Topgolf Callaway Brands Corp.

Fourth Quarter 2023
Earnings Conference Call

February 13, 2024

MODG
LISTED
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, embedded cash flow, Adjusted EBITDA, Segment Adjusted EBITDA, EBITDAR, EBITDAR Margin Adjusted EBITDA Less Venue Financing Cash Interest, pretax income, net income, tax rates, net capital expenditures, depreciation & amortization, gross debt, net debt, net debt leverage ratio, venue financing liability, earnings per share, interest rates and expense and projected Topgolf venue economics), projected Topgolf venue financing options, new product lines, strength and demand of the Company's products and services, including promotional activity, addressable markets and the consumer base, continued brand momentum, digital growth, continued investments in the business, achievable synergies and cost reductions, digital revenue opportunities, consumer trends and behavior, the sensitivity of the business to recession, Topgolf venue openings, expected Topgolf venue traffic, Toptracer installations, closings of additional acquisitions of BigShots assets, capital allocation priorities, de-risking and de-leveraging the business, liquidity and adequacy of cash and available borrowing under credit facilities, 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, 2023, 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, EBITDAR, EBITDA Less Venue Financing Cash Interest, non-GAAP depreciation and amortization, non-GAAP net income, non-GAAP pretax income, non-GAAP tax rate, net capital expenditures, embedded cash flow, payback period, 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.

FY 2023 HIGHLIGHTS

- Consolidated full year revenue growth of 7%.
- $221 million of Embedded Cash Flow.[1]
- Topgolf delivered 1% Same Venue Sales growth in 2023 and inflects to positive Free Cash Flow.
- Callaway maintained strong U.S. market share in 2023 including #1 in Total Clubs, Woods, Drivers, Fairway Woods, Hybrids, and Irons. Paradym was the #1 model in Drivers and Fairway Woods in 2023.[2]
- Active Lifestyle segment revenue increased over 9%.

TOPGOLF CALLAWAY BRANDS

1. See appendix for calculation methodologies of embedded cash flow and free cash flow and reconciliations to GAAP. See slide 2 for information on the use of non-GAAP measures.
2. Source: Golf Datatech. Hard goods US market share ranking data results for the year ended December 31, 2023.

2023 GOLF STATS SHOW NO SIGN OF SLOWDOWN

MODERN GOLF ECOSYSTEM[1]

32.9M Total Off-Course

26.6M Total On-Course

	18.5M Off-Course Only	14.4M Both On/Off	12.1M On-Course Only
Average Age	31	42	46
% Female	42%	23%	28%
% Non-White	43%	22%	22%
Household Income $100K+	41%	52%	42%

Over 45 Million TOTAL golfers

NOTEWORTHY 2023 STATS[1]

- Total on and off course golfers 45M, up 9% YoY and up 32% vs. 2019
- ~26.6M Americans played golf on course, up 1M YoY
- Largest 1-year growth in participants since 2001, driven by 3.4M 1st time on course golfers, a record
- 32.9M participated in off course golf, +18% YoY and +41% since 2019

Topgolf is adding 300-400 thousand unique visitors with each venue added and will have 30+ million unique visitors in 2024

~10% OF CURRENT GREEN GRASS GOLFERS CREDIT TOPGOLF FOR GETTING THEM INTO THE GAME[1]

TOPGOLF CALLAWAY BRANDS

1. NGF 2024 Graffis Report. Note: “Modern Golf” is the dynamic and inclusive ecosystem which includes both on-course and off-course golf.

Q4 & FY 2023 SEGMENT HIGHLIGHTS

TOPGOLF

TOPGOLF VENUES | TOPTRACER | TOPGOLF MEDIA

Concluded the rollout of PIE inventory management system and Toptracer to all U.S. venues	New 2023 Venues opened strongly	Venue-level Adjusted EBITDAR margins increased ~100bps YoY to ~34%[1]

GOLF EQUIPMENT

Callaway | ODYSSEY #1 PUTTER IN GOLF.

Callaway ended 2023 with #1 U.S. dollar market share in clubs and #2 in ball[2]	Solid revenue performance despite ~$100M 2022 retail fill in headwind	Successful Odyssey Ai –ONE putter launch

ACTIVE LIFESTYLE

Callaway | TRAVISMATHEW | Jack Wolfskin | OGIO

9% revenue growth YoY	TravisMathew continues to scale women's line	Continued growth in store and digital e-commerce presence

1. For purposes of estimating Adjusted EBITDAR margins, management has estimated the amounts of depreciation, amortization, tax, interest and certain other expenses allocable to each venue, as the Company does not record such expenses at that level of detail for its GAAP financial measures. Please see appendix for further information on the calculation of Adjusted EBITDAR margins and slide 2 of this presentation for further information on the use of non-GAAP measures.
2. Source: Golf Datatech. Hard goods US market share ranking data results for the year ended December 31, 2023.

TOPGOLF CALLAWAY BRANDS

RECENT BRAND HIGHLIGHTS

TOPGOLF

PAT MCAFEE IN SHOW ACTIVATION & PARTNERSHIP: 2 WEEK PRE-SUPER BOWL RUN

GOLF EQUIPMENT

AI SMOKE LAUNCH EVENT AT TOPGOLF EL SEGUNDO

ACTIVE LIFESTYLE

MOLLY SIMS: FIRST EVER TRAVISMATHEW WOMEN'S AMBASSADOR

2024 CALLAWAY PRODUCT LAUNCHES

NEW PRODUCTS REFLECT R&D LEADERSHIP

- The Ai Smoke Family features an industry-first Ai Smart Face. This revolutionary design uses swing dynamics from thousands of golfers and advanced machine learning to create multiple sweet spots across the face.
- The Chrome Golf Ball Family is the new gold standard. Every detail has been optimized from cover to core, and each of these technologies are meticulously measured with over 100 million proof points for the most consistent performance.

AI SMOKE	AI SMOKE FAIRWAY	AI SMOKE IRONS	CHROME TOUR GOLF BALL
			

Q4 & FY 2023 FINANCIAL RESULTS

Q4 2023 NON-GAAP RESULTS[1]

($ in millions, except per share data)

	Q4 2023	Q4 2022	Change (%)
Net Revenues	$897.1	$851.3	5.4%
Adjusted EBITDA	$69.8	$36.6	90.7%
Net Income	$(56.2)	$(50.8)	(10.6)%

FY 2023 NON-GAAP RESULTS[1]

($ in millions, except per share data)

	FY 2023	FY 2022	Change (%)
Net Revenues	$4,284.8	$3,995.7	7.2%
Adjusted EBITDA	$596.6	$558.1	6.9%
Net Income	$93.0	$158.2	(41.2)%

1. See Appendix for reconciliations of non-GAAP measures to the most directly comparable GAAP measure and slide 2 for further information on the use of non-GAAP measures.
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.

SAME VENUE SALES GROWTH

	Q1	Q2	Q3	Q4	FY23
Total SVS					
'22 vs '19	2%	8%	11%	11%	7%
'23 vs '22	11%	1%	-3%	-3%	1%
Total Stacked	13%	9%	8%	7%	8%
Consumer (1-2 Bay Walk-in, Reservations & Events)					
'22 vs '19	6%	3%	8%	10%	7%
'23 vs '22	9%	7%	0%	0%	4%
Total Stacked	15%	10%	9%	10%	11%
Corporate (3+ Bay)					
'22 vs '19	-11%	22%	21%	12%	8%
'23 vs '22	23%	-18%	-17%	-12%	-10%
Total Stacked	12%	4%	4%	0%	-2%

TOPGOLF 2-YEAR STACKED SVS[1]

- **Consumer Business**
  (1-2 Bay Walk-In, Reservations & Events)

  Consistently up high single digits vs 2019 levels

- **Corporate Business**
  (3+ Bay Events)

  Volatility related to a post-COVID surge in corporate events
  Trends have stabilized the past two quarters in a row

TOPGOLF CALLAWAY BRANDS

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. Stacked same-venue sales represent the summation of the same venue sales growth for 2023 vs. 2022 and 2022 vs. 2019. We measure same venue sales growth for 2022 in comparison to 2019 due to the impacts of the pandemic which occurred during 2020 and 2021. For 2023, we measure same venue sales growth against 2022.

