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DELTA REPORT

10-K

MODG - TOPGOLF CALLAWAY BRANDS C

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	8101
CHANGES	362
DELETIONS	3801
ADDITIONS	3938

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022 December 31, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number 1-10962

Picture1.jpg

Topgolf Callaway Brands Corp.

(Exact name of registrant as specified in its charter)

Delaware	**95-3797580**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2180 Rutherford Road, Carlsbad, CA 92008
(760) 931-1771

(Address, including zip code, and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Common Stock, $0.01 par value per share	MODG	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	ý	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022 June 30, 2023, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $2,831,794,054 $2,808,466,571 based on the closing sales price of the registrant's common stock as reported on the New York Stock Exchange. Such amount was calculated by excluding all shares held by directors and executive officers and shares held in treasury, without conceding that any of the excluded parties are "affiliates" of the registrant for purposes of the federal securities laws.

As of February 20, 2023 of February 19, 2024, the the number of shares outstanding of the registrant's common stock, $.01 par value, was 185,300,620. 183,598,015.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant's Definitive Proxy Statement to be filed with the Securities and Exchange Commission ("SEC" or "Commission") pursuant to Regulation 14A in connection with the registrant's 2023 2024 Annual Meeting of Shareholders, which is scheduled to be held on June 6, 2023 May 30, 2024. Such Definitive Proxy Statement will be filed with the Commission not later than 120 days after the conclusion of the registrant's fiscal year ended December 31, 2022 December 31, 2023.

Important Notice to Investors Regarding Forward-Looking Statements: This report contains "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. References to the "Company" include and refer to Topgolf Callaway Brands Corp. and its wholly-owned subsidiaries. Forward-looking statements can be identified by words such as: "may," "should," "will," "could," "would," "anticipate," "plan," "believe," "project," "estimate," "expect," "strategy," "future," "likely," and similar references to future periods. Forward-looking statements include, among others, statements that relate to future plans, events, liquidity, financial results, performance, prospects or growth and scale opportunities including, but not limited to, statements relating to future industry and market conditions, the impact of the COVID-19 pandemic on the Company's business, results of operations and financial condition and the impact of any measures taken to mitigate the effect thereof, strength and demand of the Company's our products and services, continued brand momentum, demand for golf and outdoor activities and apparel, continued investments in the business, increases in shareholder value, consumer trends and behavior, future industry and market conditions, the benefits of the merger with Topgolf International, Inc. ("Topgolf"), including the anticipated operations, venue/bay expansion plans, financial position, liquidity, performance, prospects or growth and scale opportunities of the Company, the strength of the Company's our brands, product lines and e-commerce business, geographic diversity, market recovery, availability of capital under the Company's our credit facilities, the capital markets or other sources, the Company's our conservation and cost reduction efforts, future stock repurchases, cash flows and liquidity, compliance with debt covenants, estimated unrecognized stock compensation expense, projected capital expenditures and depreciation and amortization expense, future contractual obligations, the realization of deferred tax assets, including loss and credit carryforwards, future income tax expense, provision, the future impact of new accounting standards, the Topgolf merger impacts of inflation and the related financial impact changes in foreign exchange rates, future prospects and growth of the future our business, and prospects of the Company, including TravisMathew, LLC ("TravisMathew"), OGIO International, Inc. ("OGIO"), JW Stargazer Holding GmbH ("Jack Wolfskin") and Topgolf. These statements are based upon current information and the Company's our current beliefs, expectations and assumptions regarding the future of the Company's our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company's our control. As a result of these uncertainties and because the information on which these forward-looking statements is based may ultimately prove to be incorrect, actual results may differ materially from those anticipated. Important factors that could cause actual results to differ include, among others, the following:

- certain risks and uncertainties, including changes in capital markets or economic conditions, particularly the uncertainty related to inflation, and related decreases in consumer demand and spending and any severe or prolonged economic downturn;
- the impact of the COVID-19 pandemic and its related variants and other potential future outbreaks of infectious diseases or other health concerns, and measures taken to limit their impact, which could adversely affect the Company's business, employees, suppliers, consumer demand and supply chain, and the global economy;
- costs, expenses or difficulties related to the merger with Topgolf, including the integration of the Topgolf business, or the failure to realize the expected benefits and synergies of the transaction in the expected timeframes or at all;
- the potential impact of the Topgolf merger on relationships with the Company's and/or Topgolf's employees, customers, suppliers and other business partners;
- consumer acceptance of and demand for the Company's our products and services;
- future retailer purchasing activity, which can be significantly affected by adverse industry conditions and overall retail inventory levels;
- any unfavorable changes in U.S. trade or other policies, including restrictions on imports or an increase in import tariffs;
- the level of promotional activity in the marketplace;
- future consumer discretionary purchasing activity, which can be significantly adversely affected by unfavorable economic or market conditions;
- future changes in foreign currency exchange rates and the degree of effectiveness of the Company's our hedging programs;

- the our ability of the Company to manage international business risks;

- the Company's our ability to recognize operational synergies and scale opportunities across its our supply chain and global business platform;
- adverse changes in the credit markets or continued compliance with the terms of the Company's our credit facilities;
- the Company's our ability to monetize its our investments;
- costs, expenses or difficulties related to the Company's merger with Topgolf, including the integration of the Topgolf business, or the failure to realize the expected benefits and synergies of the transaction in the expected timeframes or at all;
- our ability to successfully integrate, operate and expand the retail stores of its the TravisMathew, and Jack Wolfskin, businesses, and our Japan and Korea apparel business businesses, and venue locations of the Topgolf business; and BigShots businesses;
- delays, difficulties or increased costs in the supply of components needed to manufacture the Company's our products or in manufacturing the Company's our products, including the Company's our dependence on a limited number of suppliers for some of its our products;

- adverse weather conditions and seasonality;
- any rule changes or other actions taken by the United States Golf Association or other golf association associations that could have an adverse impact upon demand or supply of the Company's our products;
- the our ability of the Company to protect its our intellectual property rights;
- a decrease in participation levels in golf;
- the effect of terrorist activity, armed conflict, the conflict between Russia and Ukraine or Israel and Hamas, natural disasters or pandemic diseases, including without limitation the COVID-19 pandemic and its related variants, on the economy generally, on the level of demand for the Company's our products or on the Company's our ability to manage its our supply and delivery logistics in such an environment; and
- the general risks and uncertainties applicable to the Company us and its our business.

Investors should not place undue reliance on these forward-looking statements, which are based on current information and speak only as of the date hereof. The Company undertakes We undertake no obligation to update any forward-looking statements to reflect new information or events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Investors should also be aware that while the Company we from time to time does communicate with securities analysts, it is against the Company's our policy to disclose to them any material non-public information or other confidential commercial information. Furthermore, the Company has we have a policy against distributing or confirming financial forecasts or projections issued by analysts and any reports issued by such analysts are not the responsibility of the Company. our responsibility. Investors should not assume that the Company agrees we agree with any report issued by any analyst or with any statements, projections, forecasts or opinions contained in any such report. For details concerning these and other risks and uncertainties, see Part I, Item IA, "Risk Factors" contained in this report, as well as the Company's our quarterly reports on Form 10-Q and current reports on Form 8-K subsequently filed with the SEC from time to time.

Topgolf Callaway Brands Corp. Trademarks: *The following marks and phrases, among others, are trademarks of the Company: our trademarks: AI Smoke, Alpha Convoy, Apex, Apex CB, Apex DCB, Apex Pro, TCB, Apex Tour, Apex UW, APW, ArcLite, Arm Lock, At Home Outdoors, B21, Backstryke, Batwing Technology, Big Bertha, Big Bertha B21, Big Bertha REVA, Big T, Bird of Prey, Black Series, Bounty Hunter, C Nanuk, C Grind, Callaway, Callaway Capital, Callaway Golf, Callaway Media Productions, Callaway Super Hybrid, Callaway X, Capital, Chev, Chev 18, Chevron Device, Chrome Soft, Chrome Soft X, Chrome Soft X LS, Chrome Tour, Chrome Tour X, Cirrus, Comfort Tech, CUATER, Cuater C logo, Cup 360, CXR, 360 Face Cup, Dawn Patrol, Demonstrably Superior And Pleasingly Different, DFX, DSPD, Divine, Double Wide, Down Fiber, Eagle, Engage, Epic, Epic Flash, Epic Max, Epic Max LS, Epic Speed, ERC, ERC Soft, Everyone's Game, Exo, Cage, Fast Tech Mantle, Fibercloud, FitDisc, Flash Face Technology, FlexContact, FlexShield, Forceplate, Flash Face, FT Optiforce, FT Performance, FT Tour, Function65, Fusion, Fusion Zero, GBB, GBB Epic, Gems, Golf Fusion, Gravity Core, Great Big Bertha, Great Big Bertha Epic, Grom, Groove- In- Groove Technology, Heavenwood, Hersatility, Hex Aerodynamics, Hex Chrome, Hightail, HX, Hyper Dry, Hyper-Lite, Hyper Speed Face, I.D. Ball, Jack Wolfskin, Jailbird, Jailbreak, Jailbreak AI Speed Frame, Jailbreak AI Velocity Blades, JAWS Full Toe, MD5, Jaws Raw, Jewel Jam, Kings of Distance, Legacy, Life On Tour, Longer From Everywhere, Lowrider, Luxe, Mack Daddy, Mack Daddy CB, Magna, Majestic, MarXman, Mavrik, MD3 Milled, MD4 Tactical, MD5, MD 5 Jaws, Metal-X, Microguard, Microhinge Face Insert, Microhinge Star, Mission:Ambition, Nanuk, NipIt, Number One Putter in Golf, O OGIO, O Works, Odyssey, Odyssey Eleven, Odyssey Works, Offset Groove in Groove, OG, Ogio, OGIO AERO, OGIO ALPHA, Ogio Aero, OGIO ARORA, Ogio Convoy, OGIO CLUB, OGIO FORGE, OGIO FUSE, OGIO ME, OGIO PACE, OGIO RENEGADE, OGIO RISE, OGIO SAVAGE, OGIO SHADOW, OGIO XIX, OptiColor, Opti Flex, Opti Grip, Opti Shield, OptiFit, OptiTherm, Opti Vent, ORG 7, ORG 14, ORG 15, Paradym, Paradym AI Smoke, Paradym X, Paw Print, PRESTIGE 7, ProType, ·R·, RCH, Real Dome Technology, ·R, Rainspann, Red Ball, REVA, R-Moto, Renegade, Rig 9800, Rossie, Rogue ST, RSX, S2H2, Sabertooth, Shankstar, Shoxx, Shredder, Silencer, SLED, Slicestopper, Slice Stopper, SoftFast, Solaire, Speed Cartridge, Speed Regime, Smoozip,* *Speed Step, Speed Tuned, Steelhead XR, Steelhead, Strata, Stroke Lab, Stormlock, Stronomic, Sub Zero, Superfast, Superhot, Supersoft, Supersoft MAX, SureOut, Swing Suite, Tee Time Adventures, TM, Tank, Tank Cruiser, Tech Series, Teron, Texapore, Texapore Ecosphere, TMCA, TopContender, Thermal Grip, Toe Up, TopChallenge, TopChip, TopContender, TopDrive, TopGolf, TopGolf Crush, Topgolf Entertainment Group, TopGolf Media, Topgolf Shield Logo, TopLife, Toptracer, Toptracer Range, TopPressure, TopScore, TopScramble, TopShot, TopPressure, Toe Up, TopTracer, TopTracer Range, Toulon, Toulon Garage, Tour Authentic, Tour Tested, Trade In! Trade Up!, TRAVISMATHEW, TravisMathew TM logo, TriHot 5K, Tri Hot, Trionomer Cover, Truvis, Truvis Pattern, Tyro, udesign, Uptown, Vent Support System, Versa, VFT, VTec, VTEC, W Grind, Warbird, Weather Series, Weather Spann, Wedgeducation, WGT, White Hot, White Hot OG, White Hot Tour, White Ice, WireSupport, Wolfskin Tech Lab, Woode, World's WOODE, World's Friendliest, X-12, X-14, X-16, X-18, X-20, X-22, X-24, X-ACT, XACT, X Face VFT, X Hot, X Hot Pro, X² Hot, X Series, X Spann, X Tech, XR, XR 16, XSPANN, Xtra Traction Technology, Xtra Width Technology, XTT, 2-Ball.*

Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, operating results, cash flows and financial conditions.

Risks Related to the Company's our Industry and Business

- A reduction in the number of rounds of golf played or in the number of golf participants could adversely affect the Company's sales.
- Unfavorable economic conditions, including as a result of inflation or otherwise, could have a negative impact on consumer discretionary spending and therefore negatively impact the Company's our results of operations, financial condition and cash flows.
- The Company A reduction in the number of rounds of golf played or in the number of golf participants could adversely affect our sales.
- We may have limited opportunities for future growth in sales of golf clubs and golf balls.
- The Company, including Topgolf, its franchisees and licensees, We may face increased labor costs or labor shortages, in particular with respect to our Topgolf venues business and our franchisees and licensees, that could slow growth and adversely affect its our business, results of operations and financial condition.
- The COVID-19 pandemic has had, and may continue to have, a material and adverse effect on the Company's business, financial condition, results of operations, supply and distribution chains and ability to manage its operations.
- A severe or prolonged economic downturn could adversely affect the Company's our customers' financial condition, their levels of business activity and their ability to pay trade obligations.
- The Company faces We face intense competition in each of its our markets and operating segments, and if it is we are unable to compete effectively, it could have a material adverse effect on its our business, results of operations, financial condition and growth prospects.
- The Company's Our expanding apparel business, and operation of related retail locations, is subject to various risks and uncertainties, and the Company's our growth and strategic plans may not be fully realized.
- Topgolf's Our Topgolf growth strategy depends in part on its our and its our franchisees' ability to open new venues in existing and new markets.
- There can be no guarantee that a sufficient number of suitable Topgolf venue sites will be available in desirable areas or on terms that are acceptable to us in order to achieve our growth plan, or that we will be successful in addressing the other risks inherent in our business that will allow us to open new Topgolf venues in a timely and cost-effective manner or at all. If the Company is we are unable to open new Topgolf venues, or if venue openings are significantly delayed or face other obstacles, our revenues could be adversely affected and our business negatively impacted. New Topgolf venues, once opened, may not be profitable or may close, which would adversely affect our Topgolf business as well as our financial condition and results of operations and ability to execute our growth strategy.
- If we are unable to successfully manage the frequent introduction of new products in its our golf equipment business that satisfy changing consumer preferences, it could significantly and adversely impact its our financial performance and prospects for future growth.
- The Company's soft goods and apparel Our active lifestyle and Topgolf venues businesses face risks associated with changed consumer tastes and preferences and fashion trends.
- Our golf equipment business and our active lifestyle business each have a concentrated customer base. The Company's business depends loss of one or more of our top customers could have a significant effect on strong brands and related reputations, and if the Company is not able to maintain and enhance the Company's brands or preserve its strong reputation, including as a result of actions taken by franchisees and licensees, its sales may be adversely affected. our sales.
- The Company's business is subject Changes in equipment standards under applicable Rules of Golf, including new rules intended to both seasonal and non-seasonal fluctuations, which reduce distances through limitations on golf ball specifications, could result in fluctuations in its operating results and stock price.
- The Company's sales and business could be materially and adversely affected if professional athletes, celebrities and other endorsers do not endorse or use the Company's products.

- Any significant changes in U.S. trade or other policies that restrict imports or increase import tariffs could have a material adverse effect on the Company's results of operations. affect our business.

Risks Related to Operations, Manufacturing, and Technology

- The Company has We have significant international operations and is are therefore exposed to risks associated with doing business globally.
- We have significant international sales and purchases, and unfavorable changes in foreign currency exchange rates could have a significant negative impact on our results of operations.
- The costs and availability of finished products, product components, raw materials and ingredients could affect the Company's our operating results.
- Any difficulties from strategic acquisitions that the Company pursues we pursue or consummates, consummate, including its recent our merger with Topgolf, could adversely affect its our business, financial condition and results of operations.
- If the Company we inaccurately forecasts forecast demand for its our products, it we may manufacture either insufficient or excess quantities, which, in either case, could adversely affect its our financial performance.
- The Company's Our expanding international operations could be harmed if it fails we fail to successfully transition its our business processes on a global scale.
- Instances We may not be able to obtain and maintain licenses and permits necessary to operate our Topgolf business and our venues in compliance with applicable laws, regulations and other requirements, which could adversely affect our business, results of food-borne illness operations and outbreaks financial condition.
- We depend on a limited number of disease suppliers for some of the components of our products, and the loss of any of these suppliers could negatively impact Topgolf's harm our business.
- The Company A significant disruption in the operations of our golf club assembly and golf ball manufacturing and assembly facilities could have a material adverse effect on our sales, profitability and results of operations.
- A disruption in the service or a significant increase in the cost of our primary delivery and shipping services for our products and component parts or a significant disruption at shipping ports could have a material adverse effect on our business.
- Guest complaints, litigation on behalf of guests or employee associates ("Playmakers") or other proceedings may be subject to product warranty claims that require the replacement or repair of products sold. Such warranty claims could adversely affect the Company's our business, results of operations and relationships with its customers. financial condition.
  - Failure to adequately enforce the Company's intellectual property rights could adversely affect its reputation and sales.
- Cyber-attacks, unauthorized access to, or accidental disclosure of, consumer personally-identifiable information that the Company collects may result in significant expense and negatively impact the Company's reputation and business.

Risks Related to Regulations

- Regulations related We, as well as our Topgolf franchisees and licensees, are subject to "conflict minerals" require the Company many federal, state, local and foreign laws, as well as other statutory and regulatory requirements, with which compliance is both costly and complex. Failure by us or our franchisees or licensees to incur additional expenses and comply with, or changes in these laws or requirements, could limit the supply and increase the cost of certain metals used in manufacturing the Company's products. have an adverse impact on our business.
- Changes in, or any failure to comply with, data privacy laws, regulations, and standards may adversely affect the Company's our business.

Risks Related to Tax and Financial Matters

- Changes in tax law and unanticipated tax liabilities could adversely affect the Company's our effective income tax rate, profitability and profitability. cash flows.
- The Company's Our ability to utilize all or a portion of its our U.S. deferred tax assets may be subject to limitations.
- The Company's Our obligations and certain financial covenants contained under its our existing credit facilities expose it us to risks that could materially and adversely affect its our liquidity, business, operating results, financial condition and limit its our flexibility in operating its business. our business, including the ability to make any dividend or other payments on our capital stock.

TOPGOLF CALLAWAY BRANDS CORP.

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PART I.

PART I

Item 1. ***Business Overview***

OVERVIEW

Topgolf Callaway Brands Corp. (formerly Callaway Golf Company), together with its our wholly-owned subsidiaries (collectively, the “Company” or, “Topgolf Callaway Brands”, “we”, “our”, or “us”), is a leading modern golf and active lifestyle company that provides world-class golf entertainment experiences, designs and manufactures premium golf equipment, and sells golf and active lifestyle apparel and other accessories through its our family of brand names which include Topgolf, Callaway Golf, Odyssey, TravisMathew, Jack Wolfskin, OGIO and Toptracer.

The Company was We were incorporated in California in 1982 under its our previous name, “Callaway Golf Company,” with a primary focus on the design, manufacture and sale of high-quality golf clubs and golf balls. clubs. In 1992, the Company we became a publicly-traded corporation on the New York Stock Exchange under the ticker symbol “ELY” and in 1999, the Company we reincorporated in the State of Delaware. In 2000, we entered into the golf ball business with the release of our first golf ball product. In 2017, the Company we expanded its our business into active lifestyle apparel and accessories with its our acquisitions of OGIO, a leading manufacturer of high-quality bags and accessories, and TravisMathew, a manufacturer of premium golf and active lifestyle apparel and accessories. In 2019, the Company we acquired Jack Wolfskin, and in 2021, the Company we completed a merger with Topgolf, a leading technology-enabled golf entertainment business comprised of state-of-the-art golf and entertainment venues, proprietary Toptracer ball-tracking technology, and an innovative media and content creation platform. These transactions have transformed the Company into a leading modern golf, lifestyle The combination of products and entertainment company whose products, services and offered by our family of brands are now sold across multiple channels to consumers both in the United States and internationally in over 120 countries.

On September 6, 2022, the Company we changed its our corporate name from Callaway “Callaway Golf Company Company” to Topgolf “Topgolf Callaway Brands Corp.”, and, on September 7, 2022, we changed its our New York Stock Exchange ticker symbol from “ELY” to “MODG.” The changes to the corporate name and ticker symbol did not have any impact on the Company’s legal entity structure, financial statements or previously reported financial information.

GROWTH AND OVERALL STRATEGY

The Company believes it is We believe we are well-positioned for long-term growth given its our diversified portfolio of product and unmatched service offerings and consumer scale reach and reach scalability within the growing active lifestyle and modern golf ecosystem, which has increased meaningfully in recent years due in large part to the growth of off-course golf, which is expected to continue to grow, driven in part by Topgolf’s continued new venue development. Building off strong industry fundamentals, Topgolf Callaway Brands’ ecosystem. Our path to long-term growth is anchored on five four key initiatives which include the following: executing on Topgolf’s domestic initiatives: innovation, expansion, synergy, and international expansion strategy and growth efficiency across our family of same-venue-sales; maintaining a leadership position in golf equipment technology and innovation; maintaining sustainable brand momentum and increasing direct-to-consumer presence in the active lifestyle segment; leveraging the Company’s global scale and integrated supply chain; and capitalizing on digital revenue opportunities and cross-segment cost synergies. By executing on its brands. We believe that execution of our long-term strategy to achieve each of these initiatives, the Company believes it can will create long-term value for shareholders.

REPORTABLE SEGMENTS AND PRODUCTS

The Company manages its We manage global business operations through its our operating and reportable business segments. As of December 31, 2022 December 31, 2023, the Company we had three reportable operating business segments: Topgolf, Golf Equipment and Active Lifestyle.

During the second quarter of 2022, the Company changed the name of its “Apparel, Gear, and Other” operating segment to “Active Lifestyle”. The segment name change had no impact on the composition of the Company’s segments or on previously reported financial position, results of operations, cash flow or segment operating results.

TOPGOLF

Topgolf is a leading technology-enabled golf entertainment business with an innovative platform of products and services which are comprised of its state-of-the-art open-air golf and entertainment venues, its largest line of business, as well as its a revolutionary proprietary Toptracer ball-tracking technology, and a digital media platform.

Venues

The Topgolf venues business, which is the largest line of the Topgolf business, is comprised of Company-owned and operated Company-operated Topgolf venues located within the United States and Company-operated and franchised venues located outside of the United States.

	As of December 31,		
Topgolf Venues by region:	**2023**	**2022**	**2021**
Domestic Owned and Operated	88	77	67
Domestic Acquired(1)	1	0	0
International Owned and Operated	4	4	3
International Franchised	5	5	3
Total	98	86	73

(1) Represents the Company-operated venue acquired as a part of the BigShots acquisition.

