



Topgolf Callaway Brands Corp.

Fourth Quarter & Full Year 2022
Earnings Conference Call

February 9, 2023

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, Adjusted EBITDA, Segment Adjusted EBITDA, capital expenditures, depreciation & amortization, net leverage, venue financing liability and venue economics), 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, benefits of strategic collaborations, consumer trends and behavior, future industry and market conditions, TravisMathew store openings, Topgolf venue openings, Toptracer installations, digital reservations, capital allocation priorities, anticipated stock repurchases, foreign exchange and hedging, and freight costs and the impacts of inflation 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," "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, 2021, 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. The Company provided information excluding certain non-cash amortization and depreciation of acquired intangible assets and purchase accounting adjustments. Non-recurring items including legal costs and credit agency fees related to a postponed debt refinancing, IT integration and implementation costs associated with new ERP systems stemming from acquisitions, reorganization expenses, and non-cash asset write-downs in 2022, non-cash amortization of the debt discount related to the Company's convertible notes in 2021, acquisition and other non-recurring items (including integration costs and a \$252.5 million non-cash gain in 2021 resulting from the Company's pre-merger equity position in Topgolf), and changes in the Company's non-cash valuation allowance recorded against certain of the Company's deferred tax assets as a result of the Topgolf merger. This non-GAAP information may include non-GAAP financial measures within the meaning of Regulation G. 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 this presentation or in the schedules to the Company's February 9, 2023 earnings release, which is available on the Investor Relations section of the Company's website located at <https://www.topgolfcallawaybrands.com/>.

For forward-looking Adjusted EBITDA, earnings per share, Segment Adjusted EBITDA, non-GAAP depreciation and amortization expense, non-GAAP diluted earnings per share, 4-Wall EBITDAR, 4-Wall EBITDAR margin, 4-Wall Cash Flow 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.

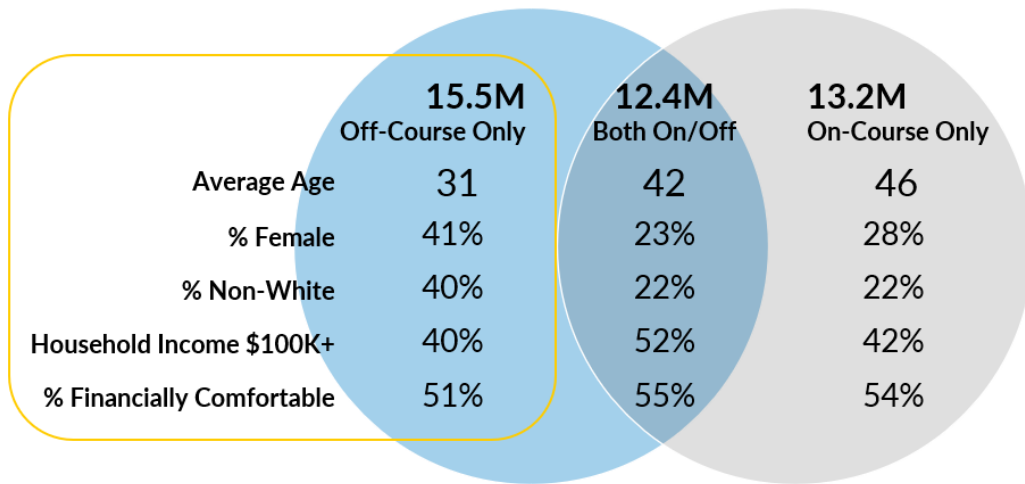
BUSINESS OVERVIEW

Chip Brewer

President & Chief Executive Officer

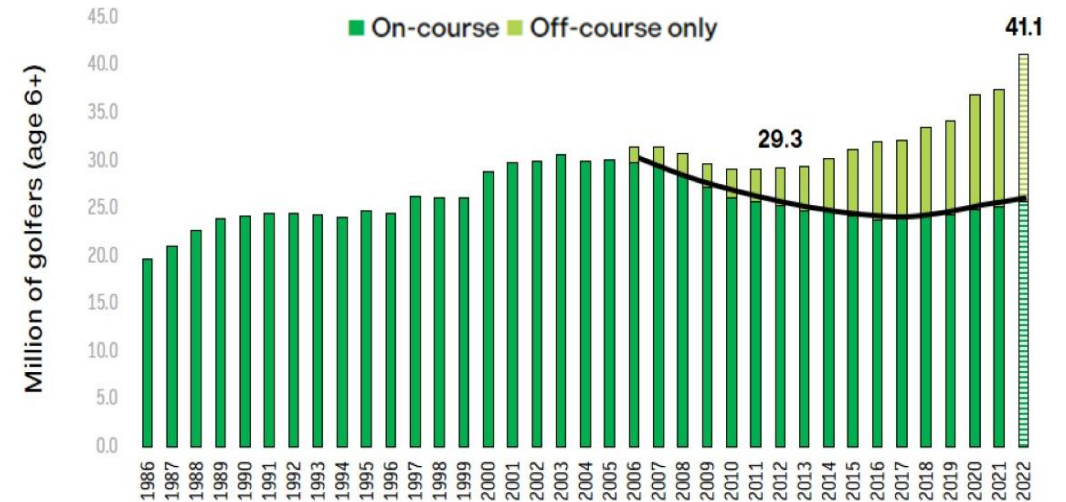
UNMATCHED SCALE AND CONSUMER REACH

MODERN GOLF ECOSYSTEM



Off-course participation is expanding the demographics of golf, attracting younger, more female, and non-white participants¹.