KEY LIQUIDITY METRICS

Metric[1] ($ in millions)	As of Dec 31, 2023	As of Dec 31, 2022
Cash and Cash Equivalents	$394	$180
Inventory	$794	$959
Available Liquidity	$743	$415
Net Debt	$2,239	$1,883
REIT Adjusted Net Debt	$971	$997
Net Debt Leverage Ratio	3.8x	3.4x
REIT Adjusted Net Debt Leverage Ratio	1.9x	2.0x

Metric[1] ($ in millions)	As of Dec 31, 2023	As of Dec 31, 2022
Gross Capital Expenditures[3]	$482	$532
Net Capital Expenditures	$205	$357
Non-Growth Capital Expenditures	$144	$154
Non-GAAP Depreciation & Amortization	$214	$167
Embedded Cash Flow	$221	($189)[2]

1. See appendix for calculation methodologies of available liquidity, net debt, REIT adjusted net debt, net debt leverage ratio, REIT adjusted net debt leverage ratio, gross capital expenditures, net capital expenditures, non-GAAP depreciation and amortization and embedded cash flow. See slide 2 for disclaimers on the use of non-GAAP measures and appendix for reconciliations to GAAP.
2. Change reflects 2022 post-Covid inventory catch up in Golf Equipment and Active Lifestyle and subsequent normalization.
3. Does not Include financed additions of capital expenditures. During the course of the construction of venues, certain financing partners remit funds directly to our construction vendors on our behalf rather than providing the construction advances to us. These funds are presented as non-cash investing and financing activities within our cash flow statement. For the year ended December 31, 2023, the amount contributed by these financing partners, in addition to accrued capitalized interest was $60.6M and for the year ended December 31, 2022 it was $30.6M.

TOPGOLF CALLAWAY BRANDS

2024 TOTAL COMPANY OUTLOOK

FULL YEAR 2024[1]

($ in millions)	Current FY 2024 Guidance	FY 2023 Results
Net Revenue	$4,515 - $4,555	$4,285
Adjusted EBITDA	$620 - $640	$597
Non-GAAP Diluted Earnings per Share	$0.26-$0.34	$0.49

Q1 2024[1]

($ in millions)	Q1 2024 Guidance	Q1 2023 Results
Net Revenue	$1,140 - $1,160	$1,167
Adjusted EBITDA	$130 - $140	$157

Full Year Guidance Assumptions[1]

- Topgolf segment revenue of ~$1.96B
- Topgolf Adjusted EBITDA of ~$350M
- Topgolf SVS approximately flat
- FX negative impact of ~$10M vs 2023 included in Net Revenue and ~$20M in profit. 2023, which includes $13.4M of 2023 hedge gains going away
- 202 million diluted shares outstanding[3]
- Non-GAAP Depreciation and Amortization expense of ~$265M
- ~8 new venues, 7 owned & operated venues and 1 acquired in January '24. 2 expected in 1H, 5 in 2H24
- Net Capex of $260M, net of reimbursements related to venue financing (includes ~$200M from Topgolf)

First Quarter Guidance Assumptions[2]

- Q1 2024 includes ~$6M and ~$3M of negative revenue and profit translation, respectively & minimal hedge gains.
- SVS expected decline high-single-digits due to difficult compare related to post-COVID surge in 3+ bay events business in Q1 2023 and weather headwinds in January 2024.
- Year-over-year decline in EBITDA and EPS due to high single digit declines in SVS and lapping of corporate channel fill in, in Active Lifestyle.
- EPS is also negatively impacted by increased D&A and DLF Interest related to new venues and is expected to be in the range of -$0.04 - $0.02

1. See appendix for calculation methodologies of adjusted EBITDA, non-GAAP diluted earnings per share, non-GAAP depreciation and amortization and net capital expenditures. See slide 2 for disclaimers on the use of non-GAAP measures and the appendix for reconciliations to GAAP.
2. 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. Stacked same-venue sales represent the summation of the same venue sales growth for 2023 vs. 2022 and 2022 vs. 2019. We measure same venue sales growth for 2022 in comparison to 2019 due to the impacts of the pandemic which occurred during 2020 and 2021. For 2023, we measure same venue sales growth against 2022.
3. See appendix for share count assumptions and suggestions to account for the Company's convertible notes and capped call.

TOPGOLF KEY METRICS & OUTLOOK

($ in millions)	Q4 2023[1]	Q4 2022[1]	FY 2023[1]	FY 2022	2024 Outlook
Net Revenue	$439	$410	$1,761	$1,549	~$1,960
Income from Operations	$23	$2	$109	$77	
Depreciation and Amortization	$45	$35	$165	$125	~$210
Non-Cash Lease Amortization Expense[4]	$4	$5	$17	$20	
Non-Cash Stock Comp Expense	$1	$2	$13	$15	
Adjusted Segment EBITDA	**$73**	**$43**	**$304**	**$235**	**~$350**
Less: Venue Financing Cash Interest	$22	$14	$72	$49	~$100
Adj EBITDA less Venue Financing Cash Interest	**$51**	**$29**	**$232**	**$186**	**~$250**
Other Key Metrics:					
Net Capital Expenditures[2]	($6)	$113	$146	$281	~$200
Venue Financing Lease Liability	$1,268	$886	$1,268	$886	
Venue Financing Interest	$26	$17	$85	$56	~$120
Depreciation & Amortization on VFL/DLF assets[3]	$10	$6	$34	$21	~$1 per new venue
Embedded Cash Flow			$94	$64	~$135

TOPGOLF CALLAWAY BRANDS

1. See appendix for calculation methodologies of segment income from operations, non-GAAP depreciation and amortization, non-cash lease amortization expense, adjusted segment EBITDA, net capital expenditures, venue financing lease liability, venue financing interest, venue financing cash interest and embedded cash flow. See slide 2 for disclaimers on the use of non-GAAP measures and the appendix for reconciliations to GAAP.
2. Excludes asset acquisitions.
3. Subset of total D&A. REIT-financed portion of venue assets. See lease footnote within our quarterly SEC filings.
4. This is essentially non-cash rent.

DIGITAL UPDATE

TOPGOLF'S DIGITAL REVENUE OPPORTUNITY

INITIATIVES FROM OUR NEW COMMERCIAL AND DIGITAL TEAM AT TOPGOLF

IMPROVED RESERVATION EXPERIENCE

- Shortening the time ahead of a reservation where you can book a reservation
    - Was previously 3 hours but has recently moved to 2 hours and will get shorter over time
- Variable length reservations
    - We previously only offered two hours, but in Q2 we will be mixing in a 90 mins 1 - 2 Bay offering and a 150 mins 2 Bay event to optimize utilization and consumer need
- Improved online wait time estimators
- Earlier availability for 1- and 2-Bay reservations
    - Currently you can book reservations 7 days in advance. We expect to move to 14 days in all venues in Q2

DIFFERENTIATED PRODUCT OFFERINGS

- More differentiated product offerings including premium upgrades and the rollout of seasonal passes
- Creating new use occasions such as specific lunch, happy hour or late-night offerings where we see player interest
- Loyalty and Membership Rewards Program expected by year end

ENHANCED CUSTOMER MARKETING

- Implementation of Consumer Data Platform enables us to retarget abandoned reservations and provide more personalized offerings and advertising

