Topgolf Callaway Brands Corp.

First Quarter 2023
Earnings Conference Call

May 9, 2023

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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, Adjusted EBITDA, Segment Adjusted EBITDA, capital expenditures, depreciation & amortization, gross debt, net debt, net leverage, venue financing liability 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, digital reservations, capital allocation priorities, anticipated stock repurchases, foreign exchange and hedging, 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 of1995. 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 Adjusted EBITDA, earnings per share, Segment Adjusted EBITDA, non-GAAP diluted earnings per share, Adjusted EBITDAR, 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, 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

TOPGOLF CALLAWAY BRANDS

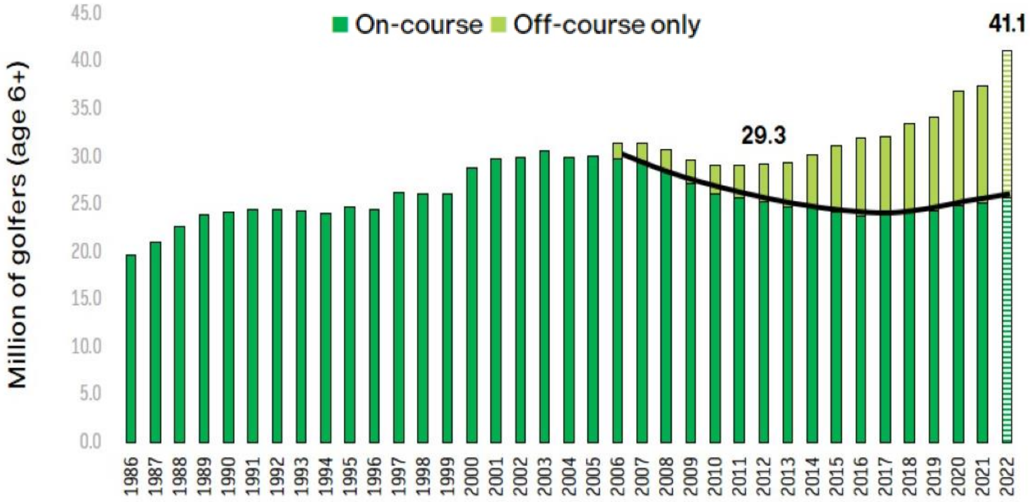
UNMATCHED SCALE AND CONSUMER REACH

MODERN GOLF ECOSYSTEM[1]

	15.5M Off-Course Only	12.4M Both On/Off	13.2M On-Course Only
Average Age	31	42	46
% Female	41%	23%	28%
% Non-White	40%	22%	22%
Household Income $100K+	40%	52%	42%
% Financially Comfortable	51%	55%	54%

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

U.S. GOLF PARTICIPATION[1]



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

1. NGF 2022 Golf Business Symposium – State of the Golf Business. PAC activity survey and NGF's Participation and Engagement Survey.
Note: "Modern Golf" is the dynamic and inclusive ecosystem which includes both on-course and off-course golf.

Q1 2023 HIGHLIGHTS

- Revenue and Adjusted EBITDA results exceeded expectations
- Topgolf delivered its 6th consecutive quarter of positive same venue sales growth[1]
- Completed debt refinancing, lowering cost of debt, extending debt maturities and improving liquidity
- Increased Topgolf venue unit economics and return targets to reflect confidence in stronger outlook
- Remain on track to be free cash flow positive by year end and raised midpoint of full year 2023 revenue and Adjusted EBITDA guidance

1. Same venue sales growth for 2021 and 2022 were measured in comparison to 2019, given the pandemic impacts in 2020. For Q1 2023, same venue sales growth is measured in comparison to the prior year, 2022.

TOPGOLF CALLAWAY BRANDS

Q1 2023 SEGMENT HIGHLIGHTS

TOPGOLF

- 11% SVS growth[1]
- Opened 1 new owned and operated venue
- Continued to implement digital inventory management system and launched national advertising campaign

GOLF EQUIPMENT

#1 PUTTER IN GOLF.