As of December 31, 2022 December 31, 2023, Topgolf we had 77 89 Company-operated venues in the United States, four Company-operated venues in the United Kingdom and five franchised venues in Australia, Mexico, the United Arab Emirates, Thailand and Germany. Over Our focus over the next several years is to improve the Company’s focus is earnings contribution from venues, and to maintain a strong pipeline of new venue openings both domestically and internationally, through by increasing the number of Company-owned and operated Company-operated venues as well as venues operated through international franchise partners.

Venue Design and Development

Topgolf tailors We tailor the design of its our venues to thrive in varying climates, conditions and market sizes. The location of each of Topgolf’s venues venue is carefully selected through a disciplined, data-driven rigorous site selection process, led by an experienced real estate team and augmented by a nationwide broker network. A typical venue takes between 10 and 15 months to build, though build times team. Venue construction timelines may vary based on the size and complexity of the venue model, existing site conditions, the season and weather, as well as other factors. Topgolf factors, with a typical venue taking between 10 and 15 months to build from ground break until we are substantially complete. We primarily uses use the services of design/build contractors for the construction of its our venues, and we generally estimates estimate the gross development cost to build a venue to be between $10 million $15 million and $55 million $60 million depending on the size, location and location of the facility. Topgolf various other factors. While we typically seeks seek to finance the construction of its our venues through third-party developers or real estate financing partners. While Topgolf partners, there are certain instances where we may still be required to fund a portion or all of venue development costs, its financing partners will purchase the construction ourselves. When we acquire land directly or lease the land and fund a majority of venue development costs during and after construction. Once construction is completed, Topgolf leases finance the venue construction ourselves, we may enter into arrangements to sell the assets and underlying land lease them back from the a financing partner, or in cases where Topgolf does not choose to finance venue construction through one of its financing partners, Topgolf will fund 100% of venue development costs.partner.

Technology and game development for games used in Topgolf venue gameplay and on Topgolf digital media is supported by teams located in offices and studios in Dallas, Texas, San Francisco, California and Stockholm, Sweden. These teams are comprised of front-end and back-end a variety of engineers, including software, network, structural, radio frequency, electrical, mechanical, machine learning, visual recognition, system test, computer vision scientists and data analysis user experience and industrial design engineers, scientists and mobile app developers. Topgolf utilizes We also utilize a number of proprietary, industry standard and third-party management information systems in its our business and relies rely on its our own servers and third-party infrastructure to operate games and to maintain and provide analytical data.

Venue Management and Operations

Domestic venue Venue operations are supported by a multi-disciplined operations team which is responsible for a number of areas, including pre-opening activities (including employee recruitment, selection and training), culinary development, event sales support, marketing, technology services, supply chain support for food, beverages and equipment, marketing, and ongoing training and development for associates. Maintaining a high degree quality of quality service in the venues depends in part on Topgolf's our ability to work with reliable suppliers to acquire food and beverage ingredients, venue hardware, golf equipment and/or other supplies that meet Topgolf's our high standards from reliable suppliers. Topgolf uses standards. We use a third-party verification company to ensure that all of our vendors meet specified United States guidelines and regulations. For regulations, and for produce, Topgolf uses we use a third-party vendor that regulates a nationwide network of produce distributors nationwide. Topgolf has distributors. For gameplay, we utilize our own engineers to support the development of custom digital content and certain golf equipment for use at our venues. We also have supply agreements in place with manufacturers in Taiwan and China to produce the specially designed radio-frequency identification ("RFID")-enabled golf equipment which is specially designed for venue use during game play. play at a Topgolf also utilizes the Company's engineers to support the development of golf equipment, including golf balls. Bay venue, and bay equipment within the Topgolf venues is custom built, primarily by domestic manufacturers.

Sales

Revenues from Company-operated venues are primarily derived from gameplay, the sale of food and beverage, and gameplay, events, and advertising partnerships and sponsorships. Topgolf Our venues offer multiple forms of entertainment and are equipped with technology-enabled hitting bays, bars, dining areas, bars, and exclusive event spaces. The technology-enabled hitting bays incorporate proprietary ball-tracking technologies which "gamify" the sport of golf and offer guests of varying skill levels a variety of games that are aimed to appeal to a broad range of players. Topgolf Our venues also provide flexible spaces that are used for dining, watching sports, charity fundraisers, corporate events, golf instruction, game play and live music performances. Topgolf hosts performances, in addition to hosting events similar to arenas and other types of entertainment venues which range in size from seven to over 1,000 attendees. These events provide food and beverage and game play throughout the venue for corporate and social groups, and typically can include meetings, team-building events, client entertainment, birthday parties, tournaments, fundraisers, concerts and more.

Competition

Topgolf Our venues compete for consumers' leisure time and discretionary entertainment dollars against a broad range of other out-of-home entertainment options including other dining and entertainment venues, sports activity centers, traditional driving ranges and other establishments offering simulated golf or multi-sport experiences, arcades and entertainment centers, movie theaters, sporting events, bowling alleys, nightclubs, and bars and restaurants.

Advertising & Marketing

Topgolf Our marketing campaigns are aimed to increase consumer brand awareness and support our overall growth strategy. Our venues play a lead role in connecting connect people in meaningful ways by introducing guests to the our brand, as well as its culture and technologies. Topgolf places technologies, and are advertised across various marketing channels, including content distributed through paid advertising networks, email and text message subscriber lists, on Topgolf's and other social media and influencer pages and websites, by word-of-mouth, or through other media coverage. We place a large focus on its our owned channels of communication to fuel a more personalized approach for attracting repeat visits through email and text messages to its large our subscriber base. Venues are also advertised across various marketing channels, including content distributed through paid advertising networks, email and text message subscriber lists, on Topgolf and other online social media and influencer pages and websites, by word-of-mouth, or through other media coverage.

Seasonality

Topgolf sales generally fluctuate from quarter to quarter due to seasonal factors. Historically, our venues experience higher sales during the second second- and third quarters, which are third-quarter revenues associated with the spring and summer, seasons, while sales at the venues have historically been lower during the first and fourth quarters which are associated have historically had lower revenues, with the cold-weather months of fall first quarter being the lowest, due to cooler temperatures and winter. Seasonality fewer corporate events. Given that seasonality is an expected to be a factor in Topgolf's our results of operations, and as a result, factors affecting peak adverse weather may impact all seasons at our venues, such as adverse weather, could have which may result in a disproportionate effect on Topgolf's our operating results.

Other Lines of Business

Topgolf licenses We license Toptracer, its our proprietary ball-tracking technology to independent driving ranges and golf courses and for use in golf broadcasts. Toptracer delivers a data-driven and "gamified" enhancement to the traditional driving range experience by delivering instant shot replays, gameplay for all skill levels and a data record of all shots. The Toptracer ball-tracking technology actively tracks all ball flight paths across an entire field of vision and its while our custom-built sensor provides real-time shot analytics, such as ball speed, apex, curve, carry and more, in real time. Components used in the more. Toptracer business components are sourced from a number of third-party suppliers located in Germany, Taiwan, the United Kingdom and the United States, either directly or indirectly through distributors. Topgolf has developed In the United States we distribute Toptracer using our own warehousing and logistics. For our international Toptracer operations, we partner with a global distribution strategy for the Toptracer range business that utilizes a third-party logistics partner for warehousing and distribution, with and currently have warehouses currently located in the United States and the United Kingdom. To help build brand awareness, Topgolf we primarily utilizes utilize public relations, influencer marketing, professional athletes, social media, conferences, event marketing and paid media to support lead generation and sales efforts. Toptracer competes against other companies with similar products and technologies to attract and retain qualified licensees. The ability to attract new franchisees and licensees Toptracer customers is based primarily on the strength and quality of the brand and reputation, the products and revenue opportunities Topgolf is we are able to provide, as well as on the structure of the operating models and the terms of the respective agreements. The Company anticipates expanding the global reach

In addition to Toptracer, we license Swing Suite, which offers simulated game play on well-known golf courses in addition to other games including football, baseball and soccer, among others, to a variety of its Toptracer range technology product by leveraging the strong relationships the Toptracer indoor hospitality and Callaway sales teams have around the world. entertainment operators, including hotels, casinos and restaurants.

Topgolf's Our Topgolf digital media gaming platform is primarily comprised of digital games such as the mobile golf game World Golf Tour ("WGT") and other digital content creation. WGT is an online multiplayer virtual golf game that utilizes proprietary GPS and 3D technology to enable players to gather online as a community and experience simulated gameplay on photorealistic recreations of more than 16 world-famous golf courses. Digital gaming and content produced by Topgolf compete we produce competes for consumers' attention, leisure time and discretionary spending against the other at-home entertainment alternatives, particularly content focused on golf or other sports. alternatives.

GOLF EQUIPMENT

The Company designs, manufactures We design, manufacture and sells sell a full line of high-quality golf equipment, which is comprised of the golf clubs and golf balls product groups. The Company designs its We design our golf equipment products to be technologically advanced for amateur and professional golfers of all skill levels, and the golf equipment products are generally designed to conform to the Rules of Golf as published by the United States Golf Association ("USGA") and the ruling authority known as The R&A.

Products

Golf clubs include woods (drivers, fairway woods and hybrids) and irons (irons, wedges and packaged sets) sold under the Callaway brand, and putters sold under the Odyssey brand, including Toulon Design by Odyssey. brand. This product group also includes Callaway and non-Callaway pre-owned golf clubs. Callaway's golf clubs are generally made of steel, titanium alloys, carbon fiber and various thermoplastic and thermoset materials.

Golf balls are sold under the Callaway Golf and Strata brands and are generally either a 2-piece golf ball (consisting of a core and cover) or a multilayer golf ball (consisting of two or more components in addition to the cover). The Company's Our golf ball products include covers that incorporate a traditional dimple pattern as well as covers that incorporate innovative designs, including the Company's our proprietary HEX Aerodynamics (i.e., a lattice of tubes that form hexagons and pentagons), Hybrid Cover, Triple Track Technology and Truvis patterns. Callaway brand golf balls are generally made of various combinations of synthetic rubber, ionomer blends and urethane which are processed with other chemicals in order to optimize performance.

Product Design and Development

The Company innovates We innovate to maintain its our market share leadership position in both golf clubs and golf balls by continuously investing in research and development and also leveraging artificial intelligence in its our product design process in order to help create products that are designed to be technologically advanced and not limited to the duplication of traditional or conventional product designs. The Company creates We create and modifies modify product designs by using computer-aided design software, finite element analysis software and structural optimization techniques which leverage artificial intelligence. Furthermore, the Company utilizes we utilize a variety of testing equipment and computer software, including golf robots, launch monitors, a proprietary virtual test center, a proprietary performance analysis system, an indoor test range and other methods to develop and test its our golf equipment products.

Manufacturing

The Company has We have a primary golf club assembly facility located in Monterrey, Mexico, a limited golf club assembly facility located in Carlsbad, California, and a facility in Austin, Texas where the Company refurbishes we refurbish used clubs that it receives we receive from its our Trade-In! Trade-Up! program. Additionally, the Company utilizes we utilize golf club contract manufacturers in China and Vietnam, and Vietnam. We also have custom golf clubs are also assembled at club assembly facilities in Tokyo, Japan; Swindon, England; Melbourne, Australia, and other local markets based on to support regional demand. Currently, more than 50% of Company's our golf club assembly is performed in regions outside of the United States. Overall, the golf club assembly process is fairly labor intensive, utilizes raw materials that are obtained from international and domestic suppliers, and requires extensive global supply chain coordination.

The Company has We have a golf ball manufacturing facility in Chicopee, Massachusetts, and also utilizes utilize golf ball contract manufacturers in China and Taiwan. In 2022, 2023, approximately 75% of the Company's our golf ball units balls were manufactured in regions outside of the United States. The golf ball manufacturing process utilizes raw materials that are obtained from international and domestic suppliers.

Sales

The Company sells its We sell our golf equipment products domestically and internationally, directly and through its our wholly-owned subsidiaries, to wholesale customers, including golf course pro shops, off-course retailers, sporting goods retailers, online retailers, and third-party distributors, as well as certain products to mass merchants. The Company merchants for certain products. We also sell directly sells to consumers through its our websites and retail locations in Japan and Korea. The Company also sells its golf equipment products Korea as well as to corporate customers who want their corporate logo imprinted on certain of our golf equipment products. In addition to the Company's sale of our golf equipment products, and we also offers offer custom club fitting programs at its our performance centers and at participating on- on- and off- off-course retail stores to help consumers find golf clubs that fit their personal specifications.

The Company We also sells sell certified pre-owned golf clubs directly to the consumer through its our website. The pre-owned golf clubs are generally acquired through the Company's our Trade In! Trade Up! program, which gives golfers the opportunity to trade in their used Callaway brand golf clubs and certain competitor golf clubs at authorized retailers or through its our website for credit toward the purchase of new golf equipment or pre-owned golf clubs.

Competition

For its Our golf equipment products the Company generally competes compete on the basis of technology, quality, product performance, customer service and price. In order to gauge the effectiveness of the Company's response our performance relative to such factors, management receives we receive and evaluates evaluate Company-generated market trends trend reports for the United States and foreign markets, as well as periodic public and customized market research for United States and United Kingdom ("U.K.") markets from Golf Datatech and The National Golf Foundation which include trends from certain on- and off-course retailers. Additionally, the Company utilizes we utilize the Growth from Knowledge Group for data and analysis of the consumer goods market in Japan. We believe that we are a technological leader in every golf club and golf ball market in which we compete.

The Company's Our major competitors for drivers, fairway woods and irons are TaylorMade, Ping, Acushnet (Titleist brand), Puma (Cobra brand), SRI Sports Limited (Cleveland and Srixon brands), Mizuno, Bridgestone, and Parsons Xtreme Golf (PXG). For putters, the Company's our major competitors are Acushnet (Titleist & Scotty Cameron brands), Ping and TaylorMade. The Company believes that it is a technological leader in every golf club market in which it competes.

The Company's Our major competitors for golf balls include Acushnet (Titleist and Pinnacle brands), SRI Sports Limited (Dunlop and Srixon brands), Bridgestone (Bridgestone and Precept brands), TaylorMade and others. These competitors compete for market share in the golf ball business, with Acushnet having a market share of over 50% of the golf ball business in the United States and a leading market share position in certain other regions outside of the United States. The Company believes that it is a technological leader in the golf ball market in which it competes.

Advertising & Marketing

The Company's Our marketing campaigns for its our golf equipment products are aimed to increase consumer product awareness and support the Company's our overall growth strategy. Advertising for the Company's our golf equipment products is mainly primarily in the form of televised commercials during golf telecasts, primarily on The Golf Channel, web-based digital and social media advertising, printed advertisements in national magazines, such as Golf Magazine and Golf Digest, as well as in-store advertising and other types of advertising and marketing to consumers who are part of the Topgolf community. The Company We also establishes establish relationships with professional athletes and personalities, including members of various professional golf tours as well as other athletes and media personalities, in order to promote the Company's our golf equipment products.

Seasonality

In most of the regions where the Company conducts business, the The game of golf is played primarily on a seasonal basis. basis in most of the regions where we conduct business. Weather conditions generally restrict golf from being played year-round, except in a few markets, with many of the Company's our on-course customers closing for the cold weather months, making the Company's our golf equipment business subject to seasonal fluctuations. In general, during the first quarter, the Company begins we begin selling its our golf club and golf ball products into the golf retail channel for the new golf season. This initial sell-in generally continues into the second quarter when sales are significantly affected by the amount of reorder business of the products sold during the first quarter. Third-quarter sales generally also depend on reorder business, but can also include smaller new product launches, and typically have lower sales than the second quarter since many retailers begin decreasing their inventory levels in anticipation of the end of the golf season. Fourth-quarter golf equipment sales are generally less than the other quarters due to it being the end of the golf season in many of the Company's our key regions, but may also be affected from time to time by the early launch of product introductions related to the new golf season of the subsequent year. This seasonality, and therefore quarter-to-quarter fluctuations, can be affected by many factors, including the timing of new product introductions as well as weather conditions. In general, because of this seasonality, a majority of the Company's our sales from its our Golf Equipment business and most, if not all, of its our profitability from this segment generally occurs during the first half of the year.

ACTIVE LIFESTYLE

The Company designs, develops We design, develop and sells sell high quality soft good products under the Callaway, TravisMathew, OGIO and Jack Wolfskin brands. These brands deliver a range of premium performance and lifestyle products in the United States and select international markets. The Company is We are focused on maintaining strong brand momentum by increasing its geographic footprint related to its TravisMathew, Jack Wolfskin category and Callaway apparel in both in the United States and internationally. In addition to new retail locations, the Company is market share growth with key trade partners. We are also focused on enhancing its our digital marketing, e-commerce and e-commerce retail store presence to increase direct-to-consumer sales and drive increased profitability over time.

Products

Callaway soft good products include golf apparel, footwear, and a full range of golf accessories such as golf bags, golf gloves, headwear and practice aids. Callaway branded golf apparel offerings include tops, bottoms and outerwear for men, women and children, and are made from high-quality fabrics designed for style, comfort and performance.

TravisMathew is a progressive active lifestyle brand that produces its own line of men's, women's, and youth apparel and accessories under the TravisMathew and Cuater by TravisMathew ("Cuater") brands. TravisMathew offers high quality, premium golf and lifestyle apparel, hats, luggage and accessories designed to deliver superior performance. Cuater's primary product is versatile, premium performance footwear but the brand also offers belts, hats, facemasks, sunglasses, socks and underwear. Although the TravisMathew brand is primarily known for its men's apparel line, the Company successfully launched a limited women's line in 2022.

OGIO is an active lifestyle brand that offers a variety of storage and active travel gear for sport and personal use. OGIO's product offerings include backpacks, travel bags, duffle bags, golf bags and storage gear accessories, as well as a line of outerwear, headwear and other accessories. OGIO products focus on organization, protection, durability and sustainability, and offer innovative organization features, durable waterproof construction, ergonomic and aerodynamic designs, as well as a unique style and the ability for customization. Athletes from the worlds of sports such as golf, skate, snow, surf and BMX put their trust in the protection, comfort, organization and style of OGIO products.

Jack Wolfskin is a global eco-performance apparel and active lifestyle brand which was founded on the tenants principles of product sustainability, functionality and quality. Jack Wolfskin's product offerings include a full line of functional outdoor apparel for men, women and children, including jackets, trousers, dresses, skirts and tops, in addition to footwear and outdoor equipment, including packs and bags, travel bags, tents, sleeping bags and accessories. Jack Wolfskin outdoor apparel includes softshell soft shell jackets, fleece jackets, windbreakers, down jackets, functional jackets and rain jackets for men, women, and children, which are made of waterproof, windproof and breathable fabrics. Founded in Frankfurt, Germany, Jack Wolfskin is one of the largest outdoor retailers in Europe, and is now one of the a major suppliers supplier of outdoor products across the world Europe and China with a versatile portfolio of smartly and sustainably engineered technologies, including its our popular Texapore weather protection technology group of materials.

Product Design, Development and Manufacturing

The Company's Our soft goods products are designed and developed internally and created through third-party manufacturing partners in Vietnam, China, Indonesia, Thailand, Bangladesh, the Philippines, and Peru, who source materials and create the products according to the Company's our brands' specifications.

Sales

The Company sells its We sell our soft goods products in the United States and internationally, directly and through its our wholly-owned subsidiaries, to wholesale customers and directly to consumers through its our retail locations and online through its our websites.

The Company sells its We sell our Callaway soft goods products to golf retailers (including pro shops at golf courses and off-course retailers), sporting goods retailers, online retailers, and third-party distributors, as well as directly to consumers through the Callaway Golf website and various retail, outlet and store-in-store locations in Japan and Korea. In exchange for a royalty fee, the Company we also licenses its license our trademarks and service marks to third parties for use on certain Callaway apparel and golf accessories.

In addition to the sales channels mentioned above, TravisMathew is also sold to luxury department stores and lifestyle specialty stores, and directly to consumers through the TravisMathew website and various TravisMathew retail locations in the United States, Japan, Europe, and the United Kingdom. Canada.

OGIO products are sold through the OGIO website in addition to the sales channels mentioned above. OGIO We also licenses its license our line of OGIO motorsport products to a third party in exchange for a royalty fee, and licenses its license our other OGIO products to a third party for distribution in the corporate channel in the United States, Canada and Mexico.

The Company sells We sell Jack Wolfskin products directly and through its our wholly-owned subsidiaries in Germany, China, the U.K., Switzerland, Poland and Japan to third-party distributors and retail stores, online retailers, department stores, mail order stores, as well as directly to consumers through its our Company-owned retail locations and website. Jack Wolfskin retail stores are located primarily in Europe and in 2020, Jack Wolfskin opened its first North American online retail store, followed by the opening of its first United States showroom retail location in Park City, Utah in 2021. China.

Competition

The Company's Our major competitors for its our golf apparel and accessories are generally other golf companies and premium golf apparel companies, as well as specialty retailers. While the TravisMathew business faces competition from the premium golf apparel companies, it also competes in department stores with other men's apparel companies, including Bonobos, johnnie-O, Nike, Peter Millar, Ted Baker London and Vince. With the addition of the The Jack Wolfskin business there are competes with a number of well-established and well-financed companies with recognized brand names, with which the Company competes, including Patagonia, Columbia and The North Face. The Company seeks We seek to differentiate itself ourselves through elevated design, premium materials and product innovation.

Advertising & Marketing

The Company markets We market and advertises its advertise our soft goods brands on various platforms, including television, traditional digital and print media, web-based and social media, as well as at experimental events and Topgolf venues and media. The Company We also establishes establish relationships with professional athletes and personalities, including members of various professional golf tours, as well as other athletes and personalities, in order to promote the Company's our soft goods product lines.

Seasonality

Sales of the Callaway-branded golf apparel and accessories generally follow the same seasonality as golf equipment, and are therefore generally higher during the first half of the year. Sales of TravisMathew branded golf and lifestyle apparel and accessories are more evenly spread throughout the year as sales are more diversified due to an increase in direct-to-consumer sales resulting from the expansion of TravisMathew stores, which is expected to continue. stores. Sales of outdoor apparel, footwear and equipment related to the Jack Wolfskin business focuses primarily on outerwear and consequently experiences stronger sales for such products during cold-weather months and the corresponding prior sell-in periods, and therefore, are generally greater during the second half of the year.

DISTRIBUTION

The Company has its We have our primary distribution center in Fort Worth, Texas for the distribution of golf equipment products and soft goods products in North America, in addition to America. We also have Company-operated distribution centers in Toronto, Canada; Swindon, England; Melbourne, Australia; Hamburg, Germany; and Shanghai, China, and third-party logistical operations in Tokyo, Japan and Seoul, Korea to support the distribution needs of markets they serve.