TOPGOLF CALLAWAY BRANDS

SYNERGIES

Revenue Synergies

- Strong liquidity position accelerates Topgolf venue expansion
- Toptracer bay growth driven by Callaway Golf relationships and sales infrastructure
- Digital marketing initiatives and in-venue brand exposure, provide Callaway market share growth opportunity with existing and new golfers
- Cross promotion and tour exposure to drive avid golfers to Topgolf venues & Toptracer bays from Callaway & TravisMathew brand enthusiasts
- Retail opportunity at venues for Callaway golf equipment & TravisMathew
  - Specific Chrome Tour and decorated golf ball promotions
  - Co-branded Callaway/Topgolf golf glove program
  - Travis Mathew at 33 doors, where the price point works
- Callaway premium club upsell program in all venues: Topgolf players can "upgrade" to play with premium Callaway equipment
- Mid-year 2024: Specific clubs designed for Topgolf by Callaway, for both new *and* avid golfers
- Directors of Instruction in Venues are on Callaway staff and are now set up to exclusively sell Callaway equipment to students
- Callaway to be the golf equipment sponsor of Topgolf Leagues
- Callaway brand exposure via digital signage in venues and, by end of 2024, via brand building digital kiosk
- Cross branded Consumer Data Platform expected to be completed by 2H 2024. Setting up:
  - Membership and loyalty programs
  - Targeted and personalized advertising and engagement
  - By end of 2024 or early 2025, new Callaway branded product will be introduced that will leverage the CDP to specifically target new golfers being created at Topgolf. **<u>A competitive advantage in reach to what we believe will be the largest source of new golfers</u>**
- Cross brand synergies such as the BigShots acquisition which bundled the purchase of a venue business with a preferred merchandising and marketing agreement at Invited's 140+ golf clubs

Reaffirming $225M+ of revenue and **$85M+** of Adjusted EBITDA

Cost Synergies

- Lower cost of debt
- Callaway corporate functions to support accelerated Topgolf growth
- Callaway supply chain to help source Topgolf soft goods, clubs & balls
- Callaway warehouse to support storage / distribution of Topgolf's non-food inventory

$15M+ of Adjusted EBITDA

TOPGOLF CALLAWAY BRANDS

TOPGOLF: ATTRACTIVE VENUE ECONOMICS WITH HIGH RETURN TARGETS

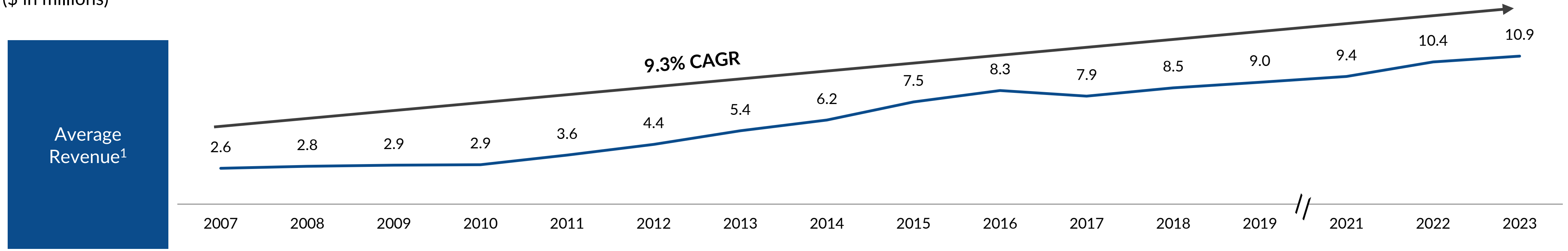
Target Year-5 Unit Economics[1] ($ in millions)	Representative Venue Sizes: Small to Medium	Representative Venue Sizes: Medium to Large
Venue Revenue[2]	$13 - $18	$20 - $28
4-Wall Adjusted EBITDAR Margin	~35%	
Total Construction Cost (Before Financing)	$20 - $27	$30 - $40
TARGET RETURNS		
Estimated Payback Period[3]	**~2.5 years**	
Target Cash-on-Cash Returns[3]	**~50% - 60%**	
Target Return on Gross Investment	**~18% - 22%**	

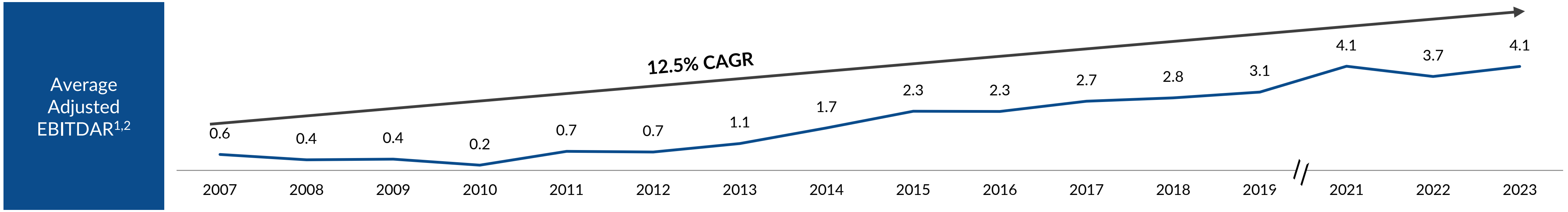
TOPGOLF CALLAWAY BRANDS

1. See appendix for calculation methodologies of 4-Wall Adjusted EBITDAR Margin, total construction cost (before financing), estimated payback period, cash-on-cash returns and return on gross investment. See slide 2 for disclaimers on the use of non-GAAP measures.
2. 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.
3. Payback and returns calculated assuming venues are financed.

UK VENUE PERFORMANCE PROVEN OVER TIME

($ in millions)

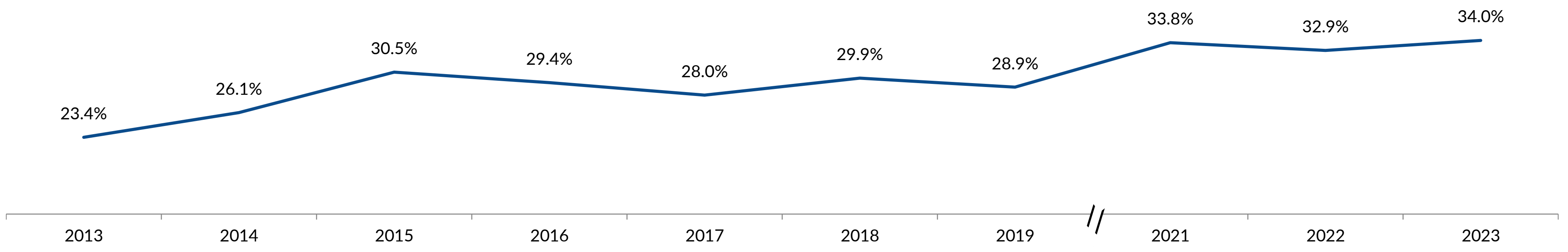




TOPGOLF CALLAWAY BRANDS

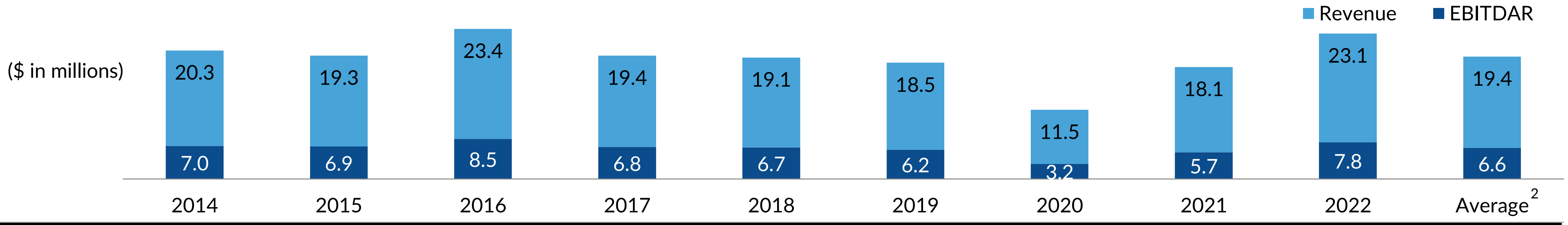
1. Excludes Glasgow venue.
2. For purposes of estimating Adjusted EBITDAR by venue, management has estimated the amounts of depreciation, amortization, tax, interest and certain other expenses allocable to each venue, as the Company does not record such expenses at that level of detail for its GAAP financial measures. Please see slide 2 and the appendix of this presentation for further information.

U.S. 4-WALL EBITDAR MARGINS APPRECIATE OVER TIME[1,2]



1. Includes all currently operating US venues opened prior to 2023, with exception of Las Vegas; Non-US venues excluded. 2013 was first year with 3 venues in the base.
2. For purposes of estimating 4-wall Adjusted EBITDAR by venue, management has estimated the amounts of depreciation, amortization, tax, interest and certain other expenses allocable to each venue, as the Company does not record such expenses at that level of detail for its GAAP financial measures. Please see page 4 of this presentation for further information.