U.S. GOLF PARTICIPATION¹

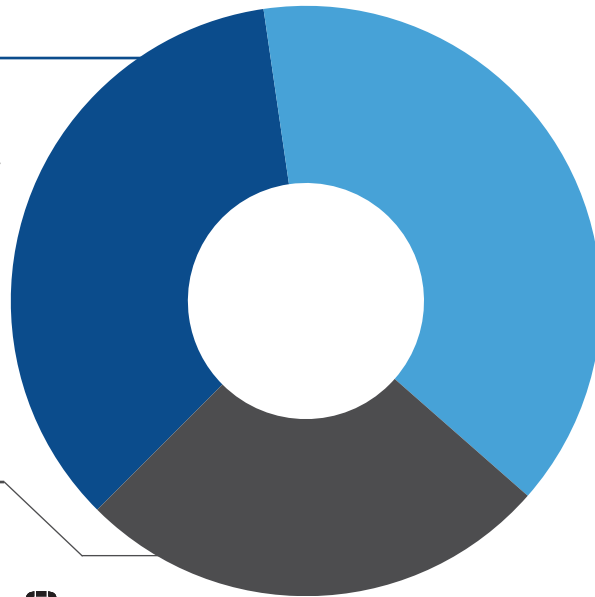


For the first time in history, total participation exceeded 40M and off-course surpassed on-course.

2022 YEAR IN REVIEW

FY 2022 REVENUE BY SEGMENT

35%
Golf Equipment



39%
Topgolf



26%
Active Lifestyle



KEY PERFORMANCE DRIVERS



Golf Equipment revenue growth driven by continued high demand and improved supply



Topgolf results driven by strong events business, 11 new venue openings, accelerating traffic and increased ticket

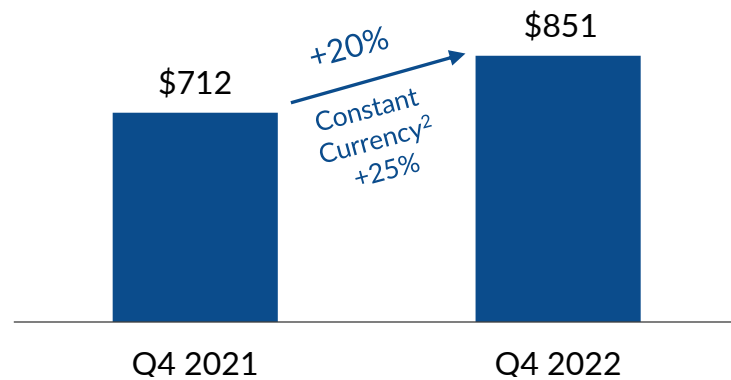


Strong brand momentum across the Active Lifestyle segment

STRONG Q4 PERFORMANCE

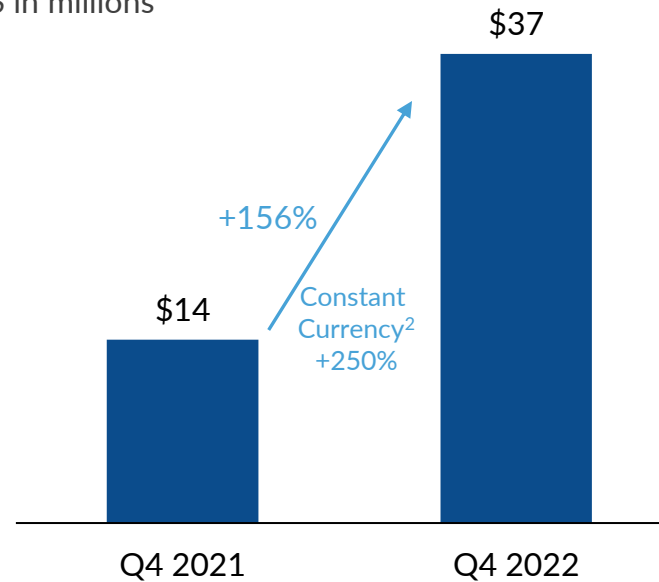
NET REVENUE

\$ in millions



ADJUSTED EBITDA¹

\$ in millions



Continued momentum across all segments

1. See Appendix for Adjusted EBITDA reconciliation to GAAP. Additionally, as Adjusted EBITDA is a non-GAAP measure, please see the Regulation G disclaimers on page 2 of this presentation.

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.

SEGMENT HIGHLIGHTS

TOPGOLF



- ✓ 7% SVS growth in FY 2022 and 11% SVS growth in Q4 2022¹
- ✓ Opened 11 new owned and operated venues in 2022 including 6 in Q4
- ✓ Increasing digital reservation capabilities and launched national advertising campaign in early 2023

GOLF EQUIPMENT



- ✓ Continued strong demand
- ✓ ~21% US golf ball share²
- ✓ FY and Q4 2022 segment net revenues up 14% and 18% year-over-year, respectively

ACTIVE LIFESTYLE



- ✓ Brand momentum and strength continued across all brands
- ✓ TravisMathew opened 11 new retail doors in 2022, and expects to have 50 doors by the end of 2023
- ✓ Surpassed \$1B in net revenues in FY22