INTELLECTUAL PROPERTY

The Company is the owner of We own approximately 4,800 5,300 U.S. and foreign trademark registrations and over 1,800 1,900 U.S. and foreign patents relating to the Company's our products, product designs, manufacturing processes and research and development concepts. Other patent and trademark applications are pending and await registration. In addition, the Company owns we own various other protectable rights under copyright, trade dress and other statutory and common laws. The Company's Our intellectual property rights are very important to the Company, us, and the Company seeks we seek to protect such rights through the registration of trademarks and utility and design patents, the maintenance of trade secrets and the creation of trade dress. When necessary and appropriate, the Company enforces its we enforce our rights through litigation. Information regarding current litigation matters in connection with intellectual property is contained in Note 13. "Commitments & Contingencies" in the Notes to Consolidated Financial Statements in this Form 10-K.

The Company's Our patents are generally in effect for up to 20 years from the date of the filing of the patent application. The Company's Our trademarks are generally valid as long as they are in use and their registrations are properly maintained and have not been found to become generic.

HUMAN CAPITAL RESOURCES

Employee Profile

Topgolf Callaway Brands views its We view our employees as its our most valuable asset and seeks seek to attract and maintain the highest quality talent by offering competitive benefits and wellness services, opportunities to grow professionally across diverse industries, and receive performance feedback, among other initiatives. As of December 31, 2022 December 31, 2023, the Company and its subsidiaries we had approximately 32,000 full-time and part-time employees globally worldwide in 25 27 different countries. The Company employs We also employ temporary manufacturing workers as needed necessary based on the labor demands that across the organization, which also may fluctuate with the Company's seasonality. seasonality of our products.

The Company's Our golf ball manufacturing employees in Chicopee, Massachusetts are unionized and are covered under a collective bargaining agreement, which renewed on October 16, 2022 for an additional three years. years on October 16, 2022. In addition, certain of the Company's production employees in Australia and Mexico are also unionized. The Company considers its We consider our employee relations to be in good standing.

Culture and Values

Each of our businesses is driven by a desire to deliver exceptional products and experiences for our customers and guests, as well as a commitment to our late founder Ely Callaway's belief that, "good ethics is good business." We uphold our cultural values to establish our brand identity and unique work environment in an effort to enable employee engagement and retention. Every employee receives training on our Company's culture and values during their onboarding process, training experience, and training experience.

during their phases of leadership development.

Diversity, Equity and Inclusion (DE&I)

Topgolf Callaway Brands is We are headquartered in Carlsbad, California and maintains maintain regional offices, distribution centers, venues, and retail stores in numerous locations around the world. The Company's Our employees bring a wide range of cultures, experiences, talents, capabilities, and perspectives from around the world, and the Company is we are committed to recruiting, developing and promoting a diverse and inclusive workforce while offering unique opportunities and career paths for its our employees. The Company has We have an ongoing commitment to increase the number of women and diverse candidates throughout all levels of management while also hiring the most qualified individuals. The Company does We do not discriminate on the basis of actual or perceived race, creed, color, religion, national origin, citizenship status, age, disability, marital status, sexual orientation, gender, gender identity and similar classifications. In 2022, 2023, in the United States, more than half of management level management-level new hires, promoted employees, and interns were of a diverse background, which encompasses employees who are non-white, female, or both. The Company also requires all of its employees to complete Diversity and Inclusion Training and Unconscious Bias Training. In October 2022, the Company was we were selected as a DiversityFIRST Corporate Award recipient, which seeks to honor companies that demonstrate excellence in diversity best practices.

The Company strives We strive to attract more women and minorities to participate in the game of golf and is are dedicated to making golf more accessible to a diverse range of customers by creating products and experiences that are fun, social, entertaining, and inviting to a diverse range of customers and first-time golfers. Over the course of the last few years, the Company has we have been awarded three different prestigious employer awards in recognition of its our DE&I efforts, including the Diversity Jobs Top Employer 2021, Forbes 2020 Best Employers for Women, and National Down Syndrome Congress 2018 Employer of the Year.

Employee Well Being

The Company is We are committed to the health and well-being of its our employees and designs its design our compensation and benefits programs to demonstrate this commitment. For example, in addition to offering Our approach supports our employees' total wellness by addressing physical, mental and financial well-being. We provide competitive compensation packages alongside a comprehensive array of benefits designed to nurture total well-being. This includes robust health and a full suite of standard welfare benefits, including comprehensive health, life and disability insurance coverage, and a retirement plan with employer matching benefits, contributions.

At the Company offers heart of our commitment to well-being is a dedicated focus on mental health. We recognize its paramount importance and have integrated robust resources, such as an Employee Assistance Program ("EAP"), which empowers employees product discounts as well as and their families to manage their holistic health – mental, emotional, and physical. In addition, our employees have the ability opportunity to participate engage in a variety of wellness programs, which include ranging from fitness facilities to exercise programs and diverse educational resources.

By prioritizing well-being, we not only invest in our employees' present, but we also cultivate a variety of educational resources which address various aspects of physical, mental, nutritional and financial health. The Company also offers benefit plan participants the opportunity to reduce employee health care costs through wellness incentives and provides an Employee Assistance program to all employees. resilient foundation for their flourishing future.

The Company provides We provide a work environment where opportunities for training and development are provided available to employees. The core training trainings provided include Code of Conduct, Anti-Corruption and Business Ethics, Safety, Cybersecurity Awareness, and Diversity & Inclusion training. In addition to the on-the-job skills training Topgolf Callaway Brands offers employees receive on the job, we offer various leadership programs including Emerging Leadership Programs, including Corporate Operations and Leadership Development, Sales Training, Callaway Leadership Academy, Global Operations Leadership Training, Sales Management Training, and other various ad hoc leadership courses. The Company We also offers offer product training to its our customers and requires require a Supplier Code of Conduct training for its our suppliers.

Community Giving

The Company also has We have three existing programs focusing on the community: community giving programs: the Callaway Golf Company Foundation (the "Foundation"), the Callaway Golf Company Employee Community Giving Program (the "Community Giving Program"), and the Topgolf Driving for Good Program. Through these programs, the Company and its our employees are able to give back to the community through monetary and/or in-kind donations, and or by providing community services. service. Through the Foundation, the Company strives we strive to create healthy communities where its our stakeholders live and work, by focusing on supporting programs that improve lives and contribute to communities on a select basis.

In 2022, 2023, the Company contributed $0.8 million Foundation announced that it would be making a $1.0 million contribution to the Foundation towards these programs. In April 2021, Callaway and the Foundation were chosen as the recipients of the 2021 Corporate Philanthropy Award by the San Diego-based North County Philanthropy Council. Through the Community Giving Pro Kids Scholarship Program, Company which will be paid over five years beginning in March 2023. Additionally, during 2023 our employees and their family members volunteer with local non-profit organizations. provided over 700 hours of community service and made over $0.1 million in product donations through the Community Giving Program. Through the Topgolf Driving for Good Program, the Company contributes we contribute funds and volunteer efforts to national partners such as Make a Wish, Bunkers in Baghdad, Folds of Honor and National Urban League. To date, Since the inception of the program, Topgolf has hosted more than 3,500 charitable events together with community partners, schools, and non-profit organizations. These projects are coordinated by a volunteer steering committee and organizations, which focus on a variety of charitable endeavors, including improving the environment, environmental preservation, youth empowerment, helping aid for the homeless and disadvantaged, animal care and military care. Additional information on both of these programs is available on the Company's our website www.topgolfcallawaybrands.com.

Callaway gives its In addition to the aforementioned programs, we give our global subsidiaries the ability to lead their own community engagement initiatives. To facilitate this, the Company provides the sales teams initiatives by providing them with product donation accounts to manage and other forms of support for their contributions to charities charitable contribution and fundraiser events. Callaway fundraising efforts. We also encourages encourage global offices and subsidiaries to engage in community partnerships at their discretion.

GOVERNMENT REGULATION

The Company is We are subject to extensive federal, state, local and foreign laws and regulations, as well as other statutory and regulatory requirements, including those related to, among others, nutritional content labeling and disclosure requirements, food safety regulations, employment regulations, the Patient Protection and Affordable Care Act (the "PPACA"), the Americans with Disabilities Act (the "ADA"), and similar state laws, privacy and cybersecurity laws, environmental, health and human safety laws and regulations, laws and regulations related to franchising and licensing operations, the Foreign Corrupt Practices Act and other similar anti-bribery and anti-kickback laws, as well as federal, state and local licensing requirements and other regulations relating to alcoholic beverage control, amusement, health, sanitation, human safety, zoning and land use. New laws and regulations or new interpretations of existing laws and regulations may also impact the business.

Historically, the costs of regulation compliance have not had a material adverse effect on the Company's our business. The Company believes We believe that its our operations are in substantial compliance with all applicable government laws. Due to the nature of the Company's our operations and the frequently changing nature of compliance regulation, the Company we cannot predict with certainty that future material capital or operating expenditures will not be required in order to comply with applicable government regulation.

For certain risks associated with regulation compliance, see "Risk Factors" contained in Item 1A.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

By being active and visible in the community and by embracing the principles of environmental stewardship, the Company believes it is we believe that we are acting in an environmentally and socially responsible manner. In 2019, the Company, at the direction of its Chief Executive Officer with oversight from the Board of Directors, formally launched the Through our Global Sustainability Program. The goal of this program is Program, we aim to bring increased awareness and structure to the Company's our existing social and environmental sustainability initiatives, while also enhancing the sustainability efforts across its our global businesses. In connection with launching the The Global Sustainability Program the Company established an is managed by our Executive Sustainability Committee, comprising its which is comprised of our Chief Executive Officer, Chief Financial Officer, and all other executive officers. officers, and our General Counsel. A Sustainability Core Team meets and then reports progress of the Global Sustainability Program quarterly to the Executive Sustainability Committee. Members of the Sustainability Core Team, known as Sustainability Champions, are employees who have been selected from throughout the organization to drive large-scale global projects that build upon the Company's our existing environmental and social sustainability efforts. Sustainability Champions also promote smaller-scale employee-driven initiatives at the local levels. These projects and initiatives are benchmarked against the sustainability frameworks published by the Global Reporting Initiative and the Sustainability Accounting Standards Board with respect to sustainability issues that are likely to affect the financial conditions or operating performances of companies in the consumer goods, apparel and entertainment sectors.

The Company's Our entire Board of Directors oversee oversees the Global Sustainability Program and receives a comprehensive report regarding the program's initiatives and progress on an annual basis. Additionally, management provides a quarterly update to the Board's Nominating and Corporate Governance Committee on the Company's our latest third-party performance scores on environmental, social and governance ("ESG") topics to maintain a consistent pulse on the Company's our ESG performance.

The Global Sustainability Program has played an integral role in assessing the Company's our material ESG concerns and developing the Company's our sustainability strategy and goals, and the inaugural Sustainability Report for the year ended December 31, 2021, which the Company as well as in supporting our sustainability reporting. In 2023, we published an ESG data table on the Investor Relations section of our website, which reports our performance on certain ESG metrics for the Company's website in 2022. years ended December 31, 2022 and 2021. The Global Sustainability Program has also introduced a variety of new initiatives, across the Company, including: including enhancing sustainability content on the Company's website; our website and engaging employees globally to devise new sustainability action plans for the Company's our various brands and workspaces.

Environmental Matters

The Company's Our operations are subject to federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the environment and establish standards for the handling, generation, emission, release, discharge, treatment, storage and disposal of certain materials, substances and wastes and the remediation of environmental contaminants (collectively, "Environmental Laws"). During the ordinary course of its our manufacturing processes, the Company uses we use paints, chemical solvents and other materials which generate waste and waste by-products that are subject to these Environmental Laws. In addition, in connection with the Company's our Top-Flite asset acquisition in 2003, the Company we assumed certain monitoring and remediation obligations at its our manufacturing facility in Chicopee, Massachusetts. In February 2013, the Company we sold this facility and leased back a reduced portion of the square footage that it believes is adequate for its our ongoing golf ball manufacturing operations. As part of the terms of this sale, the Company we assumed certain ongoing environmental remediation obligations.

The Company strives We strive to adhere to all applicable Environmental Laws and takes take action as necessary to comply with these laws. The Company maintains We maintain an environmental and safety program and which employs full-time environmental, health and safety professionals at its facilities located in Carlsbad, California, Chicopee, Massachusetts and Monterrey, Mexico. responsible for all of our facilities. The environmental and safety program includes obtaining environmental permits as required, capturing and appropriately disposing of any waste by-products, tracking hazardous waste generation and disposal, air emissions, safety situations, material safety data sheet management, storm water management and recycling, and auditing and reporting on its our compliance. The Company conducts We conduct third party social, safety and environmental responsibility audits to evaluate and improve its our environmental performance through its our global supply chain. The audits facilitate compliance with applicable Environmental Laws and good manufacturing practices within the global supply chain. Historically, the costs of environmental compliance have not had a material adverse effect on the Company's our business. The Company believes We believe that its our operations including Topgolf, are in substantial compliance with all applicable Environmental Laws. Due to the nature of the Company's our operations and the frequently changing nature of environmental compliance standards and technology, the Company we cannot predict with certainty that future material capital or operating expenditures will not be required in order to comply with applicable Environmental Laws.

Social Matters

The Company maintains We maintain a Code of Conduct, Supplier Code of Conduct and Human Rights Policy, which establish the foundation of its our Corporate Social Responsibility ("CSR") Program that was established in 2007. In 2019, the Company we updated its our CSR audit policy and procedure, benchmarking against the United Nations Universal Declaration of Human Rights and International Labor Organization Guidelines. The Company takes We take actions as necessary to ensure supplier compliance, and actively works work with suppliers to improve performance through training, internal and third-party audits and corrective action plan validation. The Company employs We employ a team to conduct and oversee corporate social responsibility audits globally and has have not identified any material compliance issues with its our suppliers to date. In addition to the CSR Program, the Company participates we participate in environmental, social and product compliance working groups through the American Apparel and Footwear Association and is are a signatory to the Responsible Recruiting Commitment and Cambodia (Worker's Rights) Brand Letter. Also, In addition, Jack Wolfskin's engagement Wolfskin is engaged in the Fair Wear Foundation, which promotes social responsibility and transparency in the supply chain.

INFORMATION ABOUT THE COMPANY'S OUR EXECUTIVE OFFICERS

Biographical information concerning the Company's our executive officers is set forth below.

Name	Age	Position(s) Held
Oliver G. Brewer III	59 60	President and Chief Executive Officer, Director
Brian P. Lynch	61 62	Executive Vice President, Chief Financial Officer
Glenn Hickey	61 62	Executive Vice President and President, Callaway Golf
Mark F. Leposky	58 59	Executive Vice President Global Operations
Joe B. Flannery	51	Executive Vice President, Apparel and Soft Goods Chief Supply Chain Officer
Rebecca Fine	60 61	Executive Vice President and Chief People Officer
Arthur F. Starrs	46 47	Chief Executive Officer, Topgolf International

Oliver G. Brewer III is a Director, and the President and Chief Executive Officer of the Company and has served in such capacity since March 2012. Prior to the Company's merger with Topgolf, Mr. Brewer served as a Director of Topgolf since from 2012 until our merger with Topgolf in 2021, and Mr. Brewer also served on the National Golf Foundation's Board from 2014 to 2019. Before joining Topgolf Callaway Brands, Mr. Brewer served as the President and Chief Executive Officer of Adams Golf, Inc. beginning in January 2002. He was President and Chief Operating Officer of Adams Golf from August 2000 to January 2002 and Senior Vice President of Sales and Marketing of Adams Golf from September 1998 to August 2000. Mr. Brewer also served on the Board of Directors of Adams Golf from 2000 until his resignation effective February 2012. He currently serves on the Board of Directors of The First Tee of San Diego/Pro Kids as well as the Executive Committee of The Legacy charity. Mr. Brewer has an M.B.A. from Harvard University and a B.S. in Economics from the College of William and Mary.

Brian P. Lynch is the Executive Vice President, and Chief Financial Officer, and Chief Legal Officer of the Company and has served in such capacity, as well as the Company's Senior Vice President, Chief Financial Officer and Chief Legal Officer, since July 2017. He served as the Company's Senior Vice President, General Counsel and Corporate Secretary commencing in June 2012 before being appointed the additional role of Interim Chief Financial Officer in April 2017 and Chief Financial Officer in July 2017. Mr. Lynch is responsible for the Company's finance, accounting, law, information technology, corporate audit, and compliance functions. Mr. Lynch serves on the Board of Directors of the Callaway Golf Foundation. Mr. Lynch also formerly served as the Company's Chief Ethics Officer from 2012 to 2018. Mr. Lynch first joined Topgolf Callaway Brands in December 1999 as Senior Corporate Counsel and thereafter served in various other capacities, including Associate General Counsel and Corporate Secretary. Mr. Lynch received a J.D. from the University of Pittsburgh and a B.A. in Economics from Franklin and Marshall College.

Glenn Hickey is Executive Vice President, Topgolf Callaway Brands and has served in such capacity since January 2019. In addition, Mr. Hickey was named President, Callaway Golf in March 2023 and leads the Company's global sales and marketing for Callaway golf equipment business globally. clubs and balls, branded apparel and performance gear. Mr. Hickey joined Topgolf Callaway Brands in 1991 and was a top-producing Inside Sales Representative for seven years prior to being promoted to Inside Sales - National Account Manager in March 1997, Regional Sales Manager - East United States in November 2002, Director of Special Markets in June 2006, Vice President, Special Markets and Mass Merchants in August 2008, and Senior Vice President, Americas Sales in July 2012. 2012, and Executive Vice President, Callaway Golf in January 2019. Prior to joining Topgolf Callaway Brands, Mr. Hickey was a bond trader for four years in the Los Angeles and New York offices of First Interstate Bank through its transition to Wedbush Securities. He completed a Financial Analysis for Non-Financial Managers certification from the University of Chicago, Graduate School of Business. He currently serves as a board member for the San Diego Junior Golf Association. Mr. Hickey received a B.S. in Business Administration from San Diego State University.

Mark F. Leposky is Executive Vice President and Chief Supply Chain Officer, Topgolf Callaway Brands. Mr. Leposky previously served as Executive Vice President of Global Operations and has served from January 2019 until his appointment to Chief Supply Chain Officer in this capacity since March 2023. Prior to January 2019. He 2019, he served as Senior Vice President, Global Operations since April 2012. Mr. Leposky is responsible for all areas of the Company's our global operations supply chain inclusive of industrial design, product development, engineering, manufacturing, supply chain planning, program management, purchasing, and transportation and logistics, as well as category leadership of golf accessories and the Odyssey and OGIO brands. brand. Prior to joining Topgolf Callaway Brands, Mr. Leposky served from 2005-2011 2005 until 2011 as co-founder, President and Chief Executive Officer of Gathering Storm Holding Company, LLC/ TMAX Gear LLC (collectively, "TMAX"), which, as exclusive licensee, designed, developed, manufactured, and distributed accessory products for TaylorMade-Adidas Golf. Prior to that, Mr. Leposky served as the Chief Supply Chain Officer for Fisher Scientific International, Chief Operations Officer for TaylorMade-Adidas Golf, and in senior management roles with The Coca-Cola Company and the United Parcel Service Company. Mr. Leposky began his career serving as a United States Army and Army National Guard Infantry Officer (Rank Major). Mr. Leposky received an M.B.A. from the Keller Graduate School of Management and a B.S. in Industrial Technology from Southern Illinois University.

Joseph B. Flannery joined the Company in the first quarter of 2020 as its Executive Vice President, Apparel and Soft Goods. Mr. Flannery is responsible for the Company's global apparel and soft goods business, including the TravisMathew and Jack Wolfskin brands. Prior to joining the Company, Mr. Flannery was Senior Vice President and General Manager of Newell Brands' technical apparel division, consisting of Marmot, ExOfficio and Coleman apparel, where he worked since January 2016. Mr. Flannery's experience also includes holding executive positions at The Meriwether Group from March 2008 to October 2012, in addition to serving as Vice President of Global Marketing at The North Face from March 2005 to March 2008, and as Global VP and GM of the Originals Division at Adidas Group AG from September 2000 to March 2005. Mr. Flannery received a B.S. in Business Administration from Miami University.

Rebecca Fine joined the Company as our Executive Vice President and Chief People Officer following the merger with Topgolf in March 2021, after having served as Chief People Officer for Topgolf from March 2019 to March 2021. Ms. Fine has more than 30 years of human resources and operations experience in the food and beverage industry, and is responsible for the Company's global human resources, including human capital strategy and systems, talent acquisition and retention, learning and development, total rewards, and compliance. Prior to joining Topgolf, Ms. Fine worked as Chief Operating Officer of Millstone Capital Advisors DBA LC Restaurants from August 2016 to March 2019, as Chief Operating Officer of Honolulu Coffee Company from December 2012 to March 2019 and as Chief People Officer of Panera Bread from August 2004 to January 2012. Ms. Fine has been a member of the Board of Directors for Native Foods and Lion's Choice since April 2018, and for the Texas Diversity Council and the National Women's Council since August 2020. Also, Ms. Fine previously served as Chairwoman of Winning Women until March 2019. Ms. Fine attended Lindenwood University for Business and Human Resources Management and the University of Missouri, St. Louis for Industrial Psychology.

*Arthur F. Starrs, III*is the Chief Executive Officer of Topgolf and has served in such capacity since April 2021. Mr. Starrs is responsible for Topgolf's global businesses, which include domestic and international Topgolf venues and other businesses including Toptracer, Swing Suite and Topgolf Media. Prior to Topgolf, Mr. Starrs was the Global CEO of Pizza Hut, a division of Yum! Brands from July 2019 until April 2021. He was President of Pizza Hut U.S. from April 2016 to July 2019, and General Manager of Pizza Hut U.S. from October 2015 to April 2016. Prior to that, he served as Chief Financial Officer of Pizza Hut U.S. from January 2014 to October 2015 and Vice President, Finance from August 2013 to December 2013. Mr. Starrs was previously Executive Vice President and Chief Financial Officer of Rave Cinemas from March 2005 to July 2013 and began his career as a Financial Analyst and Associate at Dresdner Kleinwort Wasserstein (originally Wasserstein Perella & Co.) from September 1998 to January 2005. He serves on the Board of Directors of Dine Brands Global and the First Tee of Greater Dallas and previously served on the Board of Directors for Grubhub, Inc. and currently serves on the board of The First Tee of Greater Dallas. Mr. Starrs received an A.B. in Economics from Princeton University.

Information with respect to the Company's our employment agreements with its the Chief Executive Officer, Chief Financial Officer and other three most highly compensated executive officers will be contained in the Company's our definitive Proxy Statement in connection with the 2023 2024 Annual Meeting of Shareholders. In addition, copies of the employment agreements for all the executive officers are included as exhibits to this report.

ACCESS TO THE SEC FILLINGS THROUGH COMPANY WEBSITE

Interested readers can access the Company's our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") through the Investor Relations section of the Company's our website at www.topgolfcallawaybrands.com. These reports can be accessed free of charge from the Company's our website as soon as reasonably practicable after the Company we electronically files file such materials with, or furnishes furnish them to the Commission. In addition, the Company's our Corporate Governance Guidelines, Code of Conduct and the written charters of the committees of the Board of Directors are available in the Corporate Governance portion of the Investor Relations section of the Company's our website and are available in print to any shareholder who requests a copy. We also use our investor relations Investor Relations website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Investors should monitor such website, in addition to following our press releases, SEC filings and public conference calls and webcasts. The information contained on the Company's our website shall not be deemed to be incorporated into this report.