SOLID US VENUE PERFORMANCE PROVEN OVER TIME



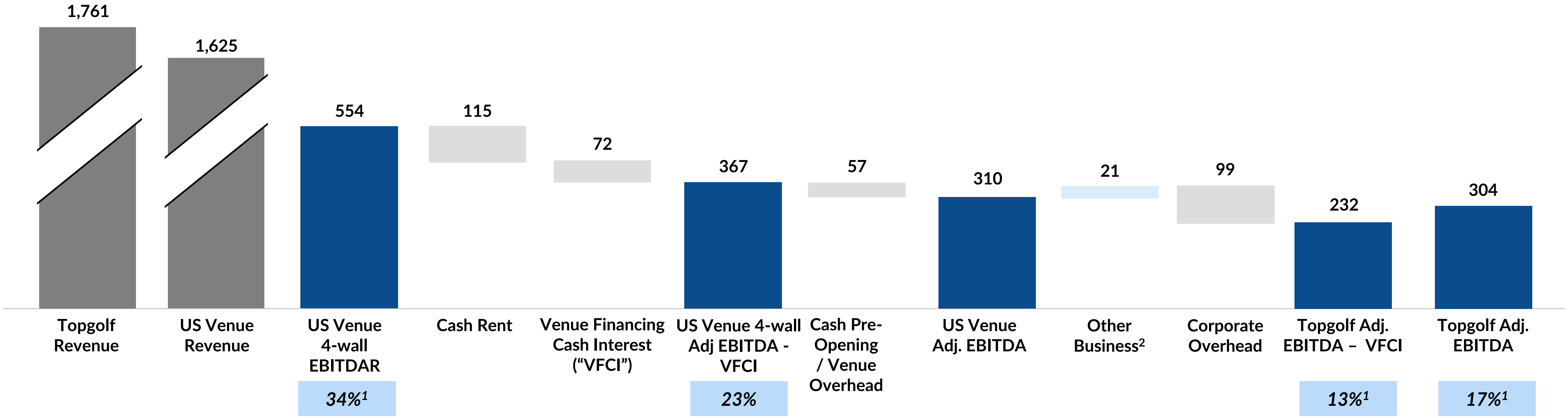
2023 Performance										
Venues in Cohort (L-M-S)[1]	5-0-0	9-0-0	6-0-0	7-2-0	9-1-0	4-4-0	1-2-2	4-4-1	5-3-2	50-16-5
Avg. Revenue	$20.3M	$19.3M	$23.4M	$19.4M	$19.1M	$18.5M	$11.5M	$18.1M	$23.1M	$19.4M
Avg. Adjusted EBITDAR[3]	$7.0M	$6.9M	$8.5M	$6.8M	$6.7M	$6.2M	$3.2M	$5.7M	$7.8M	$6.6M
Avg. Adjusted EBITDAR Margin[3]	**34.4%**	**35.8%**	**36.1%**	**35.1%**	**34.8%**	**33.5%**	**27.5%**	**31.4%**	**33.9%**	**34.1%**
Avg. Adjusted EBITDA less Venue Financing Cash Interest[4]	$4.6M	$4.5M	$6.2M	$4.8M	$4.5M	$4.1M	$2.1M	$3.3M	$5.0M	$4.4M
Avg. Adjusted EBITDA less Venue Financing Cash Interest Margin[4]	22.8%	23.3%	26.6%	24.8%	23.3%	22.1%	18.3%	18.5%	21.7%	22.6%
Venues with Operating Leases[5]	5	9	4	7	8	3	-	-	-	
Pre-Tax Income	**$3.7M**	**$3.8M**	**$4.8M**	**$4.0M**	**$3.2M**	**$2.3M**	**$0.4M**	**$0.4M**	**$1.3M**	**$2.6M**

TOPGOLF CALLAWAY BRANDS

1. Excludes Las Vegas – 2016 and Non-US venues.
2. Average of 2014 – 2022 cohorts.
3. To estimate Adjusted EBITDAR by venue, management has estimated the amounts of depreciation, amortization, tax, interest and certain other expenses allocable to each venue, as the Company does not record such expenses at that level of detail for its GAAP financial measures. See slide 2 and the appendix of this presentation for further information.
4. Adjusted EBITDA is burdened by cash venue financing interest (Deemed Landlord Financing and Financing Leases) that we pay to our REIT partners and which we view as being akin to rent.
5. Represents the number of US Venues with operating leases within the respective cohort. All venues opened since 2019 (after the merger with Callaway) under DLF accounting rules.

2023 TOPGOLF US VENUE EBITDAR TO TOTAL ADJ. EBITDA WALK

($ in millions)



Notes & future considerations:

- **Corporate overhead**: includes Finance/Accounting, Supply Chain, Tech, Legal & HR. Levers as sales grow.
- **Venue overhead:** Construction team, National Directors of Operations, call center, venue training, marketing & event sales teams.
- **Other business:** Toptracer, Media, Swing Suite, Franchise, Partnerships and UK venues. Expected to grow over time, includes overhead for those businesses.
- **Cash rent:** expect to grow ~2% per year. Assume **majority of** future venues are financed via REIT partners (finance leases with DLF interest).
- **DLF/VFCI Cash Interest**: ~$2.5-3.0M per owned venue, assuming ~8.5% cap rate with ~2% per year escalators.

TOPGOLF CALLAWAY BRANDS

1. US Venue 4-wall EBITDAR margin is calculated using US Venue revenue. Topgolf Adjusted EBITDA margin is calculated using Topgolf Revenue. See slide 2 for further information on the use of non-GAAP measures. Topgolf Venue EBITDA – VFCI margin is calculated using Topgolf Revenue.
2. Includes Partnerships, UK Venues, Big Shots, Franchise, Toptracer, Swing Suites, and Media.

TOPGOLF VENUE COUNT AND COMP BASE

Count of O&O Venues										
US O&O Venues										
Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Number of O&O US Venues	7	12	21	28	37	47	54	58	67	77
+ New Venues	5	9	7	9	10	8	5	9	10	12
- Permanently Closed Venues						1	1			
Ending Number of O&O US Venues	12	21	28	37	47	54	58	67	77	89
International O&O Venues										
Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Number of O&O Int. Venues	3	3	3	3	3	3	3	3	3	4
+ New Venues	-	-	-	-	-	-	-	-	1	-
- Permanently Closed Venues										
Ending Number of O&O Int. Venues	3	3	3	3	3	3	3	3	4	4
Global O&O Venues										
Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Number of Global O&O Venues	10	15	24	31	40	50	57	61	70	81
+ New Venues	5	9	7	9	10	8	5	9	11	12
- Permanently Closed Venues	-	-	-	-	-	1	1	-	-	-
Ending Number of Global O&O Venues	15	24	31	40	50	57	61	70	81	93

Number of Venues in Comp Base	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total number of O&O US Venues in comp base	4	7	10	20	27	32	44	52	59	68
Total number of O&O Int. Venues in comp base	3	3	3	3	3	3	3	3	3	3
Total number of Global O&O Venues in comp base	7	10	13	23	30	35	47	55	62	71

3 Global and 68 U.S. venues in Same Venue Sales base as of Q4 2023

	2023 Venues: 11 New, 1 Acquired
1	Charleston, SC (72 bays)
2	King of Prussia, PA (102 bays)
3	St. Petersburg, FL (102 bays)
4	Cranston-Providence, RI (102 bays)
5	St. Louis, MO (102 bays)
6	Memphis, TN (72 bays)
7	Canton-Boston, MA (90-bays)
8	Mobile, AL (60 bays)
9	Pompano Beach, FL (102 bays)
10	Lafayette, LA (60 bays)
11	Little Rock, AR (72 bays)
12	Akron, OH (44 bays) – ACQUIRED[1]