PARADYM LAUNCH



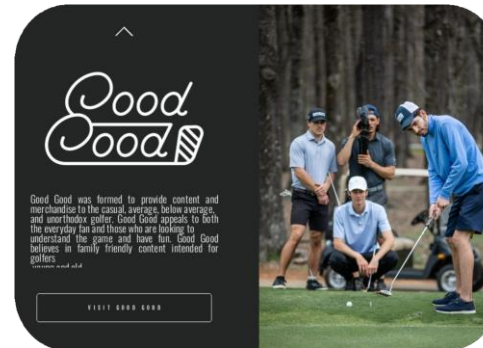
TOPTRACER PARTNERSHIPS

Official Range Tracking Technology of
the PGA of America



PGA™

CALLAWAY GOLF PARTNERSHIPS



Niall Horan



JACK WOLFSKIN AWARDS



Tapeless 2.0 Jkt M

BRAND HIGHLIGHTS

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

RAISING FULL YEAR 2023 GUIDANCE ON CONTINUED STRENGTH ACROSS ALL SEGMENTS

FINANCIALS & OUTLOOK

Brian Lynch

Chief Financial Officer & Chief Legal Officer

2022 FULL YEAR FINANCIAL RESULTS

GAAP RESULTS¹

(\$ in millions, except per share data)

	FY 2022	FY 2021	Change (%)
Net Revenues	\$3,995.7	\$3,133.4	27.5%
Income from Operations	\$256.8	\$204.7	25.5%
Other (Expense)/Income, net ⁴	(\$114.9)	\$145.9	(178.8%)
Income Before Income Taxes	\$141.9	\$350.6	(59.5%)
Net Income	\$157.9	\$322.0	(51.0%)
Earnings per Share – Diluted ⁵	\$0.82	\$1.82	(54.9%)

NON-GAAP RESULTS^{1,2}

(\$ in millions, except per share data)

	FY 2022	FY 2021	Change (%)	Constant Currency Change (%) ³
Net Revenues	\$3,995.7	\$3,133.4	27.5%	32.2%
Income from Operations	\$297.3	\$255.8	16.2%	44.3%
Other (Expense)/Income, net	(\$110.0)	(\$91.4)	(20.4%)	(20.4%)
Income Before Income Taxes	\$187.3	\$164.4	13.9%	57.7%
Net Income	\$158.2	\$137.9	14.7%	58.8%
Earnings per Share – Diluted ⁵	\$0.82	\$0.78	5.1%	43.6%
Adjusted EBITDA	\$558.1	\$445.4	25.3%	41.5%

1. Due to the timing of the merger with Topgolf International, Inc. ("Topgolf") on March 8, 2021, the Company's results of operations during the full year 2021 do not include Topgolf's results for January and February, which in the aggregate totaled \$142.9 million in net revenues, a loss before income taxes of \$27.8 million, and \$2.3 million in Adjusted EBITDA.
2. See Appendix for reconciliations of non-GAAP measures to the most directly comparable GAAP measure.
3. "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.
4. The Company's full year 2021 GAAP other (expense) income, net includes the recognition of a \$252.5 million one-time gain on the Company's pre-merger investment in Topgolf.
5. In connection with the adoption of ASU 2020-06, starting in January 2022, the if-converted method was used to calculate the dilutive effect from the Company's outstanding convertible notes. For the twelve months ended December 31, 2022, 14.7 million shares were included in the diluted share count from the assumed conversions, and \$6.4 million of interest expense was added back to net income. The if-converted method was not used in the fourth quarter of 2022 as the effect would have been anti-dilutive.

Q4 2022 FINANCIAL RESULTS

GAAP RESULTS

(\$ in millions, except per share data)

	Q4 2022	Q4 2021	Change (%)
Net Revenues	\$851.3	\$711.7	19.6%
Loss from Operations	(\$34.7)	(\$54.7)	36.6%
Other Expense, net	(\$41.5)	(\$41.0)	(1.2%)
Loss Before Income Taxes	(\$76.2)	(\$95.7)	20.4%
Net Loss	(\$72.7)	(\$26.2)	(177.5%)
Loss per Share – Diluted	(\$0.39)	\$(0.14)	(178.6%)

NON-GAAP RESULTS¹

(\$ in millions, except per share data)

	Q4 2022	Q4 2021	Change (%)	Constant Currency Change (%) ²
Net Revenues	\$851.3	\$711.7	19.6%	24.9%
Loss from Operations	(\$24.9)	(\$43.2)	42.4%	73.1%
Other Expense, net	(\$40.3)	(\$37.1)	(8.6%)	(8.6%)
Loss Before Income Taxes	(\$65.2)	(\$80.3)	18.8%	35.4%
Net Loss	(\$50.8)	(\$35.5)	(43.1%)	(14.1%)
Loss per Share – Diluted	(\$0.27)	(\$0.19)	(42.1%)	(10.5%)
Adjusted EBITDA	\$36.6	\$14.3	155.9%	249.6%

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.

TOPGOLF DETAILED FINANCIAL DISCLOSURE

(\$ in millions)	FY 2022	FY 2021 Reported Results	FY 2021 Illustrative Results ¹	Q4 2022	Q4 2021
Net Revenue	\$1,549	\$1,088	\$1,231	\$410	\$336
Segment Income from Operations ²	\$77	\$58	\$40	\$3	\$6
Depreciation & Amortization ³	\$125	\$93	\$111	\$35	\$29
Non-cash Rent ³	\$20	\$12	\$12	\$5	\$6
Non-cash stock compensation expense	\$15	\$14	\$16	\$2	\$4
Adjusted Segment EBITDA ⁴	\$235	\$177	\$179	\$43	\$46
Capital Expenditures ⁵	\$281	\$173	\$185	\$113	\$63
Venue Financing Liability ⁶	\$886	\$593	\$593	\$886	\$593
Venue Financing Liability Interest ⁷	\$55	\$33	\$35	\$17	\$19

1. 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.
2. Segment income from operations does not include interest expense and taxes as well as other non-cash and non-recurring items.
3. Depreciation & Amortization excludes purchase price amortization and fair-value write-up of PP&E related to any of the acquisitions or the Topgolf merger. Non-Cash Rent excludes purchase price amortization related to the Topgolf merger.
4. 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.
5. Capital expenditures are net of venue financing reimbursements.
6. Venue Financing Liability combines Venue Finance Lease Obligations and Deemed Landlord Financing, which were \$225.7 million and \$660.4 million, respectively, as of December 31, 2022, and \$132.0 million and \$461.5 million, respectively, as of December 31, 2021.
7. Represents interest expense on Venue Financing Liabilities.