Item 1A. ***Risk Factors***

Certain Factors Affecting Topgolf Callaway Brands

The Company's Our business, operations and financial condition are subject to various risks and uncertainties. The Company urges We urge you to carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including those risks set forth under the heading entitled "Important Notice to Investors Regarding Forward-Looking Statements," and in other documents that the Company files we file with the Commission, before making any investment decision with respect to the Company's our securities. If any of the risks or uncertainties actually occur or develop, the Company's our business, financial condition, results of operations and future growth prospects could be adversely affected. Under these circumstances, the trading prices of the Company's our securities could decline, and you could lose all or part of your investment in the Company's our securities.

Risks Related to the Company's our Industry and Business

A reduction in the number of rounds of golf played or in the number of golf participants could adversely affect the Company's sales.

The Company is a technology-enabled modern golf company delivering leading golf equipment, apparel and entertainment, with a portfolio of global brands including Callaway Golf, Topgolf, Odyssey, OGIO, TravisMathew and Jack Wolfskin. The Company generates a substantial portion of its revenues from the sale of golf-related products, including golf clubs, golf balls and golf accessories.

In addition, the Company generates substantial revenues from the sale of golf-related soft goods, including apparel, gear and other accessories. The demand for golf-related products in general, and golf balls in particular, as well as the demand for golf-related soft goods, is directly related to the number of golf participants and the number of rounds of golf being played by these participants. If golf participation decreases or the number of rounds of golf played decreases, sales of the Company's products may be adversely affected. In the future, the overall dollar volume of the market for golf-related products may not grow or may decline. Further, the Company generates substantial revenues from its Topgolf business. The demand for golf and overall popularity of the sport, including through increased off-course golf participation, is tangentially related to overall guest traffic and spending at each of the Topgolf venues, and therefore could adversely affect Topgolf sales.

In addition, the demand for golf products, golf entertainment and other soft goods and apparel is directly related to the popularity of magazines, cable channels and other media dedicated to golf, television coverage of golf tournaments and attendance at golf events. The Company depends on the exposure of its products through advertising and the media or at golf tournaments and events. Any significant reduction in television coverage of, or attendance at, golf tournaments and events (whether as a result of COVID-19-related restrictions or otherwise) or any significant reduction in the popularity of golf magazines or golf television channels, could reduce the visibility of the Company's brand and could adversely affect the Company's sales.

Unfavorable economic conditions, including as a result of inflation or otherwise, could have a negative impact on consumer discretionary spending and therefore negatively impact the Company's our results of operations, financial condition and cash flows.

The Company's Our golf-related products and services entertainment offerings are recreational in nature and are therefore discretionary purchases for consumers. In addition, the our Topgolf venues business is dependent upon consumer and corporate discretionary spending on leisure and entertainment-based offerings. Consumers are generally more willing to make discretionary purchases of golf products and to spend on leisure and out-of-home entertainment during favorable economic conditions and when consumers are feeling confident and prosperous. The Company's Our soft goods and apparel products are similarly dependent on consumer discretionary spending and retail traffic patterns. In particular, the Company's our outdoor apparel, gear and accessories brands are premium in nature and, therefore, the purchasing patterns of consumers can vary year to year. The Our Topgolf venues business offers a leading technology-enabled golf entertainment option for consumers, with an innovative platform that comprises its our state-of-the-art open-air golf and entertainment venues. The demand for these entertainment and recreational activities is highly sensitive to downturns in the economy and the corresponding impact on discretionary consumer spending. Any actual or perceived deterioration or weakness in general, regional or local economic conditions, unemployment levels, the job or housing markets, consumer debt levels or consumer confidence, as well as other adverse economic or market conditions due to inflation or otherwise may lead to customers having less discretionary income to spend on entertainment and recreational activities, and may result in significant fluctuations and spending patterns year to year. Discretionary spending is also affected by many other factors, including general business conditions, interest rates, the availability of consumer credit, taxes and consumer confidence in future economic conditions. Purchases of the Company's our products and services entertainment offerings could decline during periods when disposable income is lower, or during periods of actual or perceived unfavorable economic conditions. A significant or prolonged decline in general economic conditions or uncertainties regarding future economic prospects that adversely affect consumer discretionary spending, whether in the United States or in the Company's our international markets, could result in reduced sales of the Company's our products and services and reduce demand and spending on the Company's our entertainment offerings, including Topgolf, which in turn would have a negative impact on the Company's our results of operations, financial condition and cash flows.

A reduction in the number of rounds of golf played or in the number of golf participants could adversely affect our sales.

We are a technology-enabled modern golf company delivering leading golf equipment, apparel and entertainment, with a portfolio of global brands including Callaway Golf, Topgolf, Odyssey, OGIO, TravisMathew and BigShots Golf. We generate a substantial portion of our revenues from the sale of golf-related products, including golf clubs, golf balls and golf accessories.

In addition, we generate substantial revenues from the sale of golf-related soft goods, including apparel, gear and other accessories. The Company demand for golf-related products in general, and golf balls in particular, as well as the demand for golf-related soft goods, is directly related to the number of golf participants and the number of rounds of golf being played by these participants. Golf participation is impacted by, among other things, the demographics (including age of golfers), dedication levels, weather and economic conditions. If golf participation decreases or the number of rounds of golf played decreases, sales of our products may be adversely affected. In the future, the overall dollar volume of the market for golf-related products may not grow or may decline. Further, we generate substantial revenue from our Topgolf business. The demand for golf and overall popularity of the sport, including through increased off-course golf participation, is tangentially related to overall guest traffic and spending at each of the Topgolf venues, and therefore, if demand for golf or the overall popularity of the sport decreases, Topgolf sales could be adversely affected.

In addition, the demand for golf products, golf entertainment and other soft goods and apparel is directly related to the popularity of magazines, cable channels and other media dedicated to golf, television coverage of golf tournaments and attendance at golf events. We depend on the exposure of our products through advertising and the media or at golf tournaments and events. Any significant reduction in television coverage of, or attendance at, golf tournaments and events or any significant reduction in the popularity of golf magazines or golf television channels, could reduce the visibility of our brand and could adversely affect our sales.

We may have limited opportunities for future growth in sales of golf clubs and golf balls.

In order for the Company us to significantly grow its our sales of golf clubs or golf balls, the Company we must either increase its our share of the market for golf clubs or golf balls, develop markets in geographic regions historically underrepresented by the Company's our products, or the overall market for golf clubs or golf balls must grow. The Company We already has have a significant share of worldwide sales of golf clubs and golf balls and the golf industry is very competitive. As such, gaining incremental market share quickly or at all is difficult. Therefore, opportunities for additional market share may be limited given the challenging competitive nature of the golf industry, and the overall dollar volume of worldwide sales of golf clubs or golf balls may not grow or may decline.

The Company, including Topgolf, its franchisees and licensees, We may face increased labor costs or labor shortages, in particular with respect to our Topgolf venues business and our franchisees and licensees, that could slow growth and adversely affect its our business, results of operations and financial condition.

Labor is a significant component in the cost of operating the our business of the Company, generally, and a primary component in operating the our Topgolf venues business of and in our relationships with our Topgolf and its franchisees and licensees. If the Company faces we face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates, the impact of the COVID-19 pandemic or other pandemics, increases in the federally-mandated or state-mandated minimum wage, changes in exempt and non-exempt status, or other employee benefits costs (including costs associated with health insurance coverage or workers' compensation insurance), the Company's our operating expenses could increase and its our growth could be adversely affected.

In particular, Topgolf has a substantial number of employee associates ("Playmakers") Playmakers who are paid wage rates at or based on the applicable federal or state minimum wage, and increases in the applicable minimum wage will increase labor costs. From time to time, legislative proposals are made to increase the minimum wage at the federal or state level. As federal, state or other applicable minimum wage rates increase, the Company we may be required to increase not only the wage rates of minimum wage Playmakers or other employees, but also the wages paid to other hourly employees. It may not be possible to increase prices in order to pass future increased labor costs on to customers, in which case the Company's our margins would be negatively affected. At With respect to our Topgolf business, reduced margins could make it more difficult to attract new franchisees and licensees and to retain existing franchisee and licensee relationships. If the Company is we are able to increase prices to cover increased labor costs, the higher prices could result in lower participation and therefore lower revenues, which may also reduce margins, as well as the fees received from Topgolf's our franchisees and licensees.

Furthermore, the successful operation of the Company's our business depends upon its our ability to attract, motivate and retain a sufficient number of qualified executives, managers and skilled employees. From time to time, there may be a shortage of skilled labor in certain of the communities in which the Company operates, we operate, including where its our Topgolf venues are located. Shortages of skilled labor may make it increasingly difficult and expensive to attract, train and retain the services of a satisfactory number of qualified employees, which, with respect to Topgolf, could delay the planned openings of new Company-operated and franchised venues and adversely impact the operations and profitability of existing venues. Furthermore, competition for qualified employees, particularly in markets where such shortages exist, could require the Company us to pay higher wages, which could result in higher labor costs. In particular, Topgolf experiences we experience intense competition to attract and retain skilled game developers and content creators, and failure to do so may delay the implementation of Topgolf's our business strategy and growth plans. Companies in the Company's our industry have also historically experienced relatively high turnover rates, which may also result in higher labor costs. Accordingly, if the Company is we are unable to recruit and retain sufficiently qualified individuals, its our business, results of operations, financial condition and growth prospects could be materially and adversely affected.

Some, but not all, of the Company's our employees are currently covered under collective bargaining agreements. In the future, additional employees, including Topgolf Playmakers, may elect to be represented by labor unions. If a significant number of additional employees were to become unionized and collective bargaining agreement terms were significantly different from current compensation arrangements, it could adversely affect the Company's our business, financial condition or results of operations. In addition, a labor dispute involving some or all employees may harm the Company's our reputation, disrupt operations and reduce revenue, and resolution of disputes may increase costs. Further, if Topgolf we or its our franchisees enter into a new market with unionized construction companies, or the construction companies in Topgolf our or its our franchisees' current markets become unionized, construction and build-out costs for new venues in such markets could materially increase.

In addition, immigration reform continues to attract significant attention in the public arena and the U.S. Congress. If new immigration legislation is enacted, such laws may contain provisions that could increase the Company's, including Topgolf's our and its our U.S. franchisees' and licensees', costs in recruiting, training and retaining employees. Also, although the Company's our hiring practices comply with the requirements of federal law in reviewing employees' citizenship or authority to work in the United States, the Company does we do not monitor or control the hiring practices of Topgolf's our Topgolf franchisees and licensees, and increased enforcement efforts with respect to existing immigration laws by governmental authorities may disrupt a portion of the Company's our workforce or the operations at its our venues, or the workforce or operations of licensees, thereby negatively impacting its our business.

The COVID-19 pandemic has had, and may continue to have, a material and adverse effect on the Company's business, financial condition and results of operations.

The outbreak of COVID-19 has created considerable instability and disruption in the U.S. and world economies. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and domestic and international governmental authorities around the world have issued orders, mandates, decrees and directives (collectively, "COVID Orders"), including travel restrictions, "stay-at home" orders and "social distancing" measures and business shutdowns. These measures have adversely affected the Company's workforce, customers, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn in many of the Company's markets.

With respect to the Topgolf business, certain of its venues were required to be closed for a period of time under the COVID Orders. Although currently all Topgolf venues have re-opened, there can be no assurance that additional closures or re-closures will not be mandated in the future. Additionally, as a result of COVID Orders, Topgolf was limited in its ability to host large group events in certain jurisdictions, which resulted in a reduction of revenue from such events per past practice. Topgolf also has faced, and may continue to face, difficulties in maintaining adequate staffing at venues due to illness, difficulty in recalling Playmakers that may be furloughed if venues are required to temporarily close again or a reduction in Playmakers willing to work in public gathering places. As a result, its business, operating results and financial condition have been, and will continue to be, materially and adversely affected. Future outbreaks of other diseases such as avian flu, sudden acute respiratory syndrome (also known as SARS), swine flu or influenza may similarly impact Topgolf.

In addition, the COVID-19 pandemic has caused significant disruption in the Company's supply and distribution chains for its golf equipment, apparel and other products and services sold globally, and resulted in temporary closures of its corporate offices, manufacturing facilities and retail stores around the world. Further, the Company has been, and may continue to be, negatively impacted by the heightened governmental regulations and travel advisories, recommendations by the U.S. Department of State, the Centers for Disease Control and Prevention and similar foreign authorities, and travel bans and restrictions, each of which has significantly impacted, and may continue to significantly impact, travel of customers to its retail locations and to Topgolf's domestic and international venues.

To the extent the COVID-19 pandemic adversely affects the Company's business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this Item 1A and "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Item 7 below, including, without limitation, risks relating to changes in demand for the Company's products and services or the supply of the components and materials used to make its products, level of indebtedness, need to generate sufficient cash flows to service the Company's indebtedness, ability to comply with the obligations and financial covenants contained in the Company's existing credit facilities, availability of adequate capital, the ability to execute the Company's strategic plans, U.S. trade, tax or other policies that restrict imports or increase import tariffs, ability to successfully operate its expanding retail stores and venues, and regulatory restrictions. In addition, if in the future there is a further outbreak of COVID-19 or a variation thereof, or an outbreak of another highly infectious or contagious disease or other health concern, the Company may be subject to similar risks as posed by COVID-19.

A severe or prolonged economic downturn could adversely affect the Company's our customers' financial condition, their levels of business activity and their ability to pay trade obligations.

The Company We primarily sells its sell our golf and apparel products to retailers directly and through wholly-owned domestic and foreign subsidiaries, and to foreign distributors. The Company performs We perform ongoing credit evaluations of its our customers' financial condition and generally requires require no collateral from these customers. However, a severe or prolonged downturn in the general economy could adversely affect the retail market which in turn, would negatively impact the liquidity and cash flows of the Company's customers, including the ability of such customers to obtain credit to finance purchases of the Company's our products and to pay their trade obligations. A failure by the Company's our customers to pay on a timely basis a significant portion of outstanding account receivable balances would adversely impact the Company's our results of operations, financial condition and cash flows.

The Company faces We face intense competition in each of its our markets and operating segments, and if it is we are unable to compete effectively, it could have a material adverse effect on its our business, results of operations, financial condition and growth prospects.

Topgolf. The Topgolf business operates primarily in the consumer entertainment industry, which remains highly competitive. Consumers today have a wide variety of options when deciding how to spend their leisure time and discretionary entertainment dollars. Topgolf's venues compete for consumers' time and discretionary entertainment dollars against a broad range of other out-of-home entertainment options, as well as increasingly sophisticated forms of home-based entertainment. Other out-of-home entertainment options against which Topgolf competes we compete include other dining and entertainment venues, sports activity centers, traditional driving ranges and other establishments offering simulated golf or multi-sport experiences (including Toptracer Range and Full Swing Suite licensees), arcades and entertainment centers, movie theaters, sporting events, bowling alleys, nightclubs, casinos, bars and restaurants. In many cases, these businesses, or the entities operating them, are larger than us and have significantly greater financial resources and name recognition, longer operating histories, and concepts with which consumers may be more familiar, and are better established in the markets where venues are located or are planned to be located. As a result, these competitors may be able to invest greater resources or implement more aggressive strategies to attract consumers, including with respect to pricing, and, accordingly, may succeed in attracting those who would otherwise come to Topgolf's venues. venues, causing us to lose market share or sales, or forcing us to reduce our prices to meet the competition. Home-based entertainment options against which Topgolf's venues compete include internet and video gaming, as well as movies, television and other on-demand content from streaming services. Further, in some cases consumer demand has shifted towards home-based entertainment options and away from out-of-home entertainment, including Topgolf's products and services, including as a result of the impact of the COVID-19 pandemic, which may result in greater competition from home-based entertainment options in the future. The failure of Topgolf's our Topgolf venues to compete favorably against these other out-of-home and home-based entertainment options could have a material adverse effect on Topgolf's our business, results of operations and financial condition.

Topgolf We also faces face intense competition across its our other Topgolf business lines. In particular, the International and Toptracer business lines compete against other companies to attract and retain qualified franchisees and licensees. WGT and the content Topgolf produces we produce through Topgolf Studios also competes for consumer attention and leisure time against the other home-based entertainment alternatives described above, particularly content focused on sports, including golf. From a commercial perspective, Topgolf we also competes compete against other businesses seeking corporate sponsorships and other commercial partners, such as sports teams, entertainment events and television and digital media outlets, and competes against television and digital content providers seeking advertiser or sponsorship income. Topgolf's Our Topgolf growth strategy and prospects will be materially impaired if it is we are unable to compete successfully in these aspects of its our business.

Golf Equipment. The golf equipment business, which is comprised of golf club and golf ball products, is highly competitive, and is served by a number of well-established and well-financed companies with recognized brand names. The golf ball business, in particular, includes one competitor with an estimated U.S. market share of over 50%.

With respect to golf club sales, new product introductions, price reductions, consignment sales, extended payment terms, "closeouts," including closeouts of products that were recently commercially successful, and significant tour and advertising spending by competitors continue to generate intense market competition. Furthermore, downward pressure on pricing in the market for new golf clubs could have a significant adverse effect on the Company's our pre-owned golf club business as the gap narrows between the cost of a new club and a pre-owned club. Successful marketing activities, discounted pricing, consignment sales, extended payment terms or new product introductions by competitors could negatively impact the Company's our future sales.

With respect to golf ball sales, the Company's our competitors continue to incur significant costs in the areas of advertising, tour and other promotional support. The Company believes We believe that to be competitive, it we also needs need to continue to incur significant expenses in tour, advertising and promotional support. In addition, the Company has we have invested, and may continue to invest in the future, significant capital into upgrades to its our manufacturing and assembly facilities, including its our golf ball manufacturing facility in Chicopee, Massachusetts, to remain on the forefront of technological and competitive innovation. Unless there is a change in competitive conditions, these competitive pressures and increased costs will continue to adversely affect the profitability of the Company's our golf equipment business.

Active Lifestyle. The Company's Our Active Lifestyle segment includes the TravisMathew golf and lifestyle apparel and accessories business, the Jack Wolfskin outdoor apparel, gear and accessories business, the Callaway soft goods business and the OGIO business, which consists of golf apparel and accessories (including golf bags and gloves), storage gear for sport and personal use, and royalties from licensing of the Company's our trademarks and service marks for various soft goods products. The Company faces We face significant competition in every region with respect to each of these product categories. In most cases, the Company is we are not the market leader with respect to its our apparel, gear and accessory markets. markets, and many of our competitors have significant competitive advantages, including longer operating histories, larger customer bases, greater brand recognition and greater financial resources. Our competitors may be willing to discount prices and accept lower profit margins to compete with us and, as a result, we may lose market share and sales, or be forced to reduce our prices to meet competition.

If the Company is we are unable to grow or maintain its our competitive position in any of its our business areas, it could materially adversely affect the Company's our business, financial condition and results of operations.

The Company's Our expanding apparel business, and operation of related retail locations, is subject to various risks and uncertainties, and the Company's our growth and strategic plans may not be fully realized.

The Company has We have been expanding its our focus over the last several years to include soft goods and apparel, in addition to its our core golf business, primarily through the our acquisitions of the OGIO, and TravisMathew in 2017 and Jack Wolfskin in 2019. brands. Jack Wolfskin is an international, premium outdoor apparel, footwear and equipment brand, and it our Jack Wolfskin business designs products targeted at the active outdoor and urban outdoor customer categories. The scale and global scope of Jack Wolfskin involves various risks and uncertainties described throughout this Annual Report on Form 10-K, including in this "Risk Factors" section, as well as the following:

- maintaining its our market share in its our key markets such as Germany, Austria, Switzerland and China in the face of increasing competition and new competitors;
- difficulties in developing the Jack Wolfskin brand in the North American America and other target markets; regions;
- significant competition from existing premium outdoor apparel companies in target markets;
- continually changing consumer preferences; and
- difficulties in managing or realizing sustainable profitability from Jack Wolfskin's large network of global wholesale retail partners, consisting of hundreds of third party owned retail locations.

Additionally, as a result of the Company's our TravisMathew, Jack Wolfskin, and golf apparel joint venture retail businesses in Japan in July 2016 and the acquisitions of TravisMathew in August 2017 and Jack Wolfskin in January 2019, the Company Korea, we now maintains maintain over 190 234 retail locations around the world. The Company's Our retail operations are subject to various factors that pose risks and uncertainties and which could adversely impact the Company's our financial condition and operating results. Such factors include, but are not limited to, macro-economic factors that could have an adverse effect on retail activity generally; the Company's our ability to successfully manage retail operations and a disparate retail workforce across various jurisdictions; the Company's our ability to successfully open and maintain new retail stores in new markets; governmental restrictions or public safety measures put in place as a result of the COVID-19 pandemic or other pandemics, resulting in such retail stores operating in a more limited capacity and with fewer in-person customers; to manage costs associated with retail store operations and fluctuations in the value of retail inventory; to manage relationships with existing retail partners; and to obtain and renew leases in quality retail locations at a reasonable cost and on reasonable and customary terms.

If the Company fails we fail to realize the expected benefits from its our expansion into soft goods and apparel or is are unsuccessful in its our operation of its our retail locations, the Company's our growth and strategic plans may not be fully realized, and its our business, financial condition and results of operations could be adversely affected.

Topgolf's Our Topgolf growth strategy depends in part on its our and its our franchisees' ability to open new venues in existing and new markets.

A key element of Topgolf's our Topgolf growth strategy is to open additional venues in locations that it believes we believe will provide attractive unit economics and returns on investment. As of December 31, 2022, Topgolf had 77 venues operating in the United States with an additional eight venues under construction, four Company-operated venues in the United Kingdom and five franchised venues (Australia, Mexico, United Arab Emirates, Germany and Thailand). The Company plans We plan to open additional new Topgolf venues across flexible venue formats in the years to come. In November 2023, we also purchased certain assets from affiliates of Invited, Inc. related to its BigShots Golf business. The acquisition included four BigShots-branded domestic venues, as well as certain other development rights for other potential venues, among other assets. In addition, Topgolf has we have signed development agreements with various partners to open additional franchised Topgolf venues in countries across the world.