- Continued strong demand
- U.S. market share ranks Callaway #1 Driver, #1 Woods, #1 Fairway and Paradym #1 Driver[2]
- Delivered 140 bps gross margin improvement YoY, constant currency

ACTIVE LIFESTYLE

- Brand momentum and strength continued across all brands
- Strong e-commerce sales growth from TravisMathew and Jack Wolfskin
- Segment net revenues up 28% year-over-year

1. Same venue sales (SVS) represents sales for the comparable venue base, which is defined as the number of Company-operated venues with at least 24 full fiscal months of operations. SVS growth is compared to the same period in 2022.
2. Source: Golf Datatech. Hard goods US market share ranking data results for the month ended March 31, 2023.

BRAND HIGHLIGHTS

PARADYM SUCCESS ON TOUR

Jon Rahm's Masters' win marks one of the 8 wins year-to-date for the Paradym driver on the PGA Tour

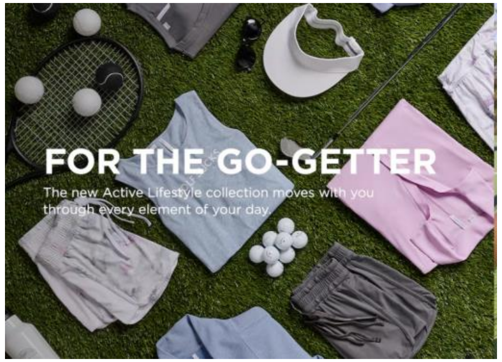
The 2023 Masters marked the most-watched golf telecast in 5 years, with over 12 million viewers, according to CBS

TOPGOLF NEWS

Beginning in 2024, Topgolf will be an official, medaled event in the Special Olympics

The first time a brand has become a medaled event

TRAVISMATHEW LAUNCH



Launched a new Women's Active Lifestyle Collection

CALLAWAY GOLF WOMEN'S LAUNCH

Launched Big Bertha REVA family of clubs, engineered for women

TOPGOLF CALLAWAY BRANDS

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 Create Deep Moats

Growth-Oriented
Positioned for Sustainable Growth

REMAIN ON TRACK TO BE FREE CASH FLOW POSITIVE IN 2023

FINANCIALS & OUTLOOK

Brian Lynch

Chief Financial Officer & Chief Legal Officer

TOPGOLF CALLAWAY BRANDS

Q1 2023 FINANCIAL RESULTS

GAAP RESULTS
($ in millions, except per share data)

	Q1 2023	Q1 2022	Change (%)
Net Revenues	$1,167.4	$1,040.2	12.2%
Income from Operations	$80.5	$94.3	(14.6%)
Other Expense, net	($59.7)	($23.3)	156.2%
Income Before Income Taxes	$20.8	$71.0	(70.7%)
Net Income	$25.0	$86.7	(71.2%)
Earnings per Share – Diluted	$0.13	$0.44	(70.5%)

NON-GAAP RESULTS[1]
($ in millions, except per share data)

	Q1 2023	Q1 2022	Change (%)	Constant Currency Change (%)[2]
Net Revenues	$1,167.4	$1,040.2	12.2%	15.1%
Income from Operations	$91.0	$106.0	(14.2%)	2.2%
Other Expense, net	($48.4)	($22.1)	119.0%	119.0%
Income Before Income Taxes	$42.6	$83.9	(49.2%)	(28.6%)
Net Income	$33.2	$70.9	(53.2%)	(34.2%)
Earnings per Share – Diluted[3]	$0.17	$0.36	(52.8%)	(33.7%)
Adjusted EBITDA	$157.3	$169.8	(7.4%)	2.8%

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 CALLAWAY BRANDS

TOPGOLF DETAILED FINANCIAL DISCLOSURE

($ in millions)	Q1 2023	Q1 2022
Net Revenue	$404	$322
Segment Income from Operations[1]	$3	$7
Non-GAAP Depreciation & Amortization[2]	$37	$28
Non-cash Rent[2]	$4	$3
Non-cash stock compensation expense	$4	$4
Adjusted Segment EBITDA[3]	$48	$42
Capital Expenditures[4]	$51	$58
Venue Financing Liability[5]	$954	$627
Venue Financing Liability Interest[6]	$19	$12