KEY LIQUIDITY METRICS

Metric (\$ in millions)	As of Dec 31, 2022	As of Dec 31, 2021
Available Liquidity ¹	\$415	\$753
Net Debt ²	\$1,883	\$1,124
Net Leverage Ratio ³	3.4x	2.5x

Metric (\$ in millions)	As of Dec 31, 2022	As of Dec 31, 2021 (Reported)	As of Dec 31, 2021 (Illustrative) ⁶
Capital Expenditures ⁴	\$357	\$233	\$245
Depreciation & Amortization ⁵	\$167	\$129	\$148

1. Available Liquidity is defined as cash on hand plus availability under credit facilities.

2. Net Debt is calculated as debt, including all Venue Financing Liabilities related to the Topgolf venues, less unrestricted cash and the Company's \$258.3 million Convertible Notes. See appendix for additional details.

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 \$258.3 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 \$175.7M for the twelve months ended December 31, 2022 and \$89.2M for the twelve months ended December 31, 2021.

5. 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 \$25.0 million for the twelve months ended December 31, 2022 and \$27.2 million for the twelve months ended December 31, 2021.

6. 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.

2023 OUTLOOK

FULL YEAR 2023

(\$ in millions)	Current FY 2023 Guidance	Previous FY 2023 Guidance	FY 2022 Reported Results
Net Revenue	\$4,415 - \$4,470	Approximately +10%	\$3,996
Adjusted EBITDA ¹	\$620 - \$640	Approximately \$600	\$558
Gross Debt ²	\$2,296		\$2,063

Full Year Guidance Assumptions

- Topgolf segment revenue of approximately \$1.9 billion
- Golf Equipment segment revenue to be approximately flat compared to 2022
- Active Lifestyle segment revenue to increase low teens compared to 2022
- FY 2023 Net Revenue includes a \$15 million negative foreign currency impact based on exchange rates as of the end of December 2022 and early January 2023
- Topgolf expected to generate ~50% of the Company's total Adjusted EBITDA
- FY 2023 Adjusted EBITDA includes a \$20 million negative foreign currency impact based on exchange rates as of the end of December 2022 and early January 2023
- Non-GAAP diluted earnings per share estimated to be \$0.70 - \$0.78 on ~200 million shares outstanding³
- Non-GAAP Depreciation and Amortization expense⁴ of approximately \$200 million
- Capital Expenditures of \$255 million, net of reimbursements related to venue financing (includes ~\$175 million from Topgolf)



1. See Appendix for Adjusted EBITDA reconciliations.
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

Q1 2023

in millions)	Q1 2023 Guidance	Q1 2022 Reported Results
Net Revenue	\$1,135 - \$1,155	\$1,040
Adjusted EBITDA ¹	\$135 - \$145	\$170

First Quarter 2023 Guidance Assumptions

- Topgolf segment revenue of just under \$400 million
- Q1 2023 Net Revenue includes a \$30 million negative foreign currency impact based on exchange rates as of the end of December 2022 and early January 2023
- Topgolf segment Adjusted EBITDA to be slightly below the \$41.6 million generated last year, driven by higher marketing expenditures and a return to full staffing levels at the venues
- Q1 2023 Adjusted EBITDA includes a \$25 million negative foreign currency impact based on exchange rates as of the end of December 2022 and early January 2023



APPENDIX

SHARE COUNT ASSUMPTIONS

As-Converted 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 price¹
Included above upon conversion



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



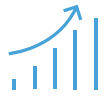
For valuation purposes, if using ~200M for your share count, the \$258M debt related to convertible notes should be excluded from the total net debt calculation