1. Venue acquired as part of the Bigshots acquisition.

TOPGOLF CALLAWAY BRANDS

CLEAR PATH TO SIGNIFICANT CASH FLOW GENERATION

($ in millions)[1]	2023 Results	2024 Outlook	2026 Illustrative
Adjusted EBITDA	**$597**	**$630**	**≥$800**
Less: Venue Financing Cash Interest[2]	$72	~$100	~$160
Adj. EBITDA less Venue Financing Cash Interest	**$524**	**$530**	**≥$640**
Less: Net Capital Expenditures	$205	~$260	~$355
Less: Corporate Cash Interest Expense	$122	~$120	~$100
Less: Change in Working Capital[3]	$16	~$25	~$45
Less: Cash Taxes	$22	~$20	~$40
Total Company Free Cash Flow	**$160**	**~$105**	**≥$100**
Growth CAPEX[4]	$61	~$120	~$170
Embedded Cash Flow	**$221**	**~$225**	**~$325**

Outlook Considerations

From 2024 to 2026:

- ~10 venues per year @ $4.5M of embedded cash per venue (including cash payments to REITs)
- Continued 4-wall margin improvement
- FX at February 2024 rates
- Increasing maintenance CapEx as venues are added

After 2026:

- Adjusted EBITDA growth of mid-teens through 2028
- $2.75-$3.25M Venue Financing Cash Interest payments per owned new venue financed by REITs
- Existing venue payments increase ~2% per year
- Embedded cash flow expected to grow at 25% CAGR 2026-2028

TOPGOLF CALLAWAY BRANDS

1. See appendix for calculation methodologies of Adjusted EBITDA, venue financing cash interest, net capital expenditures, free cash flow and embedded free cash flow and reconciliations to GAAP. See slide 2 for further information on the use of non-GAAP measures.
2. Assume ~$2.5-$3M per venue per year in 2024-2025 and $2.75-$3.25M after 2026.
3. Includes non-recurring cash costs.
4. Increase in Growth Capex driven by timing of 2022/2023 openings and REIT reimbursements; 2026 illustrative includes one non-REIT financed venue .

CAPITAL EXPENDITURE OVERVIEW

($ in millions)	2023 Results	2024 Outlook
TOTAL GROSS CAPITAL EXPENDITURES	$482	~$475
TOPGOLF GROSS CAPITAL EXPENDITURES	$423	~$415
TOPGOLF NET CAPITAL EXPENDITURES	$146	~$200
New Venue Growth, Net of Financing Reimbursements	**$45**	**~$105**
Venue Growth, Gross	$322[3]	~$319[4]
Venue Financing Reimbursements	($277)[3]	~($214)[4]
Non-Growth Capex[1, 2]	**$101**	**~$95**
NON-TOPGOLF NET CAPITAL EXPENDITURES	$59	~$60
Growth Capex[5]	$16	~$15
Non-Growth Capex	$43	~$45
TOTAL NET CAPITAL EXPENDITURES	$205	~$260

Future Considerations

For 2024

- 2023 Topgolf Net Growth Capex was positively impacted by timing of REIT reimbursements
- Expect to use REIT financing on majority of venues in 2024. REITs finance ~75% of the gross venue construction cost at ~8.5%
- Expect to build 7 new venues in 2024 and self-finance 1

2025 and beyond

- Expect to build 10-11 venues per year
- Non-growth Capex grows in line with inflation

1. Includes Maintenance & Refresh Capex which are ~$300-500k yearly and ~$3-4M every ~9 years, respectively, per venue; Also includes New Technology Development & Other Business Capex.
2. Includes Capex for IT, including technology support for the venues, and Corporate infrastructure as well as the Toptracer and Media businesses.
3. Does not Include financed additions of capital expenditures. During the course of venue construction certain financing partners remit funds directly to our construction vendors on our behalf rather than providing the construction advances directly to us. These funds are presented as non-cash investing and financing activities within our statement of cash flows.
4. Includes amounts that may be directly financed by REIT partners to our construction vendors (as opposed to us spending the money up front and waiting for REITs to reimburse us).
5. Includes new retail door openings and expansions.

TOPGOLF CALLAWAY BRANDS

SIGNIFICANT NEAR TERM EARNINGS POWER

($ in millions, except for EPS)[1]	2023 Results	2024 Outlook	Illustrative 2026	Future Considerations
Adjusted EBITDA	**$597**	**$630[4]**	**≥$800**	Grows slightly higher than mid-teens to 2026 and then mid-teens to 2028
Non-GAAP Depreciation & Amortization	**$214**	**~$265**	**~$365**	
Non-GAAP Topgolf D&A	$165	~$210	~$295	FY25 increases ~$45M, then increases average of ~$35M a year in 2026 and beyond
Non-GAAP Non-Topgolf D&A	$49	~$55	~$70	Increases in line with inflation per year
Non-GAAP Interest Expense[2]	**$209**	**~$245**	**~$290**	
Non-GAAP Venue Financing Interest	$85	~$120	~$185	Increases ~$30-35M per year in 2025 & 2026. 2027 & beyond grows ~$3.25-$3.75M for each new owned venue financed by REIT partners[5]
Non-GAAP Corporate Interest	$124	~$125	~$105	Majority of debt is variable. Should decrease as debt is paid down
Share Based Compensation & Non-Cash Rent	**$65**	**~$55[3]**	**~$55**	Expected to remain flat over time depending on the stock price
Non-GAAP Pre-Tax Income	**$109**	~$65	~$140	
Non-GAAP Tax Rate	**14%**	~15%	~18%	Expected to grow to 18% in 2026 as Pre-tax income grows
Non-GAAP Net Income	**$93**	~$55	~$115	
Non-GAAP Diluted EPS	$0.49	**~$0.30[4]**	**~$0.57**	Grows at 40%+ through 2028

1. See appendix for calculation methodology of non-GAAP depreciation and amortization and reconciliations to GAAP. See slide 2 for information on non-GAAP measures.
2. Includes non-cash interest and fees.
3. Approximate 2024 financials inputs includes ~$40M of Share-Based Compensation.
4. This value is the mid-point of FY 2024 Guidance and assumes ~202 million diluted shares outstanding.
5. For Venue Financing Cash Interest refer to Slide 21.

TOPGOLF CALLAWAY BRANDS

NET DEBT LEVERAGE, ADJUSTED FOR REIT FINANCING

	December 31, 2023	December 31, 2022
Net Debt [1]	$2,239.1	$1,883.2
Trailing twelve month Adjusted EBITDA [2]	$596.6	$558.1
Total Net Debt Leverage Ratio	**$3.8X**	**$3.4X**
Less: DLF obligations & Venue lease liabilities [3]	($1,268.0)	($886.1)
REIT Adjusted Net Debt	$971.1	$ 997.1
Venue Financing ("VF") Cash Interest	($72.4)	($49.0)
Trailing 12-Month Adj. EBITDA less VF Cash Interest	$524.2	$509.1
REIT Adjusted Net Debt Leverage Ratio	**$1.9X**	**$2.0X**

Notes on DLF obligations

- Similar to rent, but treated like debt due to GAAP rules
- There is no repayment of principal
- The rate is fixed at ~8.5% with ~2% yearly escalators. Rate does not adjust with SOFR.

Obligations to REIT financing partners are NON-RECOURSE to MODG shareholders

TOPGOLF CALLAWAY BRANDS

1. See "Definitions of Certain Financial Measures" slide for the calculation methodologies of net debt, REIT adjusted net debt, net debt leverage ratio, REIT adjusted net debt leverage ratio and venue financing cash interest. See slide 2 for further information on the use of non-GAAP measures.
2. See "Adjusted EBITDA Reconciliation" slide for reconciliation to the most directly comparable GAAP measure (net income).
3. Includes $980 million in DLF obligations and $288 million in VFL liabilities for 2023. Includes $660 million in DLF obligations and $226 million in VFL liabilities for 2022.