Topgolf Our and its our franchisees' ability to open new venues on a timely and cost-effective basis, or at all, is dependent on a number of factors, many of which are beyond Topgolf's our control, including Topgolf our and its our franchisees' ability to:

- identify and successfully compete against other potential lessees or purchasers to secure quality locations;
- reach acceptable agreements regarding the lease or purchase of locations;
- secure acceptable financing arrangements;
- comply with applicable zoning, licensing, land use and environmental regulations;
- overcome litigation or other opposition efforts brought by special interest groups;
- raise or have available an adequate amount of money for construction and opening costs;
- respond to unforeseen construction, engineering, environmental or other problems;
- avoid or mitigate the impact of inclement weather, natural disasters and other calamities;
- respond to infectious diseases, health epidemics and pandemics (including the COVID-19 pandemic);
- timely hire, train and retain the skilled management and other Playmakers necessary to meet staffing needs;

- obtain, in a timely manner and for acceptable cost, required licenses, permits and regulatory approvals, including liquor licenses, and respond effectively to any changes in local, state or federal law and regulations that adversely affect costs or ability to open new venues; and
- efficiently manage the amount of time and money used to build and open each new venue.

In addition, Topgolf has we have relied, and expects expect to continue to rely, primarily on the services of a single design/build contractor for the construction of Topgolf venues. For venues in certain locations, Topgolf's our reliance on this contractor may result in additional costs or delay. Though Topgolf believes it we believe we would be able to find one or more replacements if it we were to lose its our relationship with this contractor or if its their services otherwise became unavailable, there can be no guarantee that Topgolf we would be able to do so without incurring additional costs and delay, or that the terms of arrangements with any such replacement would not be less favorable to Topgolf. us.

There can be no guarantee that a sufficient number of suitable Topgolf venue sites will be available in desirable areas or on terms that are acceptable to Topgolf us in order to achieve its our growth plan, or that Topgolf we will be successful in addressing the other risks inherent in its our business that will allow it us to open new Topgolf venues in a timely and cost-effective manner or at all. If Topgolf is we are unable to open new Topgolf venues, or if venue openings are significantly delayed or face other obstacles, the Company's our revenues could be adversely affected and its our business negatively impacted. New Topgolf venues, once opened, may not be profitable or may close, which would adversely affect the our Topgolf business as well the Company's business, as our financial condition and results of operations and ability to execute its our growth strategy.

Even if Topgolf we and its our franchisees succeed in opening new Topgolf venues on a timely and cost-effective basis, there can be no guarantee that the profitability of these venues will be in line with that of existing venues or the performance targets Topgolf has we have set. New venues may even operate at a loss or close after a short operating period, which could have a significant adverse effect on our overall operating results. Historically, new venues often experience an initial start-up period with considerable sales volumes, which subsequently decrease to stabilized levels after their first year of operation, followed by increases in same venue sales in line with the rest of Topgolf's our comparable venue base, although there can be no assurance that the same venue sales of any new venues opened in the future will increase in line with the rest of Topgolf's our comparable venue base or that a new venue will succeed in the long term. Topgolf Our and its our franchisees' ability to operate new venues profitably may be affected by a number of factors, many of which are beyond its our control, including:

- general economic conditions, which can affect venue traffic, local labor costs and prices for food products and other supplies to varying degrees in the markets in which venues are located;
- changes in consumer preferences and discretionary spending;
- difficulties obtaining or maintaining adequate relationships with distributors or suppliers in a given market;
- inefficiency in labor costs and operations as newly hired Playmakers gain experience;
- competition from other out-of-home entertainment options, including existing venues and the businesses of the Toptracer Range licensees, as well as a variety of home-based entertainment options;
- temporary or permanent site characteristics of new venues;
- changes in government regulation, including required licenses, permits and regulatory approvals, including liquor licenses;
- the impact of infectious diseases, health epidemics and pandemics (including the COVID-19 pandemic) on factors impacting Topgolf's our business, including but not limited to changes in consumer preferences and discretionary spending, the ability and cost of suppliers to deliver required products and health and public safety regulations; and
- other unanticipated increases in costs, any of which may impair profitability at a specific venue or more broadly.

Furthermore, as part of Topgolf's our longer-term growth strategy, it we may open Topgolf venues in geographic markets in which Topgolf has we have little or no operating experience. These and other markets that we enter may have different competitive conditions, consumer tastes and discretionary spending patterns than existing markets, which may cause new venues to be less successful or profitable than venues in existing markets. The challenges of opening venues in new markets include, among other things: difficulties in hiring experienced personnel, lack of familiarity with local real estate markets and demographics, lack of familiarity with local legal and regulatory requirements, different competitive and economic conditions, and consumer tastes and discretionary spending patterns that may be more difficult to predict or satisfy than in existing markets. In addition, Topgolf's our marketing and advertising programs may not be successful in generating brand awareness in all local markets, and lack of market awareness of the Topgolf brand may pose additional risks. Venues opened in new markets may open at lower average weekly revenues than venues opened in existing markets, and may have higher venue-level operating expense ratios than venues in existing markets. Sales at venues opened in new markets may also take longer to reach expected revenue levels, if they are able to do so at all, thereby adversely affecting overall profitability. Any failure to recognize or respond effectively to these challenges may adversely affect the success of any new venues and impair Topgolf's our ability to grow its our Topgolf business.

If the Company is we are unable to successfully manage the frequent introduction of new products in its our golf equipment business that satisfy changing consumer preferences, it could significantly and adversely impact its our financial performance and prospects for future growth.

The Company's Our main golf equipment products, like those of its our competitors, generally have life cycles of two-to-three years, with sales occurring at a much higher rate in the first year than in the second and third years. Factors driving these short product life cycles include the rapid introduction of competitive products and consumer demands for the latest technology. In this marketplace, a substantial portion of the Company's our annual revenues is generated each year by products that are in their first year of their product life cycle.

These marketplace conditions raise a number of issues that the Company we must successfully manage. For example, the Company we must properly anticipate consumer preferences and design products that meet those preferences while also complying with significant restrictions imposed on golf equipment by the Rules of Golf (see further discussion of the Rules of Golf below) or its our new products will not achieve sufficient market success to compensate for the usual decline in sales experienced by products already in the market. Second, the Company's our research and development and supply chain groups face constant pressures to design, develop, source and supply new products that perform better than their predecessors, many of which incorporate new or otherwise untested technology, suppliers or inputs. Third, for new products to generate equivalent or greater revenues than their predecessors, they must either maintain the same or higher sales levels with the same or higher pricing, or exceed the performance of their predecessors in one or both of those areas. Fourth, the relatively short window of opportunity for launching and selling new products requires great precision in forecasting demand and assuring that supplies are ready and delivered during the critical selling periods. Finally, the rapid changeover in products creates a need to monitor and manage the closeout of older products both at retail and in the Company's our own inventory. Should the Company we not successfully manage the frequent introduction of new products that satisfy consumer demand, the Company's our results of operations, financial condition and cash flows could be significantly adversely affected.

The Company's soft goods and apparel Our active lifestyle and Topgolf venues businesses face risks associated with changed consumer tastes and preferences and fashion trends.

The Company's Our expanding apparel active lifestyle business and its our Topgolf venues business are subject to pressures from changing consumer tastes and preferences on a global level and, as a result, the Company is we are dependent on its our ability to timely introduce products and services that anticipate and/or satisfy such preferences.

With respect to Topgolf, consumer and corporate discretionary spending on entertainment and leisure is affected by consumer tastes and preferences, which are subject to change, and there can be no guarantee that golf-oriented entertainment will continue to appeal to consumers. Any decline in guest traffic, and/or guest spending, or both, in Topgolf's our Topgolf venues, whether resulting from unfavorable economic conditions or changes in consumer preferences, will reduce revenue in Topgolf's our Topgolf venues business, impair the value of Topgolf's the Topgolf brand and impact Topgolf's our ability to attract new franchisees, licensees and commercial partners and generate sponsorship revenue, all of which could have a material adverse effect on the Company's our business, results of operations, financial condition and growth prospects.

With respect to the Company's soft goods and apparel our active lifestyle business, changes in consumer preferences, consumer purchasing behavior, consumer interest in recreational or other outdoor activities, and fashion trends could have a significant effect on the Company's our sales. The Company's Our success depends on its our ability to identify and originate product trends as well as to anticipate, gauge and react to changing consumer demands and buying patterns in a timely manner. However, significant lead times for many of the Company's our products, including OGIO, TravisMathew and Jack Wolfskin-branded products, may make it more difficult for the Company us to respond rapidly to new or changing product trends or consumer preferences. All of the Company's our products are subject to changing consumer preferences that cannot be predicted with certainty. The Company's Our new products may not receive consumer acceptance as consumer preferences could shift rapidly to different types of lifestyle products or away from these types of products altogether, and its our future success depends in part on its our ability to anticipate and respond to these changes. In addition, decisions about product designs often are made far in advance of consumer acceptance. If the Company we or its our customers fail to anticipate and respond to consumer preferences or fail to respond in a timely manner or if the Company we or its our customers are unable to effectively navigate a transforming retail marketplace, the Company we could suffer reputational damage to its our products and brands and it may experience lower sales, excess inventories and lower profit margins in current and future periods, any of which could materially adversely affect the Company's our business, financial condition and results of operations.

The Company's Our golf equipment business and its our active lifestyle business each have a concentrated customer base. The loss of one or more of the Company's our top customers could have a significant effect on the Company's our sales.

On a consolidated basis, no single customer accounted for more than 10% of the Company's our consolidated revenues in 2023, 2022, 2021, or 2020. The Company's 2021. Our top five customers accounted for approximately 12% of the Company's our consolidated revenues in both 2023 and 2022, and 13% in 2021, and 20% in 2020. 2021.

The Company's Our top five customers specific to each operating segment represented the following as a percentage of each segment's total net revenues:

- Golf Equipment top five customers accounted for approximately 26% 25%, 24% 26% and 25% 24% of total consolidated Golf Equipment sales in 2023, 2022, 2021, and 2020, 2021, respectively; and
- Active Lifestyle top five customers accounted for approximately 17%, 17% and 12% 19% of total consolidated Active Lifestyle sales in 2023, and 17% in each of 2022 2021, and 2020, respectively. 2021.

Consolidation of retailers or concentration of retail market share among a few retailers may increase and concentrate the Company's our credit risk, putting pressure on its our margins and its our ability to sell products relating to its our golf equipment and active lifestyle business segments.

The off-course golf equipment and active lifestyle retail markets in some countries, including the United States, are dominated by a few large retailers. Certain of these retailers have in the past increased their market share and may continue to do so in the future by expanding through acquisitions and construction of additional stores. Industry consolidation has occurred in recent years, and additional consolidation is possible. These situations may result in a concentration of the Company's our credit risk with respect to its our sales to such retailers, and, if any of these retailers were to experience a shortage of liquidity or other financial difficulties, or file for bankruptcy, it would increase the risk that their outstanding payables to the Company us may not be paid. This consolidation may also result in larger retailers gaining increased leverage, which may impact the Company's our margins. In addition, increasing market share concentration among one or a few retailers in a particular country or region increases the risk that if any one of them substantially reduces their purchases of the Company's our products, the Company we may be unable to find a sufficient number of other retail outlets for the Company's our products to sustain the same level of sales. Any reduction in sales by the Company's our retailers could materially adversely affect the Company's our business, financial condition and results of operations.

The Company's business depends on strong brands and related reputations, and if the Company is not able to maintain and enhance the Company's brands or preserve its strong reputation, including as a result of actions taken by franchisees and licensees, its sales may be adversely affected.

The Company's brands have worldwide recognition, and the Company's success depends in large part on its ability to maintain and enhance its brand image and reputation. Maintaining, promoting and enhancing the Company's brands may require the Company to make substantial investments in areas such as product innovation, product quality, intellectual property protection, marketing and employee training, and these investments may not have the desired impact on the Company's brand image and reputation. The Company's business could be adversely impacted if the Company fails to achieve any of these objectives or if the reputation or image of any of the Company's brands is tarnished or receives negative publicity. In particular, Topgolf's ability to generate customer loyalty and attract and retain additional franchisees, licensees and commercial partners depends, to a large extent, on the strength of its brand and reputation. Any incident that erodes Topgolf's public image or brand integrity, including as a result of actions by franchisees and licensees, could significantly impair the value of its brand and Topgolf's ability to generate revenue.

In addition, adverse publicity about regulatory or legal action against the Company could damage its reputation and brand image, undermine consumer confidence in the Company and reduce long-term demand for its products and services, even if the regulatory or legal action is unfounded or not material to its operations. Also, as the Company seeks to grow its presence in existing, and expand into new, geographic or product markets, consumers in these markets may not accept the Company's brand image and may not be willing to pay a premium to purchase the Company's products and services as compared to other brands. The Company anticipates that as it continues to grow its presence in existing markets and expand into new markets, further developing the Company's brands may become increasingly difficult and expensive. If the Company is unable to maintain or further develop the image of the Company's brands, it could materially adversely affect the Company's business, financial condition and results of operations.

In addition, there has been a marked increase in the use of social media platforms and other forms of internet-based communications that provide individuals and businesses with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate, as is its potential impact to affected individuals and businesses. Many social media platforms immediately publish the content posted by their subscribers and participants, often without filters or checks on the accuracy of the content posted. Accordingly, the use of social media vehicles by the Company, including Topgolf and its customers, Playmakers, franchisees, licensees or other third parties, such as professional athletes, celebrities and other social influencers, could increase costs, lead to litigation or result in negative publicity that could damage the Company's and Topgolf's brand or reputation and have a material adverse effect on its business, financial condition and results of operations.

International political instability and terrorist activities may decrease demand for the Company's products and services and disrupt its business.

Terrorist activities and armed conflicts, including the continuation of the conflict between Russia and the Ukraine, could have an adverse effect on the United States or worldwide economy and could cause decreased demand for the Company's products and services as consumers' attention and interests are diverted from golf and become focused on issues relating to these events. If such events disrupt domestic or international air, ground or sea shipments, or the operation of the Company's manufacturing facilities, the Company's ability to obtain the materials and components necessary to manufacture its products and to deliver customer orders would be harmed, which would have a significant adverse effect on the Company's results of operations, financial condition and cash flows. Such events can also negatively impact tourism, which could adversely affect the Company's sales to retailers at resorts and other vacation destinations. In addition, the occurrence of political instability and/or terrorist activities generally restricts travel to and from the affected areas, making it more difficult in general to manage the Company's international operations. In particular, the conflict between Russia and Ukraine has and may continue to adversely impact macroeconomic conditions, give rise to regional instability and result in heightened economic sanctions from the U.S. and the international community in a manner that adversely affects our business.

The Company's business could be harmed by the occurrence of natural disasters or other emergencies, including the COVID-19 pandemic or other pandemic diseases.

The occurrence of a natural disaster, such as an earthquake, tsunami, fire, flood or hurricane, or the further outbreak of a pandemic disease, such as COVID-19 or a variant thereof, could significantly adversely affect the Company's business. A natural disaster or a pandemic disease could significantly adversely affect both the demand for the Company's products as well as the supply of the components and materials used to make the Company's products. Demand for golf products also could be negatively affected as consumers in the affected regions restrict their recreational activities and as tourism to those areas declines. If the Company's suppliers experienced a significant disruption in their business as a result of a natural disaster or other emergency, including the COVID-19 pandemic or a further outbreak, the Company's ability to obtain the necessary components to make its products could be significantly adversely affected. In addition, the occurrence of a natural disaster or the outbreak of a pandemic disease generally restricts travel to and from the affected areas, making it more difficult in general to manage the Company's operations.

The Company's business is subject to both seasonal and non-seasonal fluctuations, which could result in fluctuations in its operating results and stock price.

The Company's business is subject to both seasonal and non-seasonal fluctuations. In the golf equipment business, the Company's first-quarter sales generally represent the Company's sell-in to the golf retail channel of its golf club products for the new golf season. The Company's second and third-quarter sales generally represent reorder business for golf clubs. Sales of golf clubs during the second and third quarters are significantly affected not only by the sell-through of the Company's products that were sold into the channel during the first quarter but also by the sell-through of products by the Company's competitors. Retailers are sometimes reluctant to reorder the Company's products in significant quantities when they already have excess inventory of products of the Company or its competitors. The Company's sales of golf balls are generally associated with the number of rounds played in the areas where the Company's products are sold. Therefore, golf ball sales tend to be greater in the second and third quarters, when the weather is good in most of the Company's key regions and the number of rounds played increase. Golf ball sales are also stimulated by product introductions as the retail channel takes on initial supplies. Like those of golf clubs, reorders of golf balls depend on the rate of sell-through. The Company's golf-related sales during the fourth quarter are generally significantly less than those of the other quarters because in many of the Company's key regions fewer people are playing golf during that time of year due to cold weather. Furthermore, the Company generally announces its new golf product line in the fourth quarter to allow retailers to plan for the new golf season. Such early announcements of new products could cause golfers, and therefore the Company's customers, to defer purchasing additional golf equipment until the Company's new products are available. Such deferments could have a material adverse effect on sales of the Company's current products or result in closeout sales at reduced prices.

The Company's expanding apparel business is expected to experience stronger revenue during different times of the year than the Company's golf-related business. A portion of the sales of the Company's apparel products is dependent in part on the weather and likely to decline in years in which weather conditions do not stimulate demand for the Company's apparel products. Periods of unseasonably warm weather in the fall or winter or unseasonably cold weather in the spring and summer could have a material adverse effect on the Company's business, financial condition and results of operations. Unintended inventory accumulation by customers resulting from unseasonable weather in one season generally negatively affects orders in future seasons, which could have a material adverse effect on the Company's business, financial condition and results of operations. In particular, the Company's Jack Wolfskin business focuses primarily on outerwear and consequently experiences stronger sales for such products during the cold-weather months and the corresponding prior sell-in periods. A significant portion of the Jack Wolfskin business is highly dependent on cold-weather seasons and patterns to generate consumer demand for cold-weather apparel. Consumer demand for Jack Wolfskin-branded cold-weather products may be negatively affected to the extent global weather patterns trend warmer, reducing typical patterns of cold-weather events or increasing weather volatility, which could materially adversely affect the Company's business, financial condition and results of operations.

The Company's Topgolf business is similarly expected to experience stronger revenue at different times of the year as a result of both seasonal and non-seasonal fluctuations.Historically, Topgolf's venues experience nominally higher second and third quarter revenue associated with the spring and summer. First and fourth quarters have historically had lower revenue at venues as compared to the other quarters due to cooler temperatures. Seasonality is likely to continue to be a factor in the quarterly results related to the Topgolf segment and, as a result, factors affecting peak seasons at Topgolf's venues, such as adverse weather, could have a disproportionate effect on operating results. Topgolf's operating results also fluctuate significantly quarter to quarter and year to year due to non-seasonal factors. For example, poor results of operations at one or a limited number of venues could significantly affect overall profitability. Additionally, the timing of new venue openings and the timing of Toptracer Range installations may result in significant fluctuations in quarterly performance. Due to the substantial up-front financial requirements to open new venues, the investment risk related to any single venue is much larger than that associated with many other entertainment venues. Topgolf typically incurs a majority of pre-opening costs for a new Company-operated venue within three months of the venue opening.

In addition, due to the seasonality of the Company's business, the Company's business can be significantly adversely affected by unusual or severe weather conditions and by severe weather conditions caused by climate change. Unfavorable weather conditions generally result in fewer golf rounds played, which generally results in reduced demand for all golf products, and in particular, golf balls. Furthermore, catastrophic storms can negatively affect golf rounds played both during the storms and afterward, as storm damaged golf courses are repaired and golfers focus on repairing the damage to their homes, businesses and communities. With respect to the Topgolf business, historically Topgolf venues have increased guest traffic and spending during spring and summer months, as compared to months experiencing adverse weather conditions. Consequently, sustained adverse weather conditions could materially affect the Company's sales across its different business lines.

Changes in equipment standards under applicable Rules of Golf, including new rules intended to reduce distances through limitations on golf ball specifications, could adversely affect the Company's our business.

The Company seeks We seek to have its our new golf club and golf ball products satisfy the standards published by the USGA and The R&A in the Rules of Golf because these standards are generally followed by golfers, both professional and amateur, within their respective jurisdictions. The USGA publishes rules that are generally followed in the United States, Canada and Mexico, and The R&A publishes rules that are generally followed in most other countries throughout the world. However, the Rules of Golf as published by The R&A and the USGA are virtually the same and are intended to be so pursuant to a Joint Statement of Principles issued in 2001.

In the future, existing USGA and/or R&A standards may be altered in ways that adversely affect the sales of the Company's our current or future products. If a change in rules were adopted and caused one or more of the Company's our current or future products to be nonconforming, the Company's our sales of such products would be adversely affected. For example, in December 2023, the USGA and The R&A published the Distance Insights Project Report discussing the impact of hitting adopted a rule change intended to reduce distances on the game of golf and have proposed for all golfers through certain changes to golf ball specifications by revising golf ball testing conditions used to prove golf ball conformance with the Rules of Golf intended to limit distances for the longest hitters. If the proposed applicable rules. The rule changes are adopted, they could to be effective in January 2028 for professional golfers and January 2030 for recreational golfers. This revision to golf ball testing is expected to result in reduced distances for all golfers, which may increase the difficulty of the game, and thereby reduce the enjoyment of golf participants. If, as a result, golf becomes less popular, the number of golf participants and the number of rounds of golf being played may decrease, and sales of our products may be adversely impacted. In addition, we will be required to develop new golf ball products to comply with the new testing conditions. If our new golf ball designs do not achieve market success at least equal to our current golf ball products, our golf ball sales may be adversely affected. Any reduction in our golf ball sales or in golf participation as a result of the golf ball rollback or otherwise may have an a material adverse impact effect on the Company's products. our results of operations, financial condition and cash flows.

The Company's

Our sales and business could be materially and adversely affected if professional athletes, celebrities and other endorsers do not endorse or use our products, or if the Company's products. professional athletes, celebrities and other endorsers using our products receive less or negative publicity.

The Company establishes We establish relationships with professional athletes, celebrities and other endorsers in order to evaluate and promote Callaway Golf, Odyssey, OGIO and TravisMathew branded products and its our Topgolf business. The Company has We have entered into endorsement arrangements with members of various professional tours, including the Champions Tour, the PGA Tour, the LPGA Tour, the PGA European Tour, the Japan Golf Tour and the Korn Ferry Tour, and other celebrities. While most endorsers fulfill their contractual obligations, some have been known to stop using a sponsor's products despite contractual commitments. If certain of the Company's our endorsers were to stop using the Company's our products contrary to their endorsement agreements, or if any such endorser is or becomes the subject of negative publicity, the Company's our business could be adversely affected in a material way by the negative publicity or lack of endorsement.

The Company believes We believe that professional usage of its our golf clubs and golf balls contributes to retail sales. The Company We therefore spends spend a significant amount of money to secure professional usage of its our products. Many other companies, however, also aggressively seek the patronage of these professionals and offer many inducements, including significant cash incentives and specially designed products. There is a great deal of competition to secure the representation of tour professionals. As a result, it is expensive to attract and retain such tour professionals. The inducements offered by other companies could result in a decrease in usage of the Company's our products by professional golfers or limit the Company's our ability to attract other tour professionals.

