest expense on Venue Financing Liabilities.

Venue Financing Liability is the sum of venue finance lease obligations and deemed landlord financing obligations, which were \$247 million and \$767 million respectively, as of June 30, 2023, and \$163 million and \$505 million, respectively, as of June 30, 2022. Venue finance lease obligations and deemed landlord financing obligations are expected to be approximately \$310 million and \$890 million, respectively, at December 31, 2023. For the year ended December 31, 2022, venue finance lease obligations were \$226 million and deemed landlord financing obligations were \$660 million.