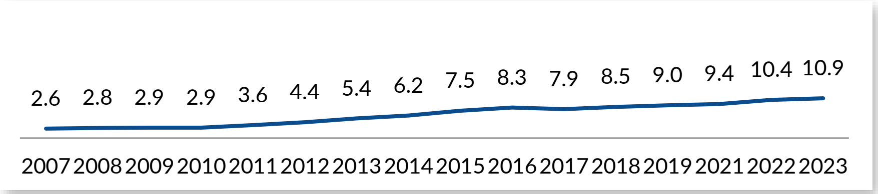
APPENDIX

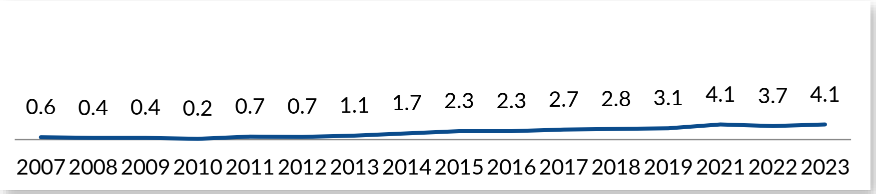
VENUE PERFORMANCE PROVEN OVER TIME

($ in millions)

Average Revenue | Average EBITDAR[2] $ | Average EBITDAR $ CAGR[3]

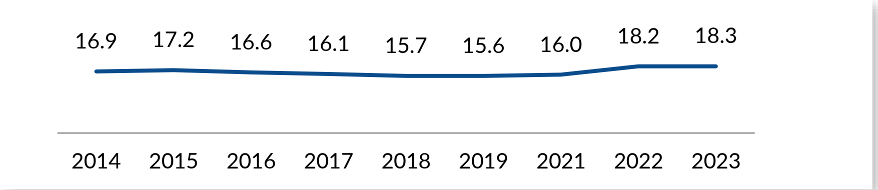
UK venues[1]

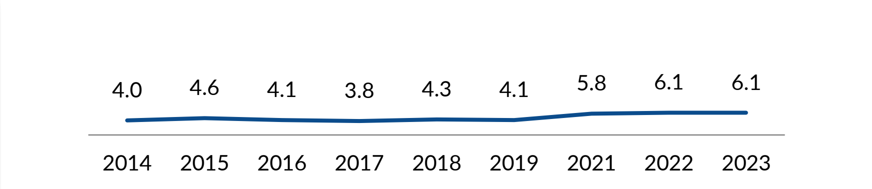




12.5%

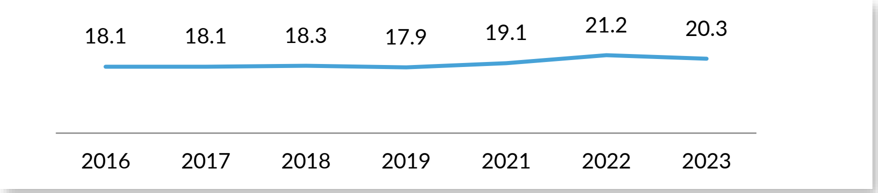
Pre-2014 vintage US Venues

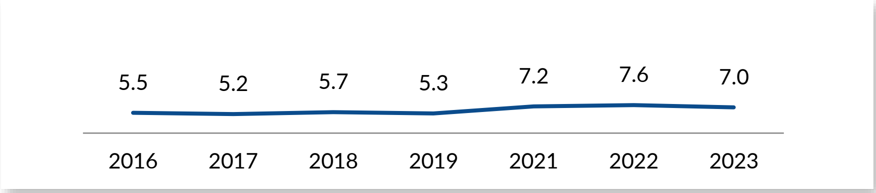




3.4%

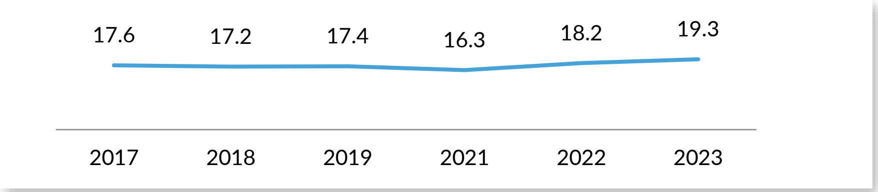
2014 vintage US venues

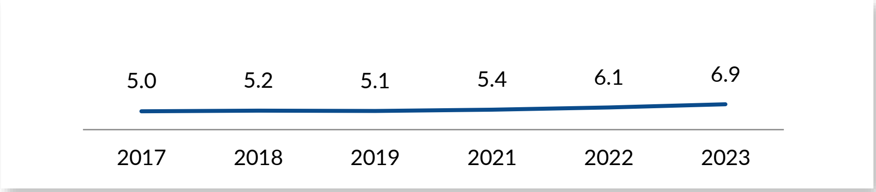




3.4%

2015 vintage US venues





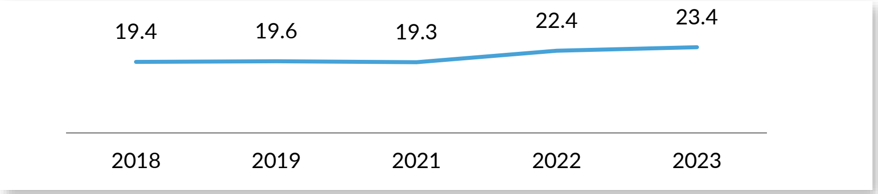
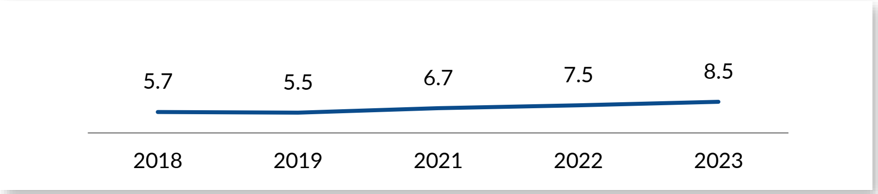
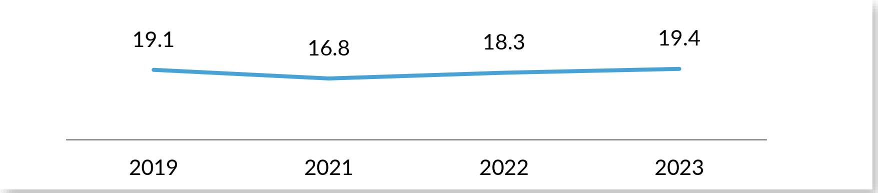
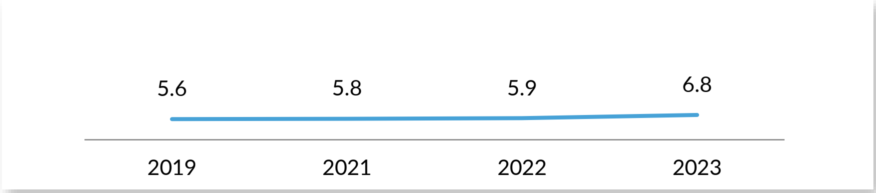
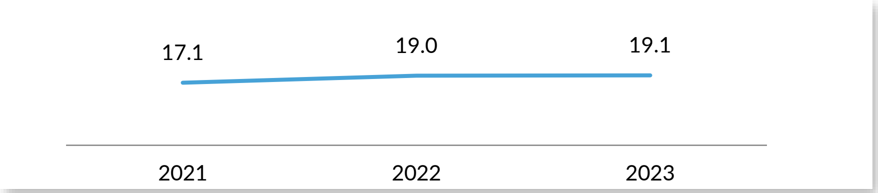
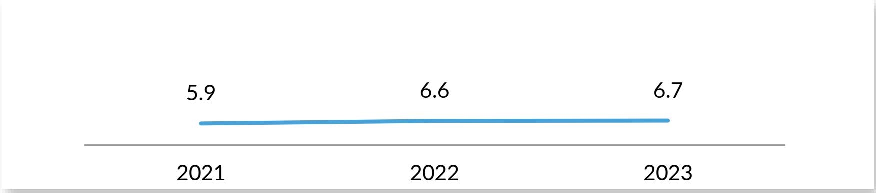
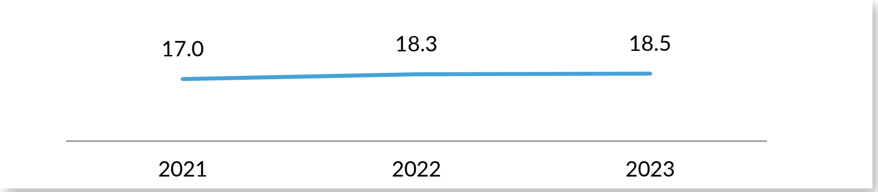
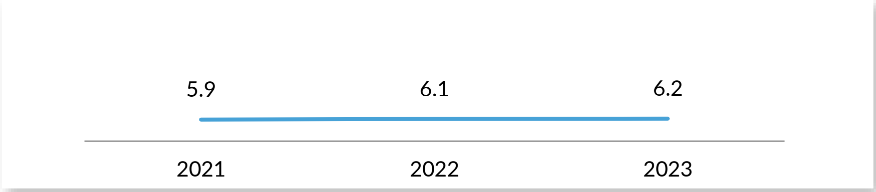
5.5%