In July 2022, LIV Golf, a competitor to the PGA Tour, launched its inaugural season. Some professional golfers who endorse, and have in the past endorsed, our products elected to compete on the LIV Golf tour. The PGA Tour has prohibited athletes who compete in LIV Golf events from further participation in PGA Tour events. To date, LIV Golf tournament broadcasts have generated substantially lower television viewership than broadcasts of PGA Tour events. Additionally, golfers participating in LIV Golf events are generally required to wear LIV team apparel, rather than apparel bearing our logos. As a result, our products have received substantially less publicity when a golfer who formerly endorsed our products elects to compete in LIV Golf events rather than PGA Tour events. In the future, additional endorsers of our products may elect to compete in LIV Golf rather than the PGA Tour, and there can be no assurance that LIV Golf television viewership will increase. Further, with the professional men's golf landscape divided between the PGA Tour and LIV Golf, fewer events now showcase all top male professional golfers, which may cause a decrease in professional men's golf television viewership. A substantial reduction in viewership of professional men's golf tournaments could result in a reduction of visibility for our products and brands.

A decline in the level of professional usage of our products or the Company's products, amount of publicity received by our professional endorsers, or a significant increase in the cost to attract or retain endorsers, could have a material adverse effect on the Company's our sales and business.

Our business depends on strong brands and related reputations, and if we are not able to maintain and enhance our brands or preserve our strong reputation, including as a result of actions taken by Topgolf franchisees and licensees, our sales may be adversely affected.

Our brands have worldwide recognition, and our success depends in large part on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and enhancing our brands may require us to make substantial investments in areas such as product innovation, product quality, intellectual property protection, marketing and employee training, and these investments may not have the desired impact on our brand image and reputation. Our business could be adversely impacted if we fail to achieve any of these objectives or if the reputation or image of any of our brands are tarnished or receives negative publicity. In particular, our ability to generate customer loyalty and attract and retain additional Topgolf franchisees, licensees and commercial partners depends, to a large extent, on the strength of our brand and reputation. Any incident that erodes our public image or brand integrity, including as a result of actions by Topgolf franchisees and licensees, could significantly impair the value of our brand and our ability to generate revenue.

In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine consumer confidence in us and reduce long-term demand for our products and services, even if the regulatory or legal action is unfounded or not material to our operations. Also, as we seek to grow our presence in existing, and expand into new, geographic or product markets, consumers in these markets may not accept our brand image and may not be willing to pay a premium to purchase our products and services as compared to other brands. We anticipate that as we continue to grow our presence in existing markets and expand into new markets, further developing our brands may become increasingly difficult and expensive. If we are unable to maintain or further develop the image of our brands, it could materially adversely affect our business, financial condition and results of operations.

In addition, there has been a marked increase in the use of social media platforms and other forms of internet-based communications that provide individuals and businesses with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate, as is the potential impact to affected individuals and businesses. Many social media platforms immediately publish the content posted by their subscribers and participants, often without filters or checks on the accuracy of the content posted. Accordingly, the use of social media vehicles by us and our customers, Playmakers, franchisees, licensees or other third parties, such as professional athletes, celebrities and other social influencers, could increase costs, lead to litigation or result in negative publicity that could damage our brand or reputation and have a material adverse effect on our business, financial condition and results of operations.

International political instability and terrorist activities may decrease demand for our products and services and disrupt our business.

Terrorist activities and armed conflicts, including the continuation of the conflicts between Russia and the Ukraine and Israel and Hamas and the ongoing attacks by Houthi groups near the Suez canal, could have an adverse effect on the United States or worldwide economy and could cause decreased demand for our products and services as consumers' attention and interests are diverted from golf and become focused on issues relating to these events. If such events disrupt domestic or international air, ground or sea shipments, or the operation of our manufacturing facilities, our ability to obtain the materials and components necessary to manufacture our products and to deliver customer orders would be harmed, which would have a significant adverse effect on our results of operations, financial condition and cash flows. Such events can also negatively impact tourism, which could adversely affect our sales to retailers at resorts and other vacation destinations. In addition, the occurrence of political instability, terrorist activities, or both generally restricts travel to and from the affected areas, making it more difficult in general to manage our international operations. In particular, the conflicts between Russia and Ukraine and Israel and Hamas and the ongoing attacks by Houthi groups near the Suez canal have and may continue to adversely impact macroeconomic conditions, give rise to regional instability and result in heightened economic sanctions from the U.S. and the international community in a manner that adversely affects our business.

Our business could be harmed by the occurrence of natural disasters, pandemics (including the COVID-19 pandemic) or other emergencies.

The occurrence of a natural disaster, such as an earthquake, tsunami, fire, flood or hurricane, the outbreak of a pandemic disease, such as a further outbreak of COVID-19 or a variant thereof, or other emergencies could significantly adversely affect our business. A natural disaster or a pandemic disease could significantly adversely affect both the demand for our products as well as the supply of the components and materials used to make our products. Demand for golf products could be negatively affected as consumers in the affected regions restrict their recreational activities and as tourism to those areas declines. In addition, during a pandemic, such as the COVID-19 pandemic, domestic and international governmental authorities around the world may issue orders, mandates, decrees and directives, including travel restrictions, "stay-at home" orders and "social distancing" measures and business shutdowns that may negatively impact our customers' ability to access our entertainment offerings. For example, during the COVID-19 pandemic, certain of our Topgolf venues were required to be closed for a period of time under government orders, mandates, decrees and directives. These measures adversely affected our workforce, customers, consumer sentiment, economies, and financial markets. The COVID-19 pandemic, along with decreased consumer spending, led to an economic downturn in many of our markets. As a result, our business, operating results and financial condition were, and may in the future be, materially and adversely affected. Future outbreaks of other diseases such as avian flu, sudden acute respiratory syndrome (also known as SARS), swine flu or influenza may similarly impact our business.

If our suppliers experienced a significant disruption in their business as a result of a natural disaster, pandemic, including the COVID-19 pandemic or a further outbreak, or other emergency, our ability to obtain the necessary components to make our products could be significantly adversely affected. The occurrence of a natural disaster or the outbreak of a pandemic disease may also restrict travel to and from the affected areas, making it more difficult in general to manage our operations, including an inability or difficulty in obtaining a supply of components and materials used to make our products. For example, we use various contract manufacturers in Asia for the production of our non-urethane golf balls, including Launch Technologies, which provided a significant portion of our non-urethane golf ball supply. In September 2023, there was a fire at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan. A portion of our value oriented golf balls were manufactured in the facility that was directly impacted by the fire, including the Topgolf range balls. The majority of the golf balls supplied to us by Launch Technologies were manufactured in a separate dedicated facility that was not directly impacted by the fire. However, this separate facility was not operational for nearly six months following the fire, due to both the ongoing investigation and certain shared resources, and only recently resumed operations. Accordingly, we were required to source golf ball production from alternative manufacturing facilities. If, in a future natural disaster or other emergency, we are not able to arrange for alternative sources of supply, our business and results of operations may be adversely affected.

To the extent a natural disaster, pandemic (including the COVID-19 pandemic) or other emergency adversely affects our business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this Item 1A and "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Item 7 below, including, without limitation, risks relating to changes in demand for our products and services or the supply of the components and materials used to make our products, level of indebtedness, need to generate sufficient cash flows to service our indebtedness, ability to comply with the obligations and financial covenants contained in our existing credit facilities, availability of adequate capital, the ability to execute our strategic plans, U.S. trade, tax or other policies that restrict imports or increase import tariffs, ability to successfully operate our expanding retail stores and venues, and regulatory restrictions.

Our business is subject to both seasonal and non-seasonal fluctuations, which could result in fluctuations in our operating results and stock price.

Our business is subject to both seasonal and non-seasonal fluctuations. In the golf equipment business, our first-quarter sales generally represent our sell-in to the golf retail channel of our golf club products for the new golf season. Our second and third-quarter sales generally represent reorder business for golf clubs. Sales of golf clubs during the second and third quarters are significantly affected not only by the sell-through of our products that were sold into the channel during the first quarter but also by the sell-through of products by our competitors. Retailers are sometimes reluctant to reorder our products in significant quantities when they already have excess inventory of products from us or our competitors. Our golf ball sales are generally associated with the number of rounds played in the areas where our products are sold. Therefore, golf ball sales tend to be greater in the second and third quarters, when the weather is good in most of our key regions and the number of rounds played increase. Golf ball sales are also stimulated by product introductions as the retail channel takes on initial supplies. Like those of golf clubs, reorders of golf balls depend on the rate of sell-through. Our golf-related sales during the fourth quarter are generally significantly less than those of the other quarters because in many of our key regions fewer people are playing golf during that time of year due to cold weather. Furthermore, we generally announce our new golf product line in the fourth quarter to allow retailers to plan for the new golf season. Such early announcements of new products could cause golfers, and therefore our customers, to defer purchasing additional golf equipment until our new products are available. Such deferments could have a material adverse effect on sales of our current products or result in closeout sales at reduced prices.

Our expanding apparel business is expected to experience stronger revenue during different times of the year than our golf-related business. A portion of the sales of our apparel products are dependent in part on the weather and likely to decline in years in which weather conditions do not stimulate demand for our apparel products. Periods of unseasonably warm weather in the fall or winter or unseasonably cold weather in the spring and summer could have a material adverse effect on our business, financial condition and results of operations. Unintended inventory accumulation by customers resulting from unseasonable weather in one season generally negatively affects orders in future seasons, which could have a material adverse effect on our business, financial condition and results of operations. In particular, our Jack Wolfskin business focuses primarily on outerwear and consequently experiences stronger sales for such products during the cold-weather months and the corresponding prior sell-in periods. A significant portion of the Jack Wolfskin business is highly dependent on cold-weather seasons and patterns to generate consumer demand for cold-weather apparel. Consumer demand for Jack Wolfskin-branded cold-weather products may be negatively affected to the extent global weather patterns trend warmer, reducing typical patterns of cold-weather events or increasing weather volatility, which could materially adversely affect our business, financial condition and results of operations.

Our Topgolf business is similarly expected to experience stronger revenue at different times of the year as a result of both seasonal and non-seasonal fluctuations. Historically, our Topgolf venues experience nominally higher second and third quarter revenue associated with the spring and summer. First and fourth quarters have historically had lower revenue at venues as compared to the other quarters due to cooler temperatures. Seasonality is likely to continue to be a factor in the quarterly results related to the Topgolf segment and, as a result, factors affecting peak seasons at our Topgolf venues, such as adverse weather, could have a disproportionate effect on operating results. Our Topgolf operating results also fluctuate significantly quarter to quarter and year to year due to non-seasonal factors. For example, poor results of operations at one or a limited number of venues could significantly affect overall profitability. Additionally, the timing of new venue openings and the timing of Toptracer Range installations may result in significant fluctuations in quarterly performance. Due to the substantial up-front financial requirements to open new venues, the investment risk related to any single venue is much larger than that associated with many other entertainment venues. We typically incur a majority of pre-opening costs for a new Company-operated venue within three months of the venue opening.

In addition, due to the seasonality of our business, our business can be significantly adversely affected by unusual or severe weather conditions and by severe weather conditions caused by climate change. Unfavorable weather conditions generally result in fewer golf rounds played, which generally results in reduced demand for all golf products, and in particular, golf balls. Furthermore, catastrophic storms can negatively affect golf rounds played both during the storms and afterward, as storm damaged golf courses are repaired and golfers focus on repairing the damage to their homes, businesses and communities. With respect to the Topgolf business, historically Topgolf venues have increased guest traffic and spending during spring and summer months, as compared to months experiencing adverse weather conditions. Consequently, sustained adverse weather conditions could materially affect our sales across our different business lines.

Any significant changes in U.S. trade or other policies that restrict imports or increase import tariffs could have a material adverse effect on the Company's our results of operations.

A significant amount of the Company's our products are manufactured in Mexico, China, Vietnam and Bangladesh and other regions outside of the United States. In recent years, the U.S. government has implemented substantial changes to U.S. trade policies, including import restrictions, increased import tariffs and changes in U.S. participation in multilateral trade agreements, such as the United States-Mexico-Canada Agreement to replace the former North American Free Trade Agreement. The U.S. government has assessed supplemental tariffs on certain goods imported from China, resulting in China's assessment of retaliatory tariffs on certain imports of U.S. goods into China. In addition, the United States has assessed or proposed supplemental tariffs and quantitative restrictions on U.S. imports of certain products from other countries as well. U.S. trade policy continues to evolve in this regard. Such changes could prevent or make it difficult or more expensive for the Company us to obtain the components needed for new products, which could affect the Company's our sales. The recent increase in import tariffs impacted the Company's business in 2020, 2021 and 2022, and could continue to impact the Company's business in 2023. Further tariff increases could require the Company us to increase its our prices, which likely would decrease customer demand for its our products. Retaliatory tariff and trade measures imposed by other countries could affect the Company's our ability to export products and therefore adversely affect its our sales. Any significant changes in current U.S. trade or other policies that restrict imports or increase import tariffs could have a material adverse effect upon the Company's our results of operations.

The Company's Our current senior management team and other key executives are critical to the Company's our success, and the loss of, and failure to adequately replace, any such individual could significantly harm the Company's our business.

The Company's Our ability to maintain its our competitive position is dependent to a large degree on the efforts and skills of the senior officers of the Company. The Company's officers. Our executives are experienced and highly qualified with strong reputations in their our industries, and the Company believes we believe that its our management team enables it us to pursue the Company's our strategic goals. The success of the Company's our business is dependent upon the management and leadership skills of its our senior management team and other key personnel. Competition for these individuals' talents is intense, and the Company we may not be able to attract and retain a sufficient number of qualified personnel in the future. The loss of one or more of these senior officers could have a material adverse effect on the Company us and its our ability to achieve its our strategic goals.

Certain of the Company's our stockholders, if they choose to act together, have the ability to significantly control or influence all matters submitted to stockholders for approval.

As of December 31, 2022 December 31, 2023, PEP TG Investments LP ("Providence"), DDFS Partnership LP and Dundon 2009 Gift Trust (together, "Dundon"), TGP Investors, LLC, TGP Investors II, LLC, WestRiver Management, LLC, Anderson Family Investments, LLC and TGP Advisors, LLC (together, "WestRiver"), each of whom acquired shares of the Company's our common stock in connection with the merger with Topgolf in 2021, own, in the aggregate, approximately 23.4% 21.8% of the Company's our capital stock. Scott M. Marimow is affiliated with Providence, Thomas G. Dundon C. Matthew Turney is affiliated with Dundon and Erik J. J Anderson is affiliated with WestRiver, each of whom serve on the Company's our board of directors. In addition, pursuant to a stockholders agreement entered into with certain former Topgolf stockholders in connection with the merger, Providence and certain former Topgolf stockholders affiliated with Dundon and WestRiver have the right to designate one person (for a total of three persons) to be appointed or nominated, as the case may be, for election to the Company's our board of directors for so long as such stockholder maintains beneficial ownership of 50% or more of the shares of the Company's our common stock owned by them on the closing date of the merger. Commencing in April 2023, WestRiver no longer held sufficient shares to maintain its right to designate a nominee for director, although Mr. Anderson continues to serve as WestRiver's previously appointed designee to the Board.

As a result, if these stockholders were to choose to act together, they would be able to significantly influence all matters submitted to the Company's our stockholders for approval, as well as the Company's our management and affairs. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving the Company, us or discouraging a potential acquiror from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders.

Risks Related to Operations, Manufacturing, and Technology

The Company has We have significant international operations and is therefore exposed to risks associated with doing business globally.

The Company sells We sell and distributes its distribute our products directly in many key international markets in Europe, Asia, North America and elsewhere around the world. The Company We also operates operate various international venues through the Topgolf business. These activities have resulted and will continue to result in investments in inventory, accounts receivable, employees, corporate infrastructure and facilities. In addition, there are a limited number of suppliers of golf club components in the United States, and the Company is we are dependent on suppliers and vendors located outside of the United States. The operation of foreign distribution in the Company's our international markets, as well as the management of relationships with international suppliers and vendors, will continue to require the dedication of management and other Company resources. The Company manufactures We manufacture most of its our products outside of the United States.

With respect to the Topgolf business, Topgolf has we have both Company-operated and franchised venues located outside of the United States. In addition, Topgolf has we have Toptracer licensees operating Toptracer Range bays outside of the United States. Topgolf We also uses use third-party manufacturers in Taiwan and China to produce the

RFID-enabled golf balls and golf clubs used in its our venues, and sources certain of the components used in the Toptracer business line from third-party suppliers located in Germany, Taiwan and the United Kingdom.

As a result of this international business, the Company is we are exposed to increased risks inherent in conducting business outside of the United States. These risks include the following:

- Adverse adverse changes in foreign currency exchange rates can have a significant effect upon the Company's our results of operations, financial condition and cash flows;

- Increased increased difficulty in protecting the Company's our intellectual property rights and trade secrets;
- Unexpected unexpected government action or changes in legal or regulatory requirements;
- Social, social, economic or political instability;
- The the effects of any anti-American sentiments on the Company's our brands or sales of the Company's our products or services;
- Increased increased difficulty in ensuring compliance by employees, agents and contractors with the Company's our policies as well as with the laws of multiple jurisdictions, including but not limited to the U.S. Foreign Corrupt Practices Act (the "FCPA"), international environmental, health and safety laws, and increasingly complex regulations relating to the conduct of international commerce, including import/export laws and regulations, economic sanctions laws and regulations and trade controls;
- Changes changes in international labor costs and other costs of doing business internationally;
- Increased increased difficulty in controlling and monitoring foreign operations from the United States, including increased difficulty in identifying and recruiting qualified personnel for its our foreign operations; and
- Increased increased exposure to interruptions in air carrier or ship services. services; and
- the occurrence of natural disasters or other emergencies, such as the fire in September 2023 at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan, where a portion of our value oriented golf balls were manufactured.

Any significant adverse change in these and other circumstances or conditions relating to international operations could have a significant adverse effect on the Company's our operations, financial performance and condition.

The Company has We have significant international sales and purchases, and unfavorable changes in foreign currency exchange rates could have a significant negative impact on the Company's our results of operations.

A significant portion of the Company's our purchases and sales are international. As a result, the Company conducts we conduct transactions in various currencies worldwide. The Company expects its We expect our international business, and the number of transactions that it conducts are conducted in foreign currencies, to continue to expand. Conducting business in such currencies exposes the Company us to fluctuations in foreign currency exchange rates relative to the U.S. dollar.

The Company's Our financial results are reported in U.S. dollars, and as a result, transactions conducted in foreign currencies must be translated into U.S. dollars for reporting purposes based upon the applicable foreign currency exchange rates. Fluctuations in these foreign currency exchange rates therefore may positively or negatively affect the Company's our reported financial results and can significantly affect period-over-period comparisons.

The effect of the translation of foreign currencies on the Company's our financial results can be significant. The Company We therefore engages engage in certain hedging activities to mitigate the annual impact of the translation of foreign currencies on the Company's our financial results. The Company's Our hedging activities can reduce, but will not eliminate, the effects of foreign currency fluctuations. The extent to which the Company's our hedging activities mitigate the effects of foreign currency translation varies based upon many factors, including the amount of transactions being hedged. Other factors that could affect the effectiveness of the Company's our hedging activities include accuracy of sales forecasts, volatility of currency markets and the availability of hedging instruments. Since the hedging activities are designed to reduce volatility, they not only reduce the negative impact of a stronger U.S. dollar but also reduce the positive impact of a weaker U.S. dollar. The Company's Our future financial results could be significantly affected by the value of the U.S. dollar in relation to the foreign currencies in which the Company conducts we conduct business.

Foreign currency fluctuations can also affect the prices at which products are sold in the Company's our international markets. The Company We therefore adjusts its adjust our pricing based in part upon fluctuations in foreign currency exchange rates. Significant unanticipated changes in foreign currency exchange rates make it more difficult for the Company us to manage pricing in its our international markets. If the Company is we are unable to adjust its our pricing in a timely manner to counteract the effects of foreign currency fluctuations, or if we increase our pricing too much to counteract the Company's effects of foreign currency fluctuations, our pricing may not be competitive in the marketplace and the Company's our financial results in its our international markets could be adversely affected.

The costs and availability of finished products, product components, raw materials and ingredients could affect the Company's our operating results.

The costs and availability of the finished products, product components and raw materials needed in the Company's our products and services can be volatile as a result of numerous factors, including inflationary pressures and rising interest rates; general, domestic, and international economic conditions; labor costs; production levels; competition; consumer demand; import duties; tariffs; and currency exchange rates. This volatility can significantly affect the availability and cost of these items for us which could have a material adverse effect on the Company's our business, financial condition and results of operations.

The materials, components and ingredients used by the Company us and its our suppliers involve raw materials, including synthetic rubber, thermoplastics, zinc stearate, zinc oxide and limestone for the manufacturing of the Company's our golf balls, titanium alloys, carbon fiber and steel for the assembly of the Company's our golf clubs, various fabrics used by suppliers in the Company's our apparel business and food and beverage ingredients, venue hardware and other supplies used in the Topgolf business. Significant price fluctuations or shortages in such raw materials, components or ingredients, including the costs to transport such materials, components or ingredients, the uncertainty of currency fluctuations against the U.S. dollar, increases in labor rates, interest rates, trade duties or tariffs, and/or the introduction of new and expensive raw materials, could materially adversely affect the Company's our business, financial condition and results of operations. The United States and many areas of the world, including areas in which the Company we and its our suppliers operate, have recently experienced historically high levels of inflation. In addition, prolonged periods of inflationary pressure on some or all input costs may result in increased costs to produce the Company's our products and provide the Company's our services that could have an adverse effect on profits from sales of the Company's our products and services, or require the Company us to increase prices for its our products and services that could adversely affect consumer demand for its our products and services.

Many of the Company's our golf equipment and apparel products are manufactured outside of the main sales markets in which the Company operates, we operate, which requires these products to be transported by third parties, sometimes over large geographical distances. Shortages in ocean, land or air shipment capacity and volatile fuel costs can result in rapidly changing transportation costs or an inability to transport products in a timely manner. Similarly, disruption to shipping and transportation channels due to labor disputes could cause the Company us to rely more heavily on alternative modes of transportation to achieve timely delivery to customers, resulting in significantly higher freight costs. Because of the Company prices its of our products prior to shipment, and as changes in transportation and other costs may be difficult to predict, the Company we may not be able to pass all or any portion of these higher costs on to its our customers or adjust its our pricing structure in a timely manner in order to remain competitive, either of which could have a material adverse effect on the Company's our business, financial condition and results of operations.

Any difficulties from strategic acquisitions that the Company pursues we pursue or consummates, consummate, including its recent our merger with Topgolf, could adversely affect its our business, financial condition and results of operations.