1. Segment income from operations does not include interest expense and taxes as well as other non-cash and non-recurring items.
2. Non-GAAP Depreciation & Amortization excludes purchase price amortization and fair-value write-up of PP&E related to the Topgolf merger. Amounts excluded were $7 million for the three months ended March 31, 2023 and $5 million for the three months ended March 31, 2022. Non-Cash Rent excludes purchase price amortization related to the Topgolf merger.
3. Adjusted Segment EBITDA is a non-GAAP measure calculated as segment income from operations plus depreciation & amortization, non-cash rent and non-cash stock compensation expense. See the Regulation G disclaimers on page 2 of this presentation and the Appendix for a reconciliation to GAAP.
4. Capital expenditures are net of venue financing reimbursements.
5. Venue Financing Liability combines Venue Finance Lease Obligations and Deemed Landlord Financing Obligations, which were $245 million and $708 million, respectively, as of March 31, 2023, and $162 million and $465 million, respectively, as of March 31, 2022.
6. Represents interest expense on Venue Financing Liabilities.

KEY LIQUIDITY METRICS

Metric ($ in millions)	As of Mar 31, 2023	As of Mar 31, 2022
Available Liquidity[1]	$626	$576
Net Debt[2]	$2,210	$1,457
Net Leverage Ratio[3]	4.1x	3.0x

Metric ($ in millions)	As of Mar 31, 2023	As of Mar 31, 2022
Capital Expenditures[4]	$70	$74
Non-GAAP Depreciation & Amortization[5]	$49	$38

1. Available Liquidity is defined as cash on hand plus availability under revolving credit facilities.
2. Net Debt, a non-GAAP measure, is calculated as debt, including all Venue Financing Liabilities related to the Topgolf venues, less unrestricted cash and the Company's $258 million Convertible Notes. See appendix for additional details and a reconciliation to GAAP.
3. Net Leverage Ratio is a non-GAAP measure, which is calculated as debt, including all Venue Financing Liabilities related to the Topgolf venues, less unrestricted cash and the Company's $258 million Convertible Notes, divided by the Company's trailing twelve-month Adjusted EBITDA. See the Regulation G disclaimers on page 2 of this presentation and the Appendix for a reconciliation to GAAP.
4. Capital expenditures are net of proceeds from lease financing of $52M for the three months ended March 31, 2023 and $51M for the three months ended March 31, 2022.
5. Non-GAAP Depreciation & Amortization excludes purchase price amortization and fair-value write-up of PP&E related to any acquisitions or the Topgolf merger. Amounts excluded were $7 million for the three months ended March 31, 2023 and $5 million for the three months ended March 31, 2022.

2023 OUTLOOK

FULL YEAR 2023

($ in millions)	Current FY 2023 Guidance	Previous FY 2023 Guidance	FY 2022 Reported Results
Net Revenue	$4,420 - $4,470	$4,415 - $4,470	$3,996
Adjusted EBITDA[1]	$625 - $640	$620 - $640	$558
Gross Debt[2]	$2,599		$2,063

Full Year Guidance Assumptions

- 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 outstanding[3]
- Non-GAAP Depreciation and Amortization expense of approximately $210 million[4]
- Capital Expenditures of $270 million, net of reimbursements related to venue financing (includes ~$190 million from Topgolf)

Q2 2023

($ in millions)	Q2 2023 Guidance	Q2 2022 Reported Results
Net Revenue	$1,175 - $1,195	$1,116
Adjusted EBITDA[1]	$195 - $205	$207

Second Quarter 2023 Guidance Assumptions

- Topgolf segment revenue of $475 - $485 million
- Topgolf segment Adjusted EBITDA of $87 - $93 million

TOPGOLF CALLAWAY BRANDS

1. See Appendix for Adjusted EBITDA reconciliations and slide 2 for additional information regarding the use of non-GAAP measures.
2. Gross Debt is calculated as debt, including all Venue Financing Liabilities related to the Topgolf venues, less the Company’s $258.3 million Convertible Notes. See appendix for additional details.
3. See Appendix for share count assumptions and suggestions to account for the Company’s convertible notes and capped call.
4. Non-GAAP Depreciation & Amortization expense excludes purchase price amortization and fair-value write-up of PP&E related to any acquisitions or the Topgolf merger.