TOPGOLF CALLAWAY BRANDS

1. Excludes Glasgow venue
2. For purposes of estimating Adjusted EBITDAR by venue, management has estimated the amounts of depreciation, amortization, tax, interest and certain other expenses allocable to each venue, as the Company does not record such expenses at that level of detail for its GAAP financial measures. Please see page 4 of this presentation for further information.
3. CAGR calculated using Avg. EBITDAR $ from 2nd full calendar year of operations ; (e.g. represents FY16 results for 2014 vintage; UK vintage uses FY07 for year 2 and Pre-2014 vintage uses FY15 for year 2) to 2023 Average EBITDAR

VENUE PERFORMANCE PROVEN OVER TIME

($ in millions)

	Average Revenue	Average EBITDAR[2] $	Average EBITDAR $ CAGR[3]
2016 vintage[1] US venues			8.1%
2017 vintage US venues			5.0%
2018 vintage US venues			4.3%
2019 vintage US venues			2.7%

TOPGOLF CALLAWAY BRANDS

1. Excludes Vegas venue
2. For purposes of estimating Adjusted EBITDAR by venue, management has estimated the amounts of depreciation, amortization, tax, interest and certain other expenses allocable to each venue, as the Company does not record such expenses at that level of detail for its GAAP financial measures. Please see page 4 of this presentation for further information.
3. CAGR calculated using Avg. EBITDAR $ from 2nd full calendar year of operations ; (e.g. using FY16 results for 2014 vintage; UK vintage uses FY07 for year 2 and Pre-2014 vintage uses FY15 for year 2) to 2023 Average EBITDAR; Using 1st full calendar year of operations for CAGR calculation for 2018 vintage (FY19)

DEFINITIONS OF CERTAIN FINANCIAL MEASURES

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

Adjusted EBITDA Less Venue Financing Cash Interest is a non-GAAP measure calculated as Adjusted EBITDA, minus Venue Financing Cash Interest obligations.

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.

Embedded Cash Flow is a non-GAAP measure calculated as Free Cash Flow less growth capital expenditures. Topgolf segment embedded cash flow is calculated as Topgolf segment free cash flow, less Topgolf growth capital expenditures. Growth capital expenditures are capital expenditures related to the opening of additional Topgolf venues, net of proceeds from lease financing and proceeds from government grants or, in the case of other brands, related to new store openings/expansions.

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

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.

Growth Capital Expenditures are capital expenditures related to the opening of additional Topgolf venues, net of proceeds from lease financing and proceeds from government grants or, in the case of other brands, related to new store openings and expansions.

Net Capital Expenditures are capital expenditures net of proceeds from lease financing and proceeds from government grants. For the twelve months ended December 31, 2023, net capital expenditures were $482 million, net of proceeds from lease financing of $274 million and proceeds from government grants of $3 million. For the twelve months ended December 31, 2022, net capital expenditures were $532 million, net of proceeds from lease financing of $176 million.

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

Non-Growth Capital Expenditures are capital expenditures other than Growth Capital Expenditures and excludes proceeds from lease financing and proceeds from government grants.

DEFINITIONS OF CERTAIN FINANCIAL MEASURES CONT.

Net Debt of $2,239.1 million for the period ended December 31, 2023 is calculated as total debt of $1,621.5 million, Venue Financing Liabilities related to Topgolf venues of $287.9 million, Deemed Landlord financing obligations of $980.1 million, and equipment Financing lease liabilities of $1.4 million, less the Company's convertible notes of $258.3 million and Unrestricted cash of $393.5 million. Net Debt of $1,883.2 million for the period ended December 31, 2022 is calculated as total debt of $1,433.7 million, Venue Financing Liabilities related to Topgolf venues of $225.7 million, Deemed Landlord financing obligations of $660.4 million, and equipment Financing lease liabilities of $1.9 million, less the Company's convertible notes of $258.3 million and Unrestricted cash of $180.2 million.

Net Debt Leverage Ratio is a non-GAAP measure calculated as Net Debt divided by trailing 12-month Adjusted EBITDA.

Non-GAAP Depreciation & Amortization excludes pre-tax amortization of acquired intangible assets and purchase accounting adjustments. The excluded amounts for the three and twelve months ended December 31, 2023 and 2022 were $5 million and $26 million, respectively, and $8 million and $29 million, respectively.

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.

REIT Adjusted Net Debt is a non-GAAP measure calculated as Net Debt less DLF & Venue lease liabilities.

REIT Adjusted Net Leverage Ratio is a non-GAAP measure calculated as REIT Adjusted Net Debt divided by Adjusted EBITDA less Venue Financing Cash Interest.

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 Cash Interest, or VCFI, represents cash paid for interest on Venue Financing Lease Liabilities.

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

Venue Financing Lease liability is the sum of venue finance lease liability and deemed landlord financing obligations, which were $287.9 million and $980.1 million respectively, as of December 31, 2023, and $225.7 million and $660.4 million, respectively, as of December 31, 2022.

Q4 2023 SEGMENT OPERATING INCOME

Supplemental Financial Information
($ in millions, except percentages)
(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2023	2022	Change	2023	2022	Change
Topgolf	$ 23.1	$ 2.5	n/m	$ 108.8	$ 76.8	41.7 %
% of segment revenue	5.3 %	0.6 %	470 bps	6.2 %	5.0 %	120 bps
Golf Equipment	(19.9)	0.7	n/m	193.3	251.4	(23.1) %
% of segment revenue	(10.0)%	0.4 %	n/m	13.9 %	17.9 %	(400) bps
Active Lifestyle	20.2	0.1	n/m	117.0	77.4	51.2 %
% of segment revenue	7.8 %	— %	780 bps	10.3 %	7.4 %	290 bps
Total Segment Operating Income	$ 23.4	$ 3.3	n/m	$ 419.1	$ 405.6	3.3 %
% of segment revenue	2.6 %	0.4 %	220 bps	9.8 %	10.2 %	(40) bps
Constant Currency Total Segment Operating Income [1]			n/m			7.4 %

[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 December 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)]	Non-Recurring Items[(4)]	Tax Valuation Allowance[(3)]	Non-GAAP
Net revenues	$ 897.1	$ —	$ —	$ —	$ 897.1	$ 851.3	$ —	$ —	$ —	$ 851.3
Total costs and expenses	929.7	4.9	21.1	—	903.7	886.0	6.7	3.1	—	876.2
Loss from operations	(32.6)	(4.9)	(21.1)	—	(6.6)	(34.7)	(6.7)	(3.1)	—	(24.9)
Other expense, net	(51.7)	—	—	—	(51.7)	(41.5)	(0.9)	(0.3)	—	(40.3)
Loss before income taxes	(84.3)	(4.9)	(21.1)	—	(58.3)	(76.2)	(7.6)	(3.4)	—	(65.2)
Income tax (benefit) provision	(7.2)	(1.2)	(5.0)	1.1	(2.1)	(3.5)	(1.8)	(0.9)	13.6	(14.4)
Net loss	$ (77.1)	$ (3.7)	$ (16.1)	$ (1.1)	$ (56.2)	$ (72.7)	$ (5.8)	$ (2.5)	$ (13.6)	$ (50.8)
Loss per share - diluted	$ (0.42)	$ (0.02)	$ (0.09)	$ (0.01)	$ (0.30)	$ (0.39)	$ (0.03)	$ (0.01)	$ (0.08)	$ (0.27)
Weighted-average shares outstanding - diluted	184.4	184.4	184.4	184.4	184.4	184.9	184.9	184.9	184.9	184.9

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

(2) Primarily includes $12.7 million of total charges related to the impairment and abandonment of the Shankstars media game in the Topgolf segment, $6.5 million of total reorganization costs in the Topgolf and Active Lifestyle segments, and $0.9 million in IT costs related to a cybersecurity incident.