The Company We may acquire companies, businesses and products that complement or augment its our existing business. For example, in 2021, the Company we completed its our merger with Topgolf. The Company Topgolf and in 2023, we acquired certain assets related to the Swing Suite golf simulation technology from Full Swing Golf Holdings, LLC ("Full Swing") and certain assets related to the BigShots Golf business from affiliates of Invited, Inc. We may not be successful in its the integration with this business these businesses or any other business that it we may acquire in the future or operate such acquired business businesses profitably. Integrating any newly acquired business including Topgolf, is typically expensive and time-consuming. Integration efforts often take a significant amount of time, place a significant strain on managerial, operational and financial resources and could prove to be more difficult or expensive than predicted. The diversion of management's attention and any delay or difficulties encountered in connection with any such acquisitions could result in the disruption of on-going business or inconsistencies in standards and controls that could negatively affect the Company's our ability to maintain third-party relationships. Moreover, the Company we may need to raise additional funds through public or private debt or equity financing, or issue additional shares, to continue operating the Topgolf business, which may result in dilution for stockholders or the incurrence of indebtedness.

As part of the Company's our efforts to acquire companies, businesses or products or to enter into other significant transactions, the Company conducts we conduct business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in the transaction. Despite the Company's our efforts, the Company we ultimately may be unsuccessful in ascertaining or evaluating all such risks and, as a result, might not realize the intended advantages of the transaction. If the Company fails we fail to realize the expected benefits from previous acquisitions or other acquisitions it we may consummate in the future, whether as a result of unidentified risks, integration difficulties, complexities associated with managing the combined business, performance shortfalls at one or both of the companies as a result of the diversion of management's attention caused by completing the transaction and integrating the companies' our operations, litigation with current or former employees and other events, the Company's our business, financial condition and results of operations could be adversely affected.

If the Company we inaccurately forecasts forecast demand for its our products, it we may manufacture either insufficient or excess quantities, which, in either case, could adversely affect its our financial performance.

The Company plans its We plan our manufacturing capacity based upon the forecasted demand for its our products. Forecasting the demand for the Company's our products is very difficult given the manufacturing lead time and the amount of specification involved. For example, the Company we must forecast well in advance not only how many drivers it we will sell, but also (1) the quantity of each driver model, (2) the quantity of the different lofts in each driver model, and (3) for each driver model and loft, the number of left-handed and right-handed versions. Forecasting demand for specific soft goods and apparel products can also be challenging due to changing consumer preferences and competitive pressures and longer supply lead times. The nature of the Company's our business makes it difficult to adjust quickly its our manufacturing capacity if actual demand for its our products exceeds or is less than the forecasted demand. If actual demand for its our products exceeds the forecasted demand, the Company we may not be able to produce sufficient quantities of new products in time to fulfill actual demand, which could limit the Company's our sales and adversely affect its our financial performance. On the other hand, if actual demand is less than the forecasted demand for its our products, the Company we could produce excess quantities, resulting in excess inventories and related obsolescence charges that could adversely affect the Company's our financial performance.

The Company's Our expanding international operations could be harmed if it fails we fail to successfully transition its our business processes on a global scale.

As the Company expands its we expand our global footprint, its our business could be harmed if it fails we fail to successfully transition its our business processes on a global scale.This expansion to a global scale requires significant investment of capital and human resources, the re-engineering of many business processes, and the attention of many managers and other employees who would otherwise be focused on other aspects of our business. If the Company's our globalization efforts fail to produce planned operational efficiencies, or the transition is not managed effectively, the Company we may experience excess inventories, inventory shortage, late deliveries, lost sales, or increased costs. Any business disruption arising from the Company's our expanding international operations, or its our failure to realize operational efficiencies, could harm its our business, financial condition and results of operations.

The Company We may not be able to obtain and maintain licenses and permits necessary to operate its our Topgolf business and its our venues in compliance with applicable laws, regulations and other requirements, which could adversely affect its our business, results of operations and financial condition.

The development, construction and operation of Topgolf's our Topgolf venues depend, to a significant extent, on the selection of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. Topgolf is We are also subject to licensing and regulation by federal, state, local and foreign authorities relating to, among other things, alcoholic beverage control, amusement, health, sanitation, stormwater and wastewater management, protection of endangered and threatened plant, wildlife and species, wetlands protection, safety and fire standards. Typically, licenses, permits and approvals under such laws and regulations must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that Topgolf's our conduct violates applicable regulations. In some jurisdictions, the loss of a license for cause with respect to one location may lead to the loss of licenses at all locations in that jurisdiction and could make it more difficult to obtain additional licenses.

With respect to the sale of alcoholic beverages, each of Topgolf's our Topgolf venues is required to obtain a license to sell alcoholic beverages on the premises from a state authority and, in certain locations, county and municipal authorities. Certain jurisdictions, however, have only a fixed number of liquor licenses available. As a result, in order to obtain a license in one of these jurisdictions, Topgolf is we are required to purchase that license from another business, which it we may not be able to do on acceptable terms or at all. Alcoholic beverage control regulations impact numerous aspects of the daily operations of each venue, including the minimum age of patrons and Playmakers, hours of operation, advertising, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors, inventory control and the handling, storage and dispensing of alcoholic beverages. Any failure by one of Topgolf's our venues to comply with these regulations, or any failure of a franchisee or licensee to comply with similar regulations to which its our business is subject, could result in fines or the loss or suspension of the liquor license for that venue or business, and potentially the loss or suspension of other licenses in that jurisdiction.

Difficulties or failure in obtaining a liquor license or any other licenses, permits or approvals, or in continuing to qualify for, or being able to renew, any existing licenses, permits or approvals, could adversely affect existing venues, or Topgolf's our ability to develop or construct venues, and delay or result in Topgolf's our decision to cancel the opening of new venues, which could have a material adverse effect on its our business, results of operations and financial condition. Similarly, the inability of any franchisee or licensee to maintain or obtain the licenses, permits and approvals required to develop, construct or operate one or more of their locations would also reduce franchise and licensing revenues, impair growth prospects and adversely affect Topgolf's our business, results of operation and financial condition.

The Company depends We depend on single source or a limited number of suppliers for some of the components of its our products, and the loss of any of these suppliers could harm its our business.

The Company is We are dependent on a limited number of suppliers for its our clubheads and shafts, some of which are single sourced. shafts. Furthermore, some of the Company's our products require specially developed manufacturing techniques and processes which make it difficult to identify and utilize alternative suppliers quickly. In addition, many of the Company's our suppliers may not be well capitalized and prolonged unfavorable economic conditions could increase the risk that they will go out of business. If current suppliers are unable to deliver clubheads, shafts or other components, or if the Company is we are required to transition to other suppliers, the Company we could experience significant production delays or disruption to its our business. The Company We also depends depend on a single or a limited number of suppliers for the materials it uses we use to make its our golf balls. Many of these materials are customized for the Company. us. Any delay or interruption in such supplies could have a material adverse impact on the Company's our golf ball business. If the Company experiences we experience any such delays or interruptions, the Company we may not be able to find adequate alternative suppliers at a reasonable cost or without significant disruption to its our business.

A significant disruption in the operations of the Company's our golf club assembly and golf ball manufacturing and assembly facilities could have a material adverse effect on the Company's our sales, profitability and results of operations.

A significant disruption at any of the Company's our golf club or golf ball manufacturing facilities or distribution centers in the United States or in regions outside the United States could materially and adversely affect the Company's our sales, profitability and results of operations. The Company's For example, in September 2023, there was a fire at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan, where a portion of our value oriented golf balls were manufactured. However, we were able to mitigate the impact to our golf ball business by shifting supply to our Chicopee manufacturing facility and other suppliers. If, however, in a future disruption, we are not able to arrange for alternative sources of supply, our business and results of operations may be adversely affected.

In addition, our manufacturing facilities and distribution centers are highly automated, which means that their operations are complicated and may be subject to a number of risks related to computer viruses, the proper operation of software and hardware, electronic or power interruptions, and other system failures. Risks associated with upgrading or expanding these facilities may significantly disrupt or increase the cost of the Company's our operations, which may have an immediate, or in some cases prolonged, impact on the Company's our margins. For example, in 2019 the Company we substantially completed a significant expansion and technical upgrade to its our golf ball manufacturing facility in Chicopee, Massachusetts. Difficulties in implementing new or upgraded technology or operational systems, including at its our Chicopee facility, could disrupt the Company's our operations and could materially and adversely affect the Company's our financial condition, results of operations or cash flows.

A disruption in the service or a significant increase in the cost of the Company's our primary delivery and shipping services for its our products and component parts or a significant disruption at shipping ports could have a material adverse effect on the Company's our business.

The Company uses We use United Parcel Service ("UPS") for substantially all ground shipments of products to its our U.S. customers. The Company uses We use air carriers and ocean shipping services for most of its our international shipments of products. Furthermore, many of the components the Company uses we use to build its our golf clubs, including clubheads and shafts, are shipped to the Company us via air carrier and ship services. For a portion of the year ended December 31, 2022, 2022, international shipping to the United States was disrupted and delayed due to congestion in west coast ports. If there is any continued or additional similar significant interruption in service by such providers or at airports or shipping ports, the Company we may be unable to engage alternative suppliers or to receive or ship goods through alternate sites in order to deliver its our products or components in a timely and cost-efficient manner. As a result, the Company we could experience manufacturing delays, increased manufacturing and shipping costs and lost sales as a result of missed delivery deadlines and product demand cycles. Any significant interruption in UPS services, air carrier services, ship services or at airports or shipping ports could have a material adverse effect on the Company's our business. Furthermore, if the cost of delivery or shipping services were to increase significantly and the additional costs could not be covered by product pricing, the Company's our operating results could be materially adversely affected.

Instances of food-borne illness and outbreaks of disease could negatively impact Topgolf's our Topgolf business.

Incidents or reports of food-borne or water-borne illness or other food safety issues, food contamination or tampering, Associate Playmaker hygiene and cleanliness failures or improper Associate Playmaker conduct at our Topgolf venues could lead to product liability or other claims or poor health inspection scores. Such incidents or reports could negatively affect Topgolf's our brand and reputation as well as its our business, revenues and profits regardless of whether the allegations are valid or whether Topgolf is we are held to be responsible. Similar incidents or reports occurring at Topgolf franchisees' or licensees' businesses, BigShots, or other businesses unrelated to Topgolf us could likewise create negative publicity, which could negatively impact consumer behavior towards Topgolf.

us.

There can be no guarantee that Topgolf's our internal policies and training will be fully effective in preventing all food-borne illnesses at its our venues. In addition, because Topgolf does we do not control the day-to-day operations of Topgolf and BigShots franchisees, and licensees, there can be no guarantee that these franchisees and licensees will implement appropriate internal policies and training intended to prevent food-borne illnesses, that their employees will follow such policies and training or that such policies and training will be effective even if complied with. Furthermore, Topgolf's our reliance, and the reliance by any Topgolf or BigShots franchisees, or licensees, on third-party food processors, distributors and suppliers makes it difficult to monitor food safety compliance and may increase the risk that food-borne illness would affect multiple locations rather than a single venue. Some food-borne illness incidents could be caused by third-party food suppliers and transporters outside of Topgolf's our control. New illnesses resistant to Topgolf's our current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations on a retroactive basis. One or more instances of food-borne illness in one of the our Company-operated or franchised venues, or poor health inspection scores, if highly publicized, could negatively affect revenues at all of Topgolf's our Topgolf venues by changing consumers' perceptions of Topgolf's our venues and the food that it offers, we offer, negatively impacting demand for menu offerings and reducing guest visits at venues. This risk is particularly great with respect to franchised venues given Topgolf's our limited oversight, and exists even if it we were later determined that the illness was wrongly attributed to a Company or a franchisee-operated venue. There is also a risk that instances of food-borne illness at a licensee's businesses could be improperly attributed to Topgolf. us. Additionally, even if food-borne illnesses were not identified at or otherwise attributed to a Topgolf venue, Topgolf's our revenue could be adversely affected if instances of food-borne illnesses at other businesses were highly publicized. A number of companies have experienced incidents related to food-borne illnesses that have had material adverse effects on their business, operations and financial condition, and there can be no assurance that Topgolf we could avoid a similar impact if such an incident were to occur at one or more of Topgolf venues.

Guest complaints, litigation on behalf of guests or Playmakers or other proceedings may adverse affect Topgolf's our business, results of operations and financial condition.

Topgolf We may be adversely affected by legal or governmental proceedings brought by or on behalf of guests, Playmakers, suppliers, commercial partners, franchisees, licensees or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings, particularly class actions and regulatory actions, is difficult to assess or quantify. In recent years, a number of companies in Topgolf's our industry and adjacent industries have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters, and a number of these lawsuits have resulted in the payment of substantial damages by the defendants. Topgolf We could also face potential liability if it is we are found to have misclassified certain Playmakers as exempt from the overtime requirements of the federal Fair Labor Standards Act and state labor laws, or if it is we are found to have failed to provide or continue health insurance or benefits to Playmakers in violation of the Employee Retirement Income Security Act or the PPACA of 2010. Additionally, Topgolf faces we face potential liability if it is we are found to have failed to comply with data privacy laws relating to the collection and processing of data information about Playmakers/ Playmakers, employees, and other individuals, such as the collection and use of biometric information under state biometric information statutes. Topgolf has We have had, from time to time, such lawsuits pending, and there can be no guarantee that Topgolf we will not be named in any such lawsuit in the future or that Topgolf we will not be required to pay substantial expenses and/or damages at the conclusion of such future lawsuits.

In addition, from time to time, guests file complaints or lawsuits against Topgolf us alleging that it is we are responsible for some illness or injury they suffered at or after a visit to a venue. From time to time, animal activist and other third-party special interest groups may bring claims before government agencies or lawsuits against Topgolf us relating to the impact of its our venues. Topgolf is We are also subject to a variety of other claims in the ordinary course of business, including personal injury, lease and contract claims.

Topgolf is

We are also subject to "dram shop" statutes in certain states in which its our venues are located. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated individual. Topgolf has We have been in the past, and may be in the future, the subject of lawsuits that allege violations of these statutes. Recent litigation under dram shop statutes has resulted in significant judgments and settlements against other businesses and establishments similar to Topgolf's our Topgolf venues. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation if successful could have an adverse effect on Topgolf's our business, results of operations and financial condition.

Regardless of whether any claims against Topgolf us are valid or whether Topgolf is we are liable, claims may be expensive to defend, generate negative publicity, divert time and money away from core operations and hurt financial performance. Similarly, claims brought against Topgolf franchisees and licensees may generate negative publicity that could harm Topgolf's our brand and reputation. Although Topgolf maintains we maintain what it believes we believe to be adequate levels of insurance to cover any liabilities it we may face, insurance may not be available at all or in sufficient amounts with respect to these or other matters. Any negative publicity concerning such claims, whether involving Topgolf us or franchisees or licensees, or any judgment or other liability significantly in excess of Topgolf's our insurance coverage or not covered by insurance, could have a material adverse effect on its our business, results of operations and financial condition.

The Topgolf venues business is susceptible to the availability and cost of food commodities and other supplies, some of which are available from a limited number of suppliers, which subjects Topgolf us to possible risks of shortages, interruptions and price fluctuations.

The profitability of the venues business line depends in part on Topgolf's our ability to anticipate and react to changes in product costs. The price and availability of food commodities and other supplies may be affected by a number of factors beyond Topgolf's our control, including changes in general economic conditions, seasonal economic fluctuations, increased competition, general inflation, shortages or supply interruptions due to weather, disease (including the COVID-19 pandemic) or other factors, food safety concerns, product recalls, fluctuations in the U.S. dollar and changes in government regulations. These and other events could increase commodity prices or cause shortages that could affect the cost and quality of the items that Topgolf buys we buy or require Topgolf us to raise prices or limit menu options. The profitability of the venues business line may also be adversely affected by increases in the price of utilities, such as natural gas, electric, and water, whether as a result of inflation, shortages, interruptions in supply or otherwise.

While Topgolf has we have historically been able to partially offset inflation and other changes in the costs of core operating resources used in the venues business line by gradually increasing menu prices, coupled with more efficient purchasing practices, productivity improvements and greater economies of scale, there can be no assurance that Topgolf we or franchisees will be able to continue to do so in the future. From time to time, competitive or macroeconomic conditions could limit menu pricing flexibility, and there can be no assurance that increased menu prices will be fully absorbed by guests without any resulting change to their visit frequencies or purchasing patterns that may offset such increases. If Topgolf we or its our franchisees are unable to increase prices in response to higher food commodity and other supplies costs, or if such price increases decrease guest traffic or purchasing patterns, Topgolf's our operating results could be materially and adversely affected. In addition, there can be no assurance that Topgolf we will generate same-venue sales growth in an amount sufficient to offset inflationary or other cost pressures.

Topgolf has We have entered into a long-term contract with a single distributor, which Topgolf refers we refer to as its our "broadline" distributor, which provides for the purchasing, warehousing and distributing of a substantial majority of Topgolf's our food, non-alcoholic beverage and other supplies. Topgolf We also contracts contract directly with the suppliers of certain food and non-alcoholic beverage products, usually with a single supplier for each such product. These agreements, however, are typically for the purpose of establishing an agreed-upon price for the relevant product and do not require the supplier to provide Topgolf's our requirements, or any particular quantity, of such product. If Topgolf's our broadline distributor or any of its our other suppliers or substitute suppliers do not perform adequately or otherwise fail to deliver products or supplies to venues, if Topgolf we were to lose its our relationship with its our broadline distributor or any single-source suppliers for which it we has not approved a substitute supplier, or if any substitute suppliers also fail to perform, Topgolf we may be unable to find satisfactory replacements in a short period of time, on acceptable terms, or at all, which could increase costs, cause shortages of food and other items at venues and cause Topgolf us to remove certain items from its our menu, any of which could adversely affect its our business, results of operations and financial condition.

Other than forward purchase contracts orders for certain food items, Topgolf we currently does do not engage in futures contracts or other financial risk management strategies with respect to potential price fluctuations in the cost of food commodities and other supplies. Furthermore, these arrangements generally are relatively short in duration and may provide only limited protection from price changes. In addition, the use of these arrangements may limit Topgolf's our ability to benefit from favorable price movements.

In addition, the RFID-enabled golf balls and golf clubs that are used in Topgolf's our venues are produced by third-party manufacturers in Taiwan and China. As a result, natural disasters and other adverse events or conditions affecting these countries (including, without limitation, adverse weather conditions, political instability, war, civil unrest, economic instability, outbreaks of disease, such as the current COVID-19 pandemic, or other public health emergencies and the impact of public fears regarding any of the foregoing) could halt or disrupt production, impair the movement of finished products out of these countries, damage or destroy the tooling and other equipment necessary to manufacture these products and otherwise cause Topgolf us to incur additional costs and expenses, any of which could also have a material adverse effect on its our results of operations and financial condition. For example, in September 2023, there was a fire at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan. Launch Technologies provided a significant portion of our non-urethane golf ball supply. A portion of our value oriented golf balls were manufactured in the facility that was directly impacted by the fire, including the Topgolf range balls. The majority of the golf balls supplied to us by Launch Technologies were manufactured in a separate dedicated facility that was not directly impacted by the fire. However, this separate facility was not operational for nearly six months following the fire, due to both the ongoing investigation and certain shared resources, and only recently resumed operations. Accordingly, we were required to source golf ball production from alternative manufacturing facilities. The location of these manufacturers outside the United States also exposes Topgolf us to the various international risks.

The We rely on complex information systems for management of our manufacturing, distribution, sales and other functions. If our information systems fail to perform these functions adequately or if we experience an interruption in our operation, including a cybersecurity incident, our business and results of operations could suffer.

All of our major operations, including manufacturing, distribution, sales and accounting, are dependent upon our complex information systems. Our information systems (and information stored therein) are vulnerable to damage or interruption or other compromise, from events including:

- earthquake, fire, flood, hurricane or other natural disasters;
- power loss, computer systems failure, Internet and telecommunications or data network failure; and
- hackers, computer viruses, software bugs, glitches or other cybersecurity incidents.

Any damage or significant disruption in the operation of such systems, the failure of our or our IT vendors' information systems to perform as expected, the failure to successfully integrate the IT systems of the businesses that we have recently acquired or any security breach to the information systems (including financial or credit/payment frauds) or other cybersecurity incident would disrupt our business, which may result in decreased sales, increased overhead costs, excess inventory and product shortages and otherwise adversely affect our reputation, operations, financial performance and condition.

Cybersecurity incidents, including cyber-attacks, unauthorized access to, or accidental disclosure of, personal information including payment card information, that we or our vendors collects or stores on our behalf may result in significant expense and negatively impact our reputation and business.

There is heightened concern and awareness over the security of personal information transmitted over the Internet, consumer identity theft and data privacy. While we have implemented security measures, our information systems and those of our third party vendors are nevertheless susceptible to numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of information systems and personal information, proprietary information belonging to our business and other confidential information (together, "Sensitive Information") used in our business, including through electronic or physical computer break-ins, viruses and malware (e.g., ransomware), social engineering/phishing, malicious code, fraud, malfeasance by insiders, human or technological error, misconfigurations, "bugs" and other vulnerabilities in our and our vendors' software, and other disruptions and security compromises involving the loss or unauthorized access of Confidential Information. Technologies and techniques used to obtain unauthorized access to or sabotage systems are constantly evolving, change frequently, and generally are not recognized until after they have been launched against a target. Even if identified, we and our vendors may be unable to adequately investigate, remediate or recover from breaches or cybersecurity incidents, or avoid a material adverse impact to our information systems, Sensitive Information or business, including due to threat actors increasingly using tools and techniques—including artificial intelligence—that are designed to circumvent controls, avoid detection, and remove or obfuscate forensic evidence.

There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our information systems and Sensitive Information, and we and certain of our third party vendors have and expect to continue to experience cyber-attacks and other incidents in varying degrees. For example, in August 2023, a threat actor obtained access to certain Company systems through social engineering. Customers experienced a temporary outage in e-commerce services, and certain personal information of approximately one million customers was affected, though no full payment card numbers or government identification numbers (such as Social Security numbers) were affected. We notified affected individuals, various regulators and law enforcement as a result.

Moreover, we have acquired and continue to acquire companies with cybersecurity vulnerabilities and/or are similarly susceptible to the risks described above, which exposes us to significant cybersecurity, operational, and financial risks.

Any perceived or actual unauthorized or inadvertent disclosure of personal information or adverse impact to the availability, integrity or confidentiality of our information systems or Sensitive Information, whether through a compromise of us or our third party vendors' information systems by an unauthorized party, employee theft, misuse or error, cyber-attack or otherwise, could harm our reputation, impair our ability to attract or retain customers and Playmakers, require us to notify payment brands if payment card information is accessed or compromised, compel us to comply with federal and/or state breach notification laws and foreign equivalents, subject us to costly mandatory corrective action, or subject us to regulatory investigations and enforcement actions, claims or litigation (including class actions) arising from damages suffered by consumers, fines and penalties, and/or significant incident response, system restoration and future compliance costs, all of which could adversely affect our operations, financial performance and condition. Any losses, costs or liabilities may not be covered by, or may exceed the coverage limits of, any or all applicable insurance policies, and applicable insurance may not be available to us in the future on economically reasonable terms or at all.

We may be subject to product products liability, warranty and recall claims, that require and our insurance coverage may not cover such claims.