1. Provides protection between stock prices of \$17.61 and \$27.04.



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



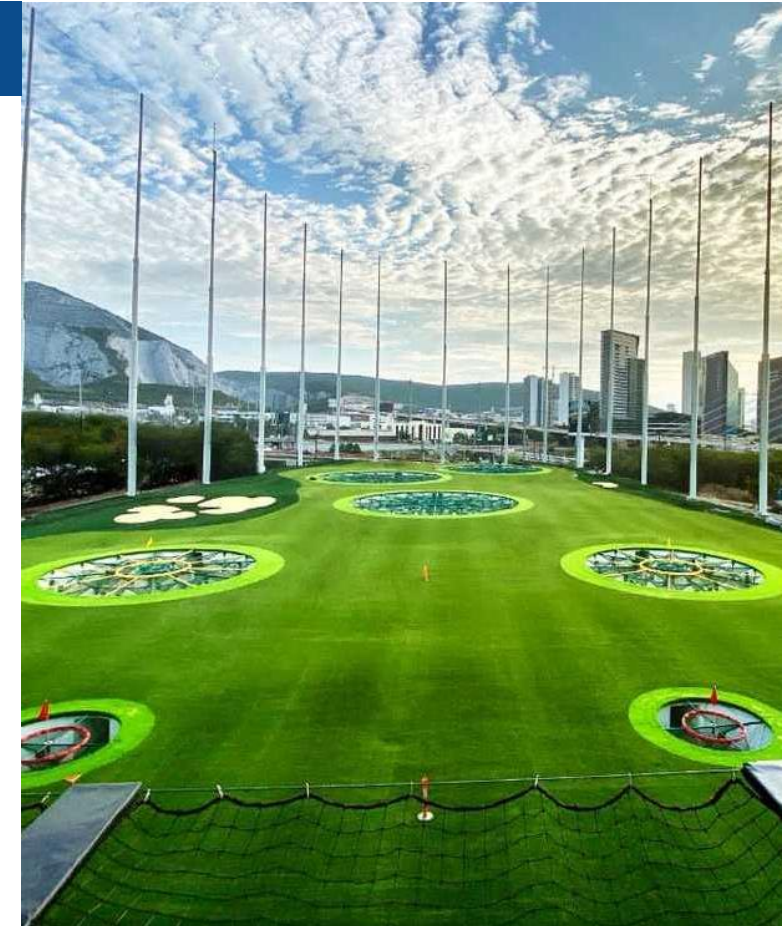
Opportunistically explore investments in complementary areas