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

(4) Primarily includes $2.4 million of IT integration and implementation costs primarily related to the Topgolf merger, and $0.9 million of reorganization expenses at Topgolf.

NON-GAAP RECONCILIATION

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

	Twelve Months Ended December 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]	Non-Recurring Items[4]	Tax Valuation Allowance[3]	Non-GAAP
Net revenues	$ 4,284.8	$ —	$ —	$ —	$ 4,284.8	$ 3,995.7	$ —	$ —	$ —	$ 3,995.7
Total costs and expenses	4,047.1	24.9	37.5	—	3,984.7	3,738.9	25.0	15.5	—	3,698.4
Income (loss) from operations	237.7	(24.9)	(37.5)	—	300.1	256.8	(25.0)	(15.5)	—	297.3
Other expense, net	(202.9)	(0.6)	(10.8)	—	(191.5)	(114.9)	(3.7)	(1.2)	—	(110.0)
Income (loss) before income taxes	34.8	(25.5)	(48.3)	—	108.6	141.9	(28.7)	(16.7)	—	187.3
Income tax (benefit) provision	(60.2)	(6.1)	(11.4)	(58.3)	15.6	(16.0)	(6.9)	(3.8)	(34.4)	29.1
Net income (loss)	$ 95.0	$ (19.4)	$ (36.9)	$ 58.3	$ 93.0	$ 157.9	$ (21.8)	$ (12.9)	$ 34.4	$ 158.2
Earnings (loss) per share - diluted [5]	$ 0.50	$ (0.10)	$ (0.18)	$ 0.29	$ 0.49	$ 0.82	$ (0.11)	$ (0.06)	$ 0.17	$ 0.82
Weighted-average shares outstanding - diluted	201.1	201.1	201.1	201.1	201.1	201.3	201.3	201.3	201.3	201.3

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

(2) Primarily includes $12.7 million in total charges related to the impairment and abandonment of the Shankstars media game in the Topgolf segment, $12.3 million of total reorganization costs in the Topgolf and Active Lifestyle segments, $13.7 million in total charges related to our 2023 debt modification, $4.2 million in IT integration and implementation costs primarily related to the Topgolf merger, and $2.4 million in costs related to a cybersecurity incident.

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

(4) Primarily includes $5.7 million in non-cash asset write-downs related to the suspension of our Jack Wolfskin retail operations in Russia and the closure of a pre-merger Topgolf concept location, $5.9 million in IT integration and implementation costs primarily related to the Topgolf merger, and $3.6 million in legal and credit agency fees related to a postponed debt refinancing, and $0.9 million for reorganization expenses.

(5) Diluted earnings per share calculated using the if-converted method, which excludes periodic interest expense related to the 2020 convertible notes 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				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	Total	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	Total
Net income (loss)	$ 25.0	$ 117.4	$ 29.7	$ (77.1)	$ 95.0	$ 86.7	$ 105.4	$ 38.5	$ (72.7)	$ 157.9
Interest expense, net	49.6	51.7	52.3	56.6	210.2	31.4	32.5	36.4	42.5	142.8
Income tax provision (benefit)	(4.2)	(45.8)	(3.0)	(7.2)	(60.2)	(15.7)	2.9	0.3	(3.5)	(16.0)
Depreciation and amortization expense	56.1	58.6	61.0	64.0	239.7	42.5	48.9	48.4	53.0	192.8
Non-cash stock compensation and stock warrant expense, net	12.5	12.3	13.2	8.4	46.4	14.5	11.6	10.3	9.7	46.1
Non-cash lease amortization expense	4.6	4.4	4.5	4.4	17.9	3.5	6.6	4.4	4.5	19.0
Acquisitions & other non-recurring costs, before taxes[1]	13.7	7.6	5.6	20.7	47.6	6.9	(0.6)	6.1	3.1	15.5
Adjusted EBITDA	$ 157.3	$ 206.2	$ 163.3	$ 69.8	$ 596.6	$ 169.8	$ 207.3	$ 144.4	$ 36.6	$ 558.1

[1] In 2023, amounts include charges related to the impairment and abandonment of the Shankstars media game, charges in connection with the 2023 debt modification, IT integration and implementation costs stemming primarily from the merger with Topgolf, restructuring and reorganization charges in our Topgolf and Active Lifestyle segments, and costs related to a cybersecurity incident. In 2022, amounts include non-cash asset write-downs associated with the Jack Wolfskin retail operations in Russia and the closure of a pre-merger Topgolf concept location, both due to business decisions to exit those businesses, costs associated with the implementation of new IT systems for Topgolf, and legal costs and credit agency fees related to a postponed debt refinancing.

TOPGOLF ADJUSTED EBITDA RECONCILIATION

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

	Three Months Ended December 31, 2023		Twelve Months Ended December 31, 2023	
	2023	2022	2023	2022
Topgolf Segment operating income[1]:	$ 23.1	$ 2.5	$ 108.8	$ 76.8
Depreciation and amortization expense	45.4	34.5	164.9	125.2
Non-cash stock compensation expense	0.5	1.5	12.9	15.2
Non-cash lease amortization expense	3.9	4.8	17.1	19.6
Other income (expense)	0.3	(0.1)	0.6	(1.4)
Adjusted segment EBITDA	$ 73.2	$ 43.2	$ 304.3	$ 235.4

(1) We do not calculate GAAP net income at the operating segment level, but have 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 Segment Results section of this release.

TOPGOLF CALLAWAY BRANDS

CASH FLOW RECONCILIATIONS

Non-GAAP Free Cash Flow and Embedded Cash Flow Reconciliations for Consolidated Company & Topgolf

($ in millions)

(Unaudited)

Reconciliation of Consolidated Non-GAAP Free Cash Flow & Embedded Cash Flow

	Twelve Months Ended December 31, 2023	
	2023	**2022**
GAAP Cash Flows from Operations [1]	$ 364.7	$ (35.1)
Less: Capital Expenditures [1]	(482.0)	(532.3)
Add: Proceeds from financing arrangements & government grants[1]	277.3	175.7
Non-GAAP Consolidated Free Cash Flow	**$ 160.0**	**$ (391.7)**
Growth CAPEX, net of proceeds and reimbursements [3]	61.2	202.6
Consolidated Non-GAAP Embedded Cash Flow [3]	**$ 221.2**	**$ (189.1)**

(1) Source: Financial Statements and Footnote disclosures within Company SEC 10-K filing.

(2) Excludes amounts related to intercompany activities.

(3) See appendix for methodologies and definitions of Growth Capital Expenditures, Non-Growth Capital Expenditures, Non-GAAP Embedded Cash Flows and Non-GAAP Free Cash Flows.

Reconciliation of Topgolf Non-GAAP Segment Cash Flows

	Twelve Months Ended December 31, 2023	
	2023	**2022**
Topgolf Segment Operating Income [1]	$ 108.8	$ 76.8
Interest, D&A, Non-Cash Rent, Non-cash Stock compensation	195.5	158.6
Topgolf Segment Adjusted EBITDA	304.3	235.4
Less: Venue Finance Cash Interest	(72.4)	(49.0)
Adjusted EBITDA less VF Cash Interest	231.9	186.4
Less: Change in working capital & cash taxes[2]	(36.9)	28.2
Non-GAAP Segment Operating Cash Flow	**$ 195.0**	**$ 158.2**
Growth Capital Expenditures [3]	$ 45.5	$ 187.1
Non-Growth Capital Expenditures [3]	100.6	94.3
Total Topgolf Net Capital Expenditures	**$ 146.1**	**$ 281.4**
Non-GAAP Free Cash Flow	**$ 48.9**	**$ (123.2)**
Non-GAAP Embedded Cash Flow	**$ 94.4**	**$ 63.9**

TOPGOLF CALLAWAY BRANDS

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 ~201M 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 201M for your share count, the $258M debt related to convertible notes should be excluded from the total net debt calculation

TOPGOLF CALLAWAY BRANDS