2023 TOPGOLF KEY METRICS OUTLOOK

($ in millions)	2023 Guidance	FY 2022 Reported Results
Net Revenue	~$1,900	$1,549
Segment Adjusted EBITDA[1]	$315-$325	$235
Non-GAAP Depreciation & Amortization[2]	~$155	$125
Capital Expenditures[3]	~$190	$281
Venue Financing Liability[4]	~$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

1. Segment Adjusted EBITDA is a non-GAAP measure calculated as segment income from operations plus depreciation & amortization, non-cash rent and non-cash compensation expense. See the Regulation G disclaimers on page 2 of this presentation and the Appendix for a reconciliation to GAAP.
2. Non-GAAP Depreciation & Amortization excludes purchase price amortization and write-up of PP&E related to any acquisitions or the Topgolf merger. Amount excluded $25 million for the twelve months ended December 31, 2022.
3. Capital expenditures are net of venue financing reimbursements.
4. Venue Financing Liability combines Venue Finance Lease Obligations and Deemed Landlord Financing, which are expected to be approximately $310 million and $890 million, respectively, at December 31, 2023. As of December 31, 2022, Venue Finance Lease Obligations and Deemed Landlord Financing were $226 million and $660 million, respectively.

TOPGOLF VENUE UNIT ECONOMICS

TOPGOLF CALLAWAY BRANDS

ATTRACTIVE VENUE ECONOMICS WITH HIGH RETURN TARGETS

Target Year-5 Unit Economics ($ in millions)	Representative Venue Sizes: Small to Medium	Representative Venue Sizes: Medium to Large
Venue Revenue[1]	$13 - $18	$20 - $28
4-Wall Adjusted EBITDAR Margin[2]	~35%	
Total Construction Cost (Before Financing)[3]	$20 - $27	$30 - $40

TARGET RETURNS

Estimated Payback Period[4]	**~2.5 years**	
Target Cash-on-Cash Returns[5]	**~50% - 60%**	
Target Return on Gross Investment[6]	**~18% - 22%**	

1. Representative range of unit economics excludes large flagship venues, which typically outperform the average unit economic targets and can generate over $40 million in revenue annually.
2. Adjusted EBITDAR is a non-GAAP measure. See slide 2 for additional information regarding use of forward looking non-GAAP measures.
3. Total Construction Cost excludes the cost of the land as typically 100% of the cost of the land is financed. Topgolf typically funds the Total Construction Cost, and the third-party financing partner typically reimburses Topgolf approximately 75%, leaving the remaining 25% as Topgolf's net cash outlay related to construction costs.
4. Payback Period, a non-GAAP metric, represents the time needed to recover the initial investment, which consists of Topgolf's construction cost (after financing) and pre-opening expense. See slide 2 for additional information regarding use of forward looking non-GAAP measures.
5. Cash-on-cash return, a non-GAAP measure, is 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. Excludes pre-opening costs, enhancement capex, refresh capex and new technology improvements. See slide 2 for additional information regarding use of forward looking non-GAAP measures.
6. Return on Gross Investment, a non-GAAP measure, is 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. Excludes enhancement capex, refresh capex and new technology improvements See slide 2 for additional information regarding use of forward looking non-GAAP measures.

