



Topgolf Callaway Brands

Update Call

Katina Metzidakis, Vice President of Investor Relations and Corporate Communications

Thank you, operator and good afternoon, everyone. Welcome to Topgolf Callaway Brands' conference call announcing our agreement to sell a majority stake in its Topgolf business to Leonard Green & Partners. I'm Katina Metzidakis, the Company's Vice President of Investor Relations and Corporate Communications. Joining me as speaker on today's call is Chip Brewer, our President and Chief Executive Officer and Brian Lynch our Chief Financial and Chief Legal Officer.

Earlier today, the Company issued a press release announcing its agreement to sell a majority stake in its Topgolf business. The purpose of this call is to address questions related to this agreement. We will not be discussing any intra-quarter trends nor providing any other company updates during this call.

Please note that this call will include forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from management's current expectations. Please review the safe harbor statements contained in the press release for a more complete description.

With that, I would now like to turn the call over to Chip Brewer.

Chip Brewer, President and Chief Executive Officer

Good morning, everyone, and thank you for joining us today. I'm Chip Brewer, President and CEO of Topgolf Callaway Brands. I'm excited to share some significant news regarding our Topgolf business that will shape our future and optimize value for our shareholders.

Today, we announced that Topgolf Callaway Brands has signed a definitive agreement to sell a 60% stake in our Topgolf and Toptracer businesses to Leonard Green & Partners, a renowned private equity firm known for its strategic focus on high-growth consumer companies. This transaction values Topgolf at approximately \$1.1 billion dollars and will result in net proceeds of approximately \$770 million at closing, subject to standard purchase price adjustments.

As we considered various alternatives for Topgolf, including a potential spin-off, we received significant interest from multiple parties. After a thorough evaluation process, we concluded – along with our board and advisors – that this sale was the best outcome for our shareholders, as well as our employees and other stakeholders.

This transaction will allow us to have greater strategic focus on our core competencies in golf equipment, as well as active lifestyle apparel, improved capital allocation and a simplified structure. We will also retain a 40% equity stake in Topgolf along with a strategic marketing agreement, which includes continuing as Topgolf's exclusive golf equipment partner. We believe this structure will provide us with significant upside as Topgolf continues on its positive trajectory.



Let me take a moment to highlight our partner. Leonard Green & Partners has a long and proven track record of success in helping high-growth companies like Topgolf reach their full potential. We are confident that Leonard Green is an ideal partner for Topgolf's next chapter, and we are excited to start this new journey together.

I'd also like to take a moment to emphasize how proud I am of the Topgolf team. Their dedication and hard work over the past several years have been nothing short of remarkable. Since the merger in 2021, we have accomplished a great deal together. These accomplishments include:

- Topgolf has become a truly national brand - nearly doubling the number of venues, transforming into a clear leader in off-course golf.
- The team has made significant technology upgrades including adding Toptracer in all venues, developing an online reservation system and creating new games – all driving strongly positive reaction from Topgolf players.
- From a financial perspective, venue-level margins have increased approximately 400 basis points and with significant future upside as Topgolf continues to expand its digital capabilities.
- And perhaps most importantly, Topgolf transitioned to become free cash flow positive on a standalone company basis in 2023 and continues as such today.

Today's announcement is a testament to the strength of the Topgolf brand and the bright future that lies ahead. We are fully committed to collaborating with Leonard Green to further accelerate Topgolf's growth and enhance its financial success.

Importantly, this transaction allows us to sharpen our focus on our leading golf equipment business and active lifestyle platform. Post-transaction, our remaining brand portfolio will consist of Callaway, Odyssey, TravisMathew, and Ogio which, together, generated over \$2.0 billion in revenue over the last twelve months through Q3 2025.

With the proceeds from this sale, we will be well capitalized, enabling us to continue to reinvest in our core businesses, while also significantly reducing our debt and returning meaningful capital to our shareholders. We will work with our board of directors to determine the specifics of this capital allocation strategy, as well as the optimal capital structure for our ongoing business. We look forward to providing you with more details on future investor calls.

Looking ahead, we expect this transaction to close in the first quarter of 2026, subject to regulatory approvals and customary conditions. Importantly, this deal is not contingent on financing, as Leonard Green has already secured the necessary commitments.

In conclusion, we are incredibly excited about this next and new chapter for both Topgolf and Topgolf Callaway Brands. We believe this transaction will enhance shareholder value, accelerate growth for both businesses, and position us, shareholders, employees and other stakeholders, for long-term success.

Thank you for your time today, and I look forward to your questions.