Strong liquidity position provides flexibility

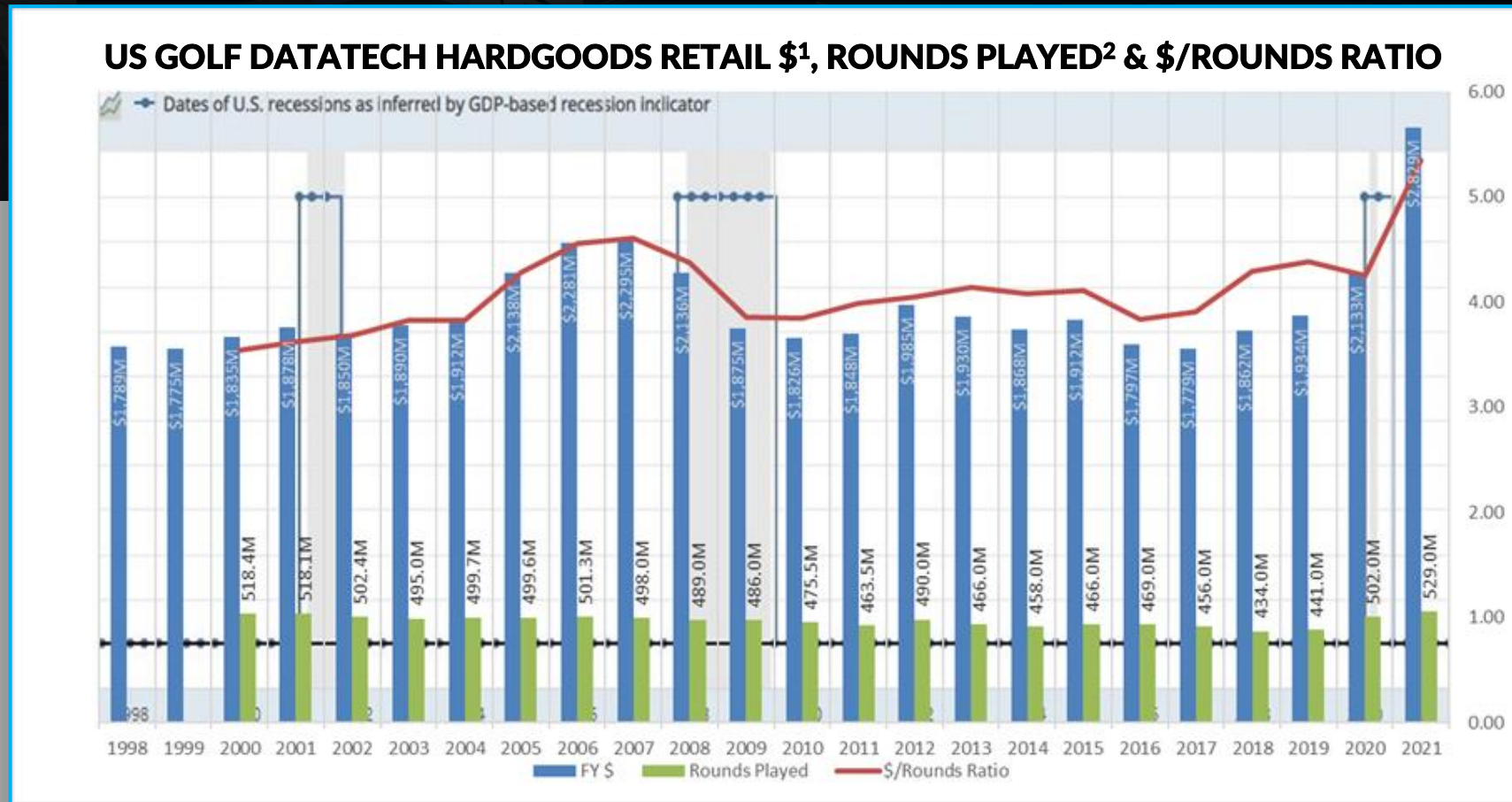


Return capital to shareholders through buybacks

Purchased \$25M in stock over the past year



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

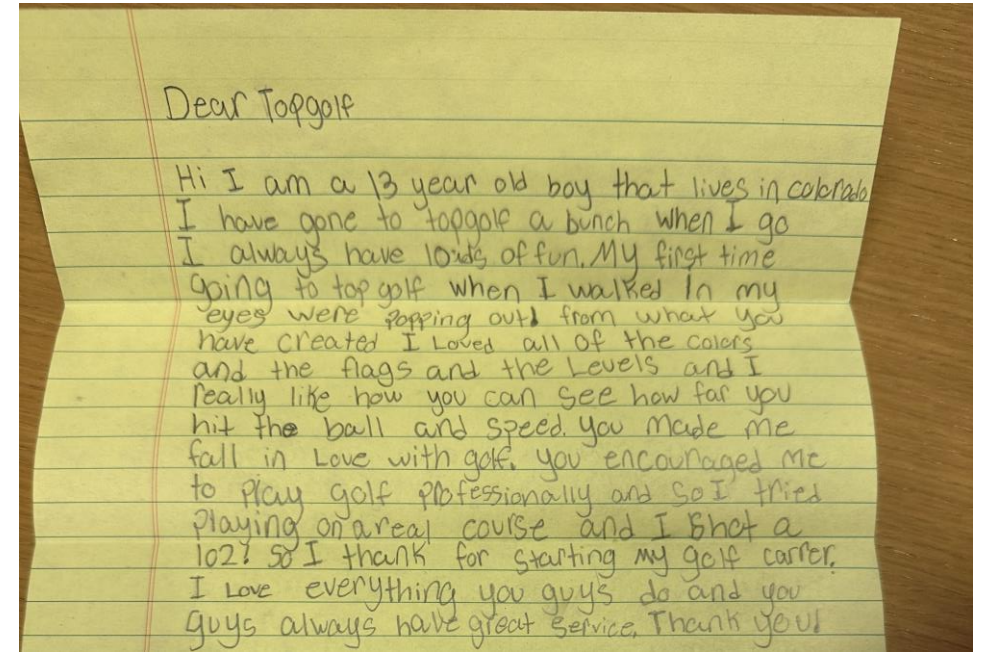


1. US Golf Datatech combined channel on-course and off-course, excluding sporting goods, mass channel, club, and some ecommerce, through 12/31/2021.
2. US Golf Datatech and the National Golf Foundation estimated rounds played data through 12/31/2021.

THE TOPGOLF EFFECT

The TOPGOLF Effect ¹

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



2023 TOPGOLF KEY METRICS OUTLOOK

(\$ in millions)	2023 Guidance	FY 2022 Reported Results
Net Revenue	~\$1,900	\$1,549
Segment Adjusted EBITDA ¹	\$310-320	\$235
Depreciation & Amortization ²	~\$140	\$125
Capital Expenditures ³	\$175	\$281
Venue Financing Liability ⁴	~\$1,250	\$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 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 for 2022 venues

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. Depreciation & Amortization excludes purchase price amortization and write-up of PP&E related to any acquisitions or the Topgolf merger.
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 \$327 million and \$934 million, respectively, at December 31, 2023. As of December 31, 2022, Venue Finance Lease Obligations and Deemed Landlord Financing were \$225.7 million and \$660.4 million, respectively.

TOPGOLF TARGET 4-WALL VENUE ECONOMICS

Target 4-Wall Economics	Representative Venue ¹
Revenue	\$17.5 million
Adjusted EBITDAR	\$5.6 million
Adjusted EBITDAR Margin	32%
Average Construction Cost (Before Financing)	\$30 million
Topgolf Construction Cost Cash Outlay (After Financing)	\$7.5 million
Occupancy Costs ²	\$1.9 million
Cash Flow ³	\$3.7 million
Average Annual Maintenance Capex ⁴	\$0.3 million

Target Cash-on-Cash Return ^{1,5}	
Initial Cash Investment: Topgolf Construction Cost Cash Outlay (After Financing)	\$7.5 million
Adjusted EBITDAR	\$5.60 million
Annual Costs	\$2.20 million
Venue Financed Facility Payment	\$1.55 million
Estimated Ground Rent	\$0.35 million
Average Annual Maintenance Capex ⁴	\$0.30 million
Cash-on-Cash Return⁵	~40-50%

1. Targets are based on a representative middle-market venue in year 3 blended across our Large, Medium, and Small venue classes.
2. Occupancy Costs include the venue financed facility payment and ground rent.
3. Excludes pre-opening costs and annual venue maintenance, enhancement capex, refresh capex, and new technology improvements.
4. The Average Annual Maintenance Capex over the first 8 years of a venue's life. This excludes venue refresh components, enhancement capex, and new technology improvements.
5. (4-Wall Topgolf Cash Flow less the Average Annual Maintenance Capex) divided by the 4-Wall Topgolf Construction Cost Cash Outlay (After Financing). This calculation excludes pre-opening costs.

Q4 SEGMENT OPERATING INCOME

Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Reported Results for the Three Months Ended December 31,			Reported Results for the Twelve Months Ended December 31,		
	2022	2021	Change	2022	2021 ⁽¹⁾	Change
Topgolf	\$ 2.5	\$ 6.1	(59.0) %	\$ 76.8	\$ 58.2	32.0%
% of segment revenue	0.6%	1.8%	(121) bps	5.0%	5.4%	(39) bps
Golf Equipment	0.7	(24.9)	102.8 %	251.4	203.9	23.3%
% of segment revenue	0.4%	(15.4)%	1,580 bps	17.9%	16.6%	128 bps
Active Lifestyle	0.1	(2.3)	104.3%	77.4	68.5	13.0%
% of segment revenue	—%	(1.1)%	111 bps	7.4%	8.4%	(95) bps
Total Segment Operating Income (Loss)	\$ 3.3	\$ (21.1)	115.6%	\$ 405.6	\$ 330.6	22.7%
% of segment revenue	0.4 %	(3.0)%	335 bps	10.2%	10.6%	(40) bps
Constant Currency Total Segment Operating Income			178.4 %			44.4 %

⁽¹⁾ Due to the timing of the merger with Topgolf on March 8, 2021, the Company's results of operations for the twelve months ended 2021 do not include Topgolf's results for January and February, which included \$142.9 million in net revenues and a segment operating loss of \$18.1 million.