VENUE DEVELOPMENT AND FINANCING OVERVIEW

	T-24+ Months		T-18+ Months		T-12 Months	Opening		Ongoing
Project Milestones	Site Selection Process	Due Diligence LOI Phase	Financial Underwriting and Government Approval Phase	Financing Phase, via Purchase Agreement or Lease	Construction Phase	Opening Phase Venue Fully Developed	Venue Open for Guests	Ongoing Operations

Financial Highlights

Balance Sheet from Venue Financing[1]:

Long Term Assets:
- PP&E: Total Construction Costs
- Right-to-use-Asset: Land Value

Long Term Liabilities:
Deemed Landlord Financing Liability *(75% of Construction Costs)*
Financed Lease Liability: Land

Cash Outlay (Net): 25% of Construction Costs

Pre-Opening Expenses

Topgolf Typically Pays for Venue Construction Costs & Third-Party Financing Partner Typically Reimburses Topgolf for 75% of Construction Costs

Ongoing Considerations
- Venue Expected to Grow by Same Venue Sales %
- Annual Maintenance Capex
- Annual Interest Expense for Financed Construction & Ground Rent

TOPGOLF CALLAWAY BRANDS

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

TOPGOLF CALLAWAY BRANDS

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

US GOLF DATATECH HARDGOODS RETAIL $[1], ROUNDS PLAYED[2] & $/ROUNDS RATIO

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 course [1]

1. National Golf Foundation 2022 Golf Consumer Study conducted for Topgolf

TOPGOLF CALLAWAY BRANDS

Q1 2023 SEGMENT OPERATING INCOME

Supplemental Financial Information
($ in millions)
(Unaudited)

	Reported Results for the Three Months Ended March 31,		
	2023	2022	Change
Topgolf	$ 2.8	$ 6.5	(56.9) %
% of segment revenue	0.7 %	2.0 %	(132) bps
Golf Equipment	81.6	100.8	(19.0) %
% of segment revenue	18.4 %	21.5 %	(310) bps
Active Lifestyle	37.3	26.7	39.7 %
% of segment revenue	11.6 %	10.7 %	98 bps
Total Segment Operating Income	$ 121.7	$ 134.0	(9.2) %
% of segment revenue	10.4 %	12.9 %	(246) bps
Constant Currency Total Segment Operating Income [(1)]			3.7 %

[(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.

TOPGOLF CALLAWAY BRANDS

NON-GAAP RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	Three Months Ended March 31,									
	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)	Acquisition & Other Non-Recurring Items(4)	Tax Valuation Allowance(3)	Non-GAAP
Net revenues	$ 1,167.4	$ —	$ —	$ —	$ 1,167.4	$ 1,040.2	$ —	$ —	$ —	$ 1,040.2
Total costs and expenses	1,086.9	7.3	3.2	—	1,076.4	945.9	4.8	6.9	—	934.2
Income (loss) from operations	80.5	(7.3)	(3.2)	—	91.0	94.3	(4.8)	(6.9)	—	106.0
Other expense, net	(59.7)	(0.6)	(10.7)	—	(48.4)	(23.3)	(0.9)	(0.3)	—	(22.1)
Income (loss) before income taxes	20.8	(7.9)	(13.9)	—	42.6	71.0	(5.7)	(7.2)	—	83.9
Income tax (benefit) provision	(4.2)	(1.9)	(3.4)	(8.3)	9.4	(15.7)	(1.4)	(0.8)	(26.5)	13.0
Net income (loss)	$ 25.0	$ (6.0)	$ (10.5)	$ 8.3	$ 33.2	$ 86.7	$ (4.3)	$ (6.4)	$ 26.5	$ 70.9
Earnings (loss) per share - diluted	$ 0.13	$ (0.03)	$ (0.05)	$ 0.04	$ 0.17	$ 0.44	$ (0.02)	$ (0.03)	$ 0.13	$ 0.36
Weighted-average shares outstanding - diluted (5)	201.5	201.5	201.5	201.5	201.5	200.8	200.8	200.8	200.8	200.8

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

(2) Primarily includes $2.0 million in legal and credit agency fees related to our 2023 debt modification, $1.2 million in IT integration and implementation costs stemming from acquisitions, and $10.5 million in losses associated with the write-off of unamortized debt issuance costs combined with nonrecurring expenses in connection with the 2023 debt modification.

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

(4) Primarily includes $3.8 million in non-cash asset write-downs related to our Jack Wolfskin retail operations in Russia, $2.7 million in credit agency and legal fees related to the postponement of our debt refinancing, and $0.4 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.