NON-GAAP RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Three Months Ended December 31,											
	2022					2021						
	GAAP	Non-Cash Amortization and Depreciation ⁽¹⁾	Non-Recurring Items ⁽²⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP	GAAP	Non-Cash Amortization, Depreciation ⁽¹⁾	Non-Cash Amortization of Discount on Convertible Notes ⁽⁴⁾	Acquisition & Other Non-Recurring Items ⁽⁵⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP	
Net revenues	\$ 851.3	\$ —	\$ —	\$ —	\$ 851.3	\$ 711.7	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 711.7
Total costs and expenses	886.0	6.7	3.1	—	876.2	766.4	9.6	—	1.9	—	—	754.9
Income (loss) from operations	(34.7)	(6.7)	(3.1)	—	(24.9)	(54.7)	(9.6)	—	(1.9)	—	—	(43.2)
Other (expense) income, net	(41.5)	(0.9)	(0.3)	—	(40.3)	(41.0)	(1.0)	(2.6)	(0.3)	—	—	(37.1)
Income (loss) before income taxes	(76.2)	(7.6)	(3.4)	—	(65.2)	(95.7)	(10.6)	(2.6)	(2.2)	—	—	(80.3)
Income tax (benefit) provision	(3.5)	(1.8)	(0.9)	13.6	(14.4)	(69.5)	(2.5)	(0.6)	(0.6)	(21.0)	—	(44.8)
Net income (loss)	\$ (72.7)	\$ (5.8)	\$ (2.5)	\$ (13.6)	\$ (50.8)	\$ (26.2)	\$ (8.1)	\$ (2.0)	\$ (1.6)	\$ 21.0	\$ —	\$ (35.5)
Earnings (loss) per share - diluted	\$ (0.39)	\$ (0.03)	\$ (0.01)	\$ (0.08)	\$ (0.27)	\$ (0.14)	\$ (0.04)	\$ (0.01)	\$ (0.01)	\$ 0.11	\$ —	\$ (0.19)
Weighted-average shares outstanding - diluted	184.9	184.9	184.9	184.9	184.9	186.0	186.0	186.0	186.0	186.0	186.0	186.0

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

(2) Primarily includes \$2.4 million of IT integration and implementation costs stemming from acquisitions in addition to \$0.9 million of reorganization expenses.

(3) In connection with the merger with Topgolf in 2021, the Company acquired valuation allowances against certain deferred tax assets and recorded additional valuation allowances. Based on the Company's ongoing assessment, a portion of these valuation allowances were released in the fourth quarter of 2022 and 2021.

(4) Includes non-cash interest expense related to the amortization of the discount on the Convertible Notes issued in 2020. In accordance with the adoption of ASC 2020-06 effective January 1, 2022, the Company derecognized the discount on the 2020 Convertible Notes and as such, will no longer recognize amortization expense in future periods.

(5) Primarily includes \$1.3 million of IT integration and implementation costs stemming from acquisitions and \$0.5 million of transaction and transition costs related to the merger with Topgolf.

NON-GAAP RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	Twelve months ended December 31,											
	2022					2021						
	GAAP	Non-Cash Amortization and Depreciation ⁽¹⁾	Non-Recurring Items ⁽²⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP	GAAP	Non-Cash Amortization, Depreciation ⁽¹⁾	Non-Cash Amortization of Discount on Convertible Notes ⁽⁴⁾	Acquisition & Other Non-Recurring Items ⁽⁵⁾	Tax Valuation Allowance ⁽³⁾	Non-GAAP ⁽⁷⁾	
Net revenues	\$ 3,995.7	\$ —	\$ —	\$ —	\$ 3,995.7	\$ 3,133.4	\$ —	\$ —	\$ —	\$ —	\$ 3,133.4	
Total costs and expenses	3,738.9	25.0	15.5	—	3,698.4	2,928.7	27.2	—	23.9	—	2,877.6	
Income (loss) from operations	256.8	(25.0)	(15.5)	—	297.3	204.7	(27.2)	—	(23.9)	—	255.8	
Other (expense) income, net	(114.9)	(3.7)	(1.2)	—	(110.0)	145.9	(3.7)	(10.5)	251.5	—	(91.4)	
Income (loss) before income taxes	141.9	(28.7)	(16.7)	—	187.3	350.6	(30.9)	(10.5)	227.6	—	164.4	
Income tax (benefit) provision	(16.0)	(6.9)	(3.8)	(34.4)	29.1	28.6	(7.4)	(2.5)	(6.0)	18.0	26.5	
Net income (loss)	\$ 157.9	\$ (21.8)	\$ (12.9)	\$ 34.4	\$ 158.2	\$ 322.0	\$ (23.5)	\$ (8.0)	\$ 233.6	\$ (18.0)	\$ 137.9	
Earnings (loss) per share - diluted	\$ 0.82	\$ (0.11)	\$ (0.06)	\$ 0.17	\$ 0.82	\$ 1.82	\$ (0.13)	\$ (0.05)	\$ 1.32	\$ (0.10)	\$ 0.78	
Weighted-average shares outstanding - diluted ⁽⁶⁾	201.3	201.3	201.3	201.3	201.3	176.9	176.9	176.9	176.9	176.9	176.9	

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

(2) Includes \$5.7 million of non-cash asset write-downs, \$5.9 million of implementation costs associated with new ERP systems stemming from acquisitions, \$3.6 million for legal and credit agency fees related to a postponed debt refinancing and \$0.9 million for reorganization expenses.