TOPGOLF CALLAWAY BRANDS

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				
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	Total	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	Total
Net income (loss)	$ 105.4	$ 38.5	$ (72.7)	$ 25.0	$ 96.2	$ 91.7	$ (16.0)	$ (26.2)	$ 86.7	$ 136.2
Interest expense, net	32.5	36.4	42.5	49.6	161.0	28.9	28.7	40.5	31.4	129.5
Income tax provision (benefit)	2.9	0.3	(3.5)	(4.2)	(4.5)	(15.8)	66.2	(69.5)	(15.7)	(34.8)
Depreciation and amortization expense	48.9	48.4	53.0	56.1	206.4	43.3	44.4	47.9	42.5	178.1
Non-cash stock compensation and stock warrant expense, net	11.6	10.3	9.7	12.5	44.1	11.0	10.8	12.0	14.5	48.3
Non-cash lease amortization expense	6.6	4.4	4.5	4.6	20.1	2.1	2.8	7.7	3.5	16.1
Acquisitions & other non-recurring costs, before taxes(1)	(0.6)	6.1	3.1	13.7	22.3	3.3	1.9	1.9	6.9	14.0
Adjusted EBITDA	$ 207.3	$ 144.4	$ 36.6	$ 157.3	$ 545.6	$ 164.5	$ 138.8	$ 14.3	$ 169.8	$ 487.4

(1) In 2023, amounts include $2.0 million in legal and credit agency fees related to 2023 debt refinancing, $1.2 million in IT integration and implementation costs stemming from acquisitions, and $10.5 million in write-offs and debt extinguishment costs in connection with the 2023 debt modification. In 2022, amounts include $5.7 million of impairment charges associated with the Jack Wolfskin retail operations in Russia and the Topgolf Kirkland Lounge, both due to business decisions to exit those businesses, $5.9 million in costs associated with the implementation of new IT systems for Topgolf, and $3.6 million legal costs and credit agency fees related to a postponed debt refinancing. In 2022, amounts include $4.0 million in transaction, transition, and other non-recurring costs associated with the merger with Topgolf, and $3.0 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 March 31,		Twelve Months Ended December 31,	
	2023	2022	2022	2021
Segment operating income[1]:	$ 2.8	$ 6.5	$ 76.8	$ 58.2
Depreciation and amortization expense	36.6	28.1	125.2	93.1
Non-cash stock compensation expense	4.1	3.7	15.2	13.8
Non-cash lease amortization expense	4.5	3.2	19.6	12.0
Other income (expense)	(0.1)	—	(1.4)	—
Adjusted segment EBITDA	48.1	41.5	235.4	177.1
Topgolf pre-merger EBITDA contribution for Jan. and Feb. 2021	—	—	—	2.3
Illustrative segment adjusted EBITDA[2]	$ 48.1	$ 41.5	$ 235.4	$ 179.4

[1] The Company does 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.

[2] Due to the timing of the merger with Topgolf on March 8, 2021, the Company's reported full year financial results only include 10 months of Topgolf's results in 2021. The 2021 results presented on an Illustrative basis include Topgolf's financials for January and February 2021 prior to the closing of the merger.

NET DEBT LEVERAGE RATIO

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	March 31, 2023	March 31, 2022
Total debt	$ 1,693.3	$ 1,331.7
Add: Deemed landlord financing obligations	708.4	464.6
Add: Finance lease obligations[1]	246.9	164.2
Less: Convertible notes	(258.3)	(258.8)
Less: Unrestricted cash	(180.6)	(245.0)
Net Debt	$ 2,209.7	$ 1,456.7
Trailing twelve month Adjusted EBITDA[2]	$ 545.6	$ 487.4
Net Debt Leverage Ratio	4.1x	3.0x

[1] Includes $245.2 million and $162.2 million of Venue Finance Lease Obligations as of March 31, 2023 and March 31, 2022, respectively.
[2] See slide 25 of this presentation for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure (net income).

TOPGOLF CALLAWAY BRANDS