(3) In connection with the merger with Topgolf in 2021, the Company acquired valuation allowances against certain deferred tax assets. Based on the Company's ongoing assessment, a portion of these valuation allowances were released in 2022, and additional valuation allowances were recorded in 2021.

(4) Includes non-cash interest expense related to the amortization of the discount on the Convertible Notes issued in 2020. In accordance with the adoption of ASC 2020-06 effective January 1, 2022, the Company derecognized the discount on the 2020 Convertible Notes and as such, will no longer recognize amortization expense in future periods.

(5) Includes \$20.2 million of transaction, transition and other non-recurring costs associated with the merger with Topgolf, \$3.8 million of implementation costs associated with new ERP systems stemming from acquisitions, in addition to the recognition of a \$252.5 million gain on the Company's pre-merger investment in Topgolf.

(6) In connection with the adoption of ASU 2020-06, starting in January 2022, the if-converted method was used to calculate the dilutive effect from the Company's outstanding convertible notes. For the twelve months ended December 31, 2022, 14.7 million shares were included in the diluted share count from the assumed conversions, and \$6.4 million of interest expense was added back to net income. The if-converted method was not used in the fourth quarter of 2022 as the effect would have been anti-dilutive.

ADJUSTED EBITDA RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information

(\$ in millions)

(Unaudited)

	2022 Trailing Twelve Month Adjusted EBITDA					2021 Trailing Twelve Month Adjusted EBITDA				
	Quarter Ended					Quarter Ended				
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	Total	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	Total
Net income (loss)	\$ 86.7	\$ 105.4	\$ 38.5	\$ (72.7)	\$ 157.9	\$ 272.5	\$ 91.7	\$ (16.0)	\$ (26.2)	\$ 322.0
Interest expense, net	31.4	32.5	36.4	42.5	142.8	17.5	28.9	28.7	40.5	115.6
Income tax provision (benefit)	(15.7)	2.9	0.3	(3.5)	(16.0)	47.7	(15.8)	66.2	(69.5)	28.6
Depreciation and amortization expense	42.5	48.9	48.4	53.0	192.8	20.3	43.3	44.4	47.9	155.9
Non-cash stock compensation and stock warrant expense, net	14.5	11.6	10.3	9.7	46.1	4.6	11.0	10.8	12.0	38.4
Non-cash lease amortization expense	3.5	6.6	4.4	4.5	19.0	0.8	2.1	2.8	7.7	13.4
Acquisitions & other non-recurring costs, before taxes ⁽¹⁾	6.9	(0.6)	6.1	3.1	15.5	(235.6)	3.3	1.9	1.9	(228.5)
Adjusted EBITDA	\$ 169.8	\$ 207.3	\$ 144.4	\$ 36.6	\$ 558.1	\$ 127.8	\$ 164.5	\$ 138.8	\$ 14.3	\$ 445.4

(1) In 2022, amounts include \$5.7 million of non-cash asset write-downs, \$5.9 million of implementation costs associated with new ERP systems stemming from acquisitions, \$3.6 million for legal costs and credit agency fees related to a postponed debt refinancing, and \$0.9 million for reorganization expenses. In 2021, amounts include the recognition of a \$252.5 million gain on the Company's pre-merger investment in Topgolf, as well as \$20.2 million in transaction, transition, and other non-recurring costs associated with the merger with Topgolf, and \$3.8 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 December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
Segment operating income ⁽¹⁾ :	\$ 2.5	\$ 6.1	\$ 76.8	\$ 58.2
Depreciation and amortization expense	34.5	29.0	125.2	93.1
Non-cash stock compensation expense	1.5	4.4	15.2	13.8
Non-cash lease amortization expense	4.8	6.4	19.6	12.0
Other income (expense)	(0.1)	0.1	(1.4)	—
Adjusted segment EBITDA	43.2	46.0	235.4	177.1
Topgolf pre-merger EBITDA contribution for Jan. and Feb. 2021	—	—	—	2.3
Illustrative segment adjusted EBITDA⁽²⁾	\$ 43.2	\$ 46.0	\$ 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)

	December 31, 2022	December 31, 2021
Total debt	\$ 1,433.7	\$ 1,139.3
Add: Deemed landlord financing obligations	660.4	461.5
Add: Finance lease obligations ⁽¹⁾	227.6	134.3
Less: Convertible notes	(258.3)	(258.8)
Less: Unrestricted cash	(180.2)	(352.2)
Net Debt	\$ 1,883.2	\$ 1,124.1
Trailing twelve month Adjusted EBITDA ⁽²⁾	\$ 558.1	\$ 445.4
Net Debt Leverage Ratio	3.4x	2.5x

⁽¹⁾ Includes \$225.7 million and \$132.0 million of Venue Finance Lease Obligations as of December 31, 2022 and December 31, 2021, respectively.

⁽²⁾ See slide 26 of this presentation for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure (net income).