Our products expose us to products liability, warranty and recall claims if the replacement products we manufacture, sell or repair design actually or allegedly fail to perform as expected, or the use of those products sold. Such warranty claims could adversely affect the Company's results, of operations and relationships with its customers.

The Company manufactures and/or distributes a variety of products and has a stated two-year warranty policy for its golf clubs and certain Jack Wolfskin gear, as well as a limited lifetime warranty for its OGIO line of products. is alleged to result, in personal injury, death or property damage. From time to time, such our products may contain manufacturing defects or design flaws that are not detected prior to sale, particularly in the case of new product introductions or upon design changes to existing products. The failure to identify and correct manufacturing defects and product design issues prior to the sale of those products could result in product warranty claims that result in costs safety-related issues or products liability claims.If we fail to replace identify and correct a manufacturing defect or repair any such defective products. design issue prior to sale, we may have to recall our products to address the defect or compliance- or safety-related issues.Because many of the Company's our products are sold to retailers for broad consumer distribution and/or to customers who buy in large quantities, there could be significant costs associated with such product warranty claims, recalls, including the potential for customer dissatisfaction that may adversely affect the Company's our reputation and relationships with its our customers, which may result in lost or reduced sales.

The Company's There can be no assurance that we can successfully defend or settle any products liability cases arising from any actual or alleged manufacturing defect or design flaw. Our insurance policies provide coverage against claims resulting from alleged injuries arising from our products sustained during the respective policy periods, subject to policy terms and conditions; however, there can be no assurance that this coverage will be renewed or otherwise remain available in the future, that our insurers will be financially viable when payment of a claim is required, that the cost of our insurance will not increase, that insurance coverage will remain economical to maintain, or that our insurance coverage will be adequate. As a result, an adverse outcome in a products liability case could increase our expenses and harm our business, financial condition and results of operations.

Our growth initiatives require significant capital investments and there can be no assurance that the Company we will realize a positive return on these investments.

Initiatives to upgrade the Company's our business processes and invest in technological improvements to the Company's our manufacturing and assembly facilities involve many risks which could result in, among other things, business interruptions and increased costs, any of which may result in the Company's our inability to realize returns on its our capital investment. Expansion of business processes or facilities, including the significant expansion and technical upgrade to the Company's our golf ball manufacturing facility in Chicopee, Massachusetts, requires significant capital investment. If the Company has we have insufficient sales or is are unable to realize the full potential of its our capital investment, it we may not realize a positive return on its our investment, which could impact the Company's our margins and have a significant adverse effect on the Company's our results of operations, financial condition and cash flows.

Some of Topgolf's our products and services in the Topgolf business contain open source software, which may pose particular risks to its our proprietary software, technologies, products, and services in a manner that could harm its our business.

The Topgolf business uses open source software in its our products and services and anticipates using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software products to publicly disclose all or part of the source code to such software product or to make available any modifications or derivative works of the open source code on unfavorable terms or at no cost. This could allow competitors to create similar technologies with less development effort and in less time and could lead to a loss of sales of Topgolf's our products and services. The terms of many open source licenses to which Topgolf is we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on Topgolf's our ability to provide or distribute products or services. Additionally, Topgolf we could face claims from third parties claiming ownership of, or demanding release of, works that it we developed using open source software, which could include Topgolf's our proprietary source code, or otherwise seeking to enforce the terms of, or alleging breach of, the applicable open source license. These claims could result in litigation and could require Topgolf us to make its our proprietary software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until it we can re-engineer them to avoid infringement. This re-engineering process could require Topgolf us to expend significant additional research and development resources, and there can be no guarantee that it we will be successful.

Additionally, the use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open source software, and there can be no assurance that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect Topgolf's our business. Topgolf has We have processes to help alleviate these risks, including a review process for screening requests from developers for the use of open source software, but Topgolf we cannot be sure that all open source software is identified or submitted for approval prior to use in its our products and services. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could adversely affect Topgolf's our business, financial condition and results of operations.

Failure to adequately enforce the Company's our intellectual property rights could adversely affect its our reputation and sales.

The golf club industry, in general, has been characterized by widespread imitation of popular club designs. The Company has We have an active program of monitoring, investigating and enforcing its our proprietary rights against companies and individuals who market or manufacture counterfeits and "knockoff" products. The Company asserts its rights We assert our right against infringers of its our copyrights, patents, trademarks and trade dress. However, these efforts may not be successful in reducing sales of golf products by these infringers. Additionally, other golf club manufacturers may be able to produce successful golf clubs which imitate the Company's designs we design without infringing any of the Company's our copyrights, patents, trademarks or trade dress.

With respect to the Company's our apparel business, counterfeits are known to exist in the industry, including in the premium outdoor apparel segment within which Jack Wolfskin operates. The failure to prevent or limit such infringers or imitators could adversely affect the Company's our reputation and sales.

With respect to the Topgolf business, the our ability of the Company to expand the Topgolf business lines and establish and maintain its our competitive position in new and existing markets depends in part on its our ability to further build brand recognition using its our trademarks, service marks, proprietary products and technologies and other intellectual property rights, as well as its our ability to maintain, protect and enforce such rights. Topgolf relies We rely upon a combination of intellectual property rights, such as trademarks, trade dress, domain names, copyrights, trade secrets and patents, in addition to technical measures and confidentiality and license agreements with Playmakers, contractors, consultants and other third parties with whom Topgolf has we have relationships, to establish, maintain, protect and enforce its our brand, proprietary information, technologies and processes and other intellectual property rights. The failure to enforce any such intellectual property rights may limit Topgolf's our ability to achieve and maintain market recognition and its our competitive position may be harmed, each of which could adversely affect the Company's our reputation and sales.

The Company We may become subject to intellectual property claims or lawsuits that could cause it us to incur significant costs or pay significant damages or that could prohibit it us from selling its our products.

The Company's Our competitors in the golf equipment and apparel industry also seek to obtain patent, trademark, copyright or other protection of their proprietary rights and designs for golf clubs, golf balls and other products. From time to time, third parties have claimed or may claim in the future that the Company's our products infringe upon their proprietary rights. The Company evaluates We evaluate any such claims claim and, where appropriate, has have obtained or sought to obtain licenses or other business arrangements. To date, there have been no significant interruptions in the Company's our business as a result of any claims of infringement. However, in the future, intellectual property claims could force the Company us to alter its our existing products or withdraw them from the market or could delay the introduction of new products.

Various patents have been issued to the Company's our competitors in the golf industry and these our competitors may assert that the Company's our golf products infringe their patent or other proprietary rights. If the Company's our golf products are found to infringe third-party intellectual property rights, the Company we may be unable to obtain a license to use such technology, and it we could incur substantial costs to redesign its our products, withdraw them from the market, and/or to defend legal actions.

With respect to the Topgolf business, intellectual property laws and procedures and restrictions provide only limited protection and any of Topgolf's intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. If the Company fails we fail to protect such intellectual property rights adequately, it we may lose an important advantage in the markets in which Topgolf competes. we compete. However, these efforts may not be successful or may be ineffective, and any of its our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Other parties may also independently develop technologies that are substantially similar or superior to Topgolf's. Topgolf ours. We also may be forced to bring claims against third parties, or defend claims that third parties may bring against Topgolf, us, to determine the ownership of what Topgolf regards we regard as its our intellectual property. There can be no assurance that Topgolf's our intellectual property rights will be sufficient to protect against others offering products, services, or technologies that are substantially similar or superior to Topgolf's ours and that compete with its our business. If third parties misappropriate, infringe or otherwise violate Topgolf's our intellectual property, the value of Topgolf's our technologies, image, brand and the goodwill associated therewith may be diminished, Topgolf's our brand may fail to achieve and maintain market recognition, and its our competitive position may be harmed, any of which could have a material adverse effect on its our business, including revenue.

The Company's Our brands may be damaged by the actions of its our Topgolf franchisees and licensees.

The Company licenses its We license our trademarks to third-party licensees who produce, market and sell their products bearing the Company's our trademarks. The Company chooses its We choose our licensees carefully and imposes impose upon such licensees various restrictions on the products, and on the manner, on which such trademarks may be used. In addition, the Company requires its we require our licensees to abide by certain standards of conduct and the laws and regulations of the jurisdictions in which they do business. However, if a licensee fails to adhere to these requirements, the Company's our brands could be damaged. The Company's Our brands could also be damaged if a licensee becomes insolvent or by any negative publicity concerning a licensee or if the licensee does not maintain good relationships with its our customers or consumers, many of which are also the Company's our customers and consumers.

In addition, Topgolf's our Topgolf franchisees and licensees are independent third parties that the Company does we do not control. Although franchisees are contractually obligated to operate their venues in accordance with specified standards, the Company does We do not oversee their daily operations. Consequently, the quality of franchised venues may be diminished by any number of factors beyond the Company's our control. For example, franchisees may not hire and train qualified managers and other Playmakers, and may otherwise fail to operate their venues in a manner consistent with the requisite appropriate requirements. Similarly, though agreements with Toptracer Range licensees generally require licensees to comply with certain operational requirements, the Company exercises we exercise even less control and oversight over the operations of these third parties. If Topgolf franchisees and licensees do not operate in accordance with the Company's our expectations, or if one or more franchisees or licensees were to be the subject of unfavorable publicity, the Company's our image and reputation could suffer materially.

Sales of the Company's our products by unauthorized retailers or distributors could adversely affect the Company's our authorized distribution channels and harm the Company's our reputation.

Some of the Company's our products find their way to unauthorized outlets or distribution channels. This "gray market" for the Company's our products can undermine authorized retailers and foreign wholesale distributors who promote and support the Company's our products, and can injure the Company's our image in the minds of its our customers and consumers. On the other hand, stopping such commerce could result in a potential decrease in sales to those customers who are selling the Company's our products to unauthorized distributors or an increase in sales returns over historical levels. While the Company has we have taken some lawful steps to limit commerce of its our products in the "gray market" in both the United States and abroad, it has we have not stopped such commerce.

The Company relies We rely on research and development, technical innovation and high- high quality products to successfully compete.

Technical innovation and quality control in the design and manufacturing process is essential to the Company's our commercial success. Research and development plays a key role in the Company's our technical innovation and competitive advantage. The Company relies We rely upon experts in various fields to develop and test cutting edge performance products, including artificial intelligence. We use artificial intelligence and machine learning algorithms and models for various purposes, including to design and develop portions of our golf clubs. While the Company believes it is we believe we are at the forefront of golf equipment innovation, if the Company fails we fail to continue to introduce technical innovation in its our products, or is are unable to effectively utilize new technologies, such as artificial intelligence, or cannot develop or offer new technological-driven products as effectively, quickly or cost-efficiently as our competitors, consumer demand for its our products could decline, and if the Company experiences we experience problems with the quality of its our products, the Company we may incur substantial brand damage and expense to remedy the problems, any of which could materially adversely affect its our business, financial condition and results of operations.

The Company relies on complex information systems for management of its manufacturing, distribution, sales

In addition, as with many technological innovations, there are significant risks involved in developing, maintaining and other functions. If applying artificial intelligence and similar cutting edge technologies, and there can be no assurance that the Company's information systems fail to perform these functions adequately or if the Company experiences an interruption in their operation, including a breach in cyber security, its business and results of operations could suffer.

All of the Company's major operations, including manufacturing, distribution, sales and accounting, are dependent upon the Company's complex information systems. The Company's information systems are vulnerable to damage or interruption from:

- Earthquake, fire, flood, hurricane and other natural disasters;
- Power loss, computer systems failure, Internet and telecommunications or data network failure; and
- Hackers, computer viruses, software bugs or glitches.

Any damage or significant disruption in the operation usage of such systems, technologies will always enhance our products or services or be beneficial to our business, including our efficiency or profitability. In particular, if these methods are incorrectly designed or implemented and/or are adversely impacted by unforeseen defects, technical challenges, cybersecurity threats or material performance issues, the failure performance of the Company's or the Company's IT vendors' information systems to perform our products and business, as expected, the failure to successfully integrate the information technology systems of the businesses that the Company has recently acquired or any security breach to the information systems (including financial or credit/payment frauds) would disrupt the Company's business, which may result in decreased sales, increased overhead costs, excess inventory and product shortages and otherwise adversely affect the Company's reputation, operations, financial performance and condition.

Cyber-attacks, unauthorized access to, or accidental disclosure of, consumer personal information including payment card information, that the Company or the Company's vendors collects through its websites or stores on its servers may result in significant expense and negatively impact the Company's well as our reputation and business. the reputations of our customers, could suffer or we could incur liability through the violation of laws or contracts to which we are a party or civil claims.

There is heightened concern and awareness over the security of personal information transmitted over the internet, consumer identity theft and user privacy. While the Company has implemented security measures, the Company's computer systems and those of its third party vendors of IT and data security systems and services may nevertheless be susceptible to electronic or physical computer break-ins, viruses and malware (e.g., ransomware), malicious code, fraud, and other disruptions and security compromises involving the loss or unauthorized access of confidential information because technologies used to obtain unauthorized access to or sabotage systems are constantly evolving, change frequently, and generally are not recognized until they are launched against a target. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.

Any perceived or actual unauthorized or inadvertent disclosure of personal information, whether through a compromise of the Company's or its third party vendors' networks by an unauthorized party, employee theft, misuse or error or otherwise, could harm the Company's reputation, impair the Company's ability to attract website visitors, require us to notify payment brands if payment card information is accessed or compromised, compel us to comply with federal and/or state breach notification laws and foreign equivalents, subject us to costly mandatory corrective action, or subject the Company to claims or litigation arising from damages suffered by consumers, all of which could adversely affect the Company's operations, financial performance and condition. Any losses, costs or liabilities may not be covered by, or may exceed the coverage limits of, any or all applicable insurance policies.

The Company's Our business is subject to risks associated with leasing property subject to long-term, non-cancelable leases.

The Company We typically does do not own any real property and generally leases lease properties associated with the Topgolf venues business and certain active lifestyle businesses. Payments under non-cancelable leases account for a significant portion of operating expenses, and the Company expects we expect to lease new properties, including for new Topgolf venues, in the future. Historically, the Company's our leases typically provide for escalating rent provisions over the initial term and any extensions. The Company We generally cannot cancel these leases without substantial economic penalty. If an existing or future venue or retail location is not profitable, and the Company decides we decide to close it, the Company we may nonetheless be committed to perform its our obligation under the applicable lease, including, among other things, paying all or a portion of the base rent for the remainder of the lease term, unless the Company is able we are unable to negotiate a termination agreement with the applicable landlord, which it we cannot guarantee that it we will be able to do without incurring significant additional payment and other obligations or at all.

Extreme weather conditions, climate change, and natural disasters could negatively impact our results of operations and financial condition.

Extreme weather conditions in the areas in which our Topgolf venues, retail stores, customers, including golf participants, operations and vendors are located could adversely affect our operating results and financial condition. For example, our Topgolf venues may see a decrease in traffic during extremely hot or cold temperatures or during ice or snow storms, which may adversely affect our results of operations and financial condition. Additionally, extreme storms, droughts or other water shortages may negatively impact the number of golf rounds played, as golf courses in affected areas may require repair or have more limited availability. Climate change and natural disasters such as earthquakes, hurricanes and tsunamis, whether occurring in the United States or abroad, and their related consequences and effects, including energy shortages and public health issues, could also disrupt our operations or the operations of our Topgolf franchisees and licensees, the operations of our vendors, which may negatively impact our results of operations and financial condition.

Acts or threats of violence at or near our owned or franchised Topgolf venues, including civil unrest, customer intimidation, interpersonal violence, active shooter situations and terrorism, could adversely impact our sales, which could materially adversely affect our business, operating results, cash flows and financial condition.

Any act or threat of violence at or near our owned or franchised Topgolf venues, including civil unrest, customer intimidation, interpersonal violence, active shooter situations and terrorist activities, may result in personal injury or death, property damage, restricted access to our venues, venue closures, or any combination of the foregoing, in the short-term and, in the long-term, may cause our customers and staff to avoid our venues. Any such situation could adversely impact customer traffic and spending on game play and food and beverages at our venues and make it more difficult to fully staff our venues, any of which could materially adversely affect our business, operating results, cash flows and financial condition.

Risks Related to Regulations

The Company, including We, as well as our Topgolf and its franchisees and licensees, are subject to many federal, state, local and foreign laws, as well as other statutory and regulatory requirements, with which compliance is both costly and complex. Failure by the Company us or Topgolf and its our franchisees or licensees to comply with, or changes in these laws or requirements, could have an adverse impact on its our business.

The Company is We are subject to extensive federal, state, local and foreign laws and regulations, as well as other statutory and regulatory requirements. In particular, the Topgolf business is subject to extensive regulations, including, among others:

- nutritional content labeling and disclosure requirements;
- food safety regulations;
- employment regulations;
- the PPACA;
- the ADA and similar state laws;
- data privacy, direct marketing and cybersecurity laws;
- environmental, health and human safety laws and regulations;
- laws and regulations related to franchising and licensing operations;
- FCPA and other similar anti-bribery and anti-kickback laws; and
- laws regarding sweepstakes and promotional contests.

The Company is We are also subject to U.S. financial services regulations, a myriad of consumer protection laws, including economic sanctions, laws and regulations, anticorruption laws, escheat regulations and data privacy, direct marketing and security cybersecurity regulations. We may also become subject to laws relating to our use of artificial intelligence and machine learning technologies in our business. Changes to legal rules and regulations, or interpretation or enforcement of them, could increase the Company's our cost of doing business, affect its our competitive abilities, and increase the difficulty of compliance. Failure to comply with regulations may have an adverse effect on the Company's our business, including the limitation, suspension or termination of services provided to, or by, third parties, and the imposition of penalties or fines.

Many of Topgolf's our Topgolf franchisees and licensees are also subject to these or similar laws and regulations in the jurisdictions in which they operate. The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, uncertainty around future changes in laws made by new regulatory administrations or Topgolf's, its our, or our franchisees' and its licensees' inability to respond effectively to significant regulatory or public policy issues, could increase compliance and other costs of doing business and, therefore, have an adverse effect on Topgolf's our results of operations or the results of operations of Topgolf franchisees and licensees. Failure to comply with the laws and regulatory requirements of applicable federal, state, local and foreign authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. In addition, certain laws, including the ADA, could require Topgolf us to expend significant funds to make modifications to its our venues if it fails we fail to comply with applicable standards. Compliance with all of these laws and regulations, including any future changes in these laws or requirements, can be costly and can increase exposure to litigation or governmental investigations or proceedings.

Changes Compliance with and changes in or any failure to comply with, data privacy laws, regulations, standards and standards other requirements, and any actual or perceived failure by us to comply with such requirements, may adversely affect the Company's our business.

Data privacy and data security have become is a significant issues issue in the United States, Europe, China, and in many other jurisdictions in which the Company operates. The we operate. Global regulatory framework frameworks for data privacy and security issues worldwide is are rapidly evolving and is are likely to remain uncertain and continue evolving changing for the foreseeable future. Federal, state or and foreign government bodies or agencies have in the past adopted, and may in the future continue to adopt, additional laws, regulations and regulations affecting standards that apply to us and our vendors governing data privacy. privacy, direct marketing, cybersecurity, consumer protection and other issues related to the processing of personal information. In the United States, these include rules and regulations promulgated under the authority of federal agencies, such as the Federal Trade Commission (FTC) ("FTC"), and state attorneys general and legislatures and consumer protection agencies. For

At the federal level, for example, the FTC Act grants the FTC authority to enforce take enforcement actions against unfair "unfair or deceptive practices, which the practices." The FTC has interpreted the FTC Act to require companies' practices with respect companies to handle personal information comply in compliance with the commitments posted in their privacy policies. policies and to adequately protect personal information. With respect to the use of personal information for direct marketing, purposes, advertising and other activities conducted by telephone, email and the Internet, we are subject to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM Act) ("CAN-SPAM Act"), which establishes specific requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content, and obligates, among other things, the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender. Further, the Telephone Consumer Protection Act (TCPA) ("TCPA"), which restricts telemarketing and the use of technologies that enable automatic calling and/or SMS messaging without proper customer consent, and is a particularly highly litigated issue. issue with numerous class action lawsuits filed in recent years resulting in multi-million dollar settlements to the plaintiffs.

Many U.S. states in the United States have recently enacted statutes and rules governing the ways in which businesses may collect, use, and retain process personal information. One such For example, is we are subject to the California Consumer Privacy Act ("CCPA"), which came into effect in 2020. In addition, the California Privacy Rights Act ("CPRA") was passed in November 2020 and took effect in January 2023 (with respect to information collected from and after January 2022), and significantly modified the CCPA, including by creating a new state agency that is vested with authority to implement and enforce the CCPA and CPRA. Moreover, other Other states including Nevada, Virginia, Utah, and Colorado, have also passed and may continue to pass similar privacy-related laws whose restrictions and requirements differ from those of California, which could require us to design, implement and maintain different types of state-based, privacy-related compliance controls and programs simultaneously in multiple states. Similar laws relating to data privacy and security have been proposed at the federal level as well. Such laws can be enforced by state regulators (and the CCPA has a limited private right of action) and require, amongst other things, disclosures to individuals regarding our processing of personal information, providing rights to access, delete, correct and opt out of certain uses and disclosures of their personal information (including for advertising purposes). However, these laws have potentially overlapping but conflicting requirements that add additional complexity and potential legal risk, could make compliance even more challenging, require us to expend significant resources to come into compliance, and restrict our ability to process certain personal information. information and could result in changes to business practices and policies.

Internationally, many jurisdictions in which the Company operates we operate in have established or enhanced their own data security and privacy legal framework with which the Company we or its our customers must comply, including but not limited to, the European Union's General Data Protection Regulation ("EU GDPR"), the United Kingdom General Data Protection Regulation and Data Protection Act ("UK GDPR") (the EU GDPR and UK GDPR together referred to as the "GDPR"), which imposes stringent operational requirements, including for example, requiring expanded disclosures about how personal data is used, limitations on retention of information, mandatory data breach notification obligations, and higher standards for obtaining consent to process personal data. The GDPR provides that EU member states may make their own additional laws and regulations in relation to certain data processing activities. information. Recent legal developments in the EU have created complexity and uncertainty regarding cross-border transfers of personal information from the EU to "third countries," especially outside Europe, including the United States. For example, in 2020, the Court of Justice of We currently rely on the EU invalidated the EU-U.S. Privacy Shield Framework (a mechanism for the transfer of personal information standard contractual clauses, UK Addendum to the EU from standard contractual clauses and the US) UK International Data Transfer Agreement, as relevant, to transfer personal data outside the EEA and made clear that the UK with respect to both intragroup and third party transfers. However, reliance on standard contractual clauses (another mechanism for the transfer of personal information outside of the EU) alone may not be sufficient in all circumstances. and we expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In March 2022, particular, we expect the US and EU announced a new regulatory regime intended to replace the invalidated regulations; however, this new EU-US Data Privacy Framework has not been implemented beyond an executive order signed by President Biden on October 7,

2022 on Enhancing Safeguards (another mechanism for United States Signals Intelligence Activities. European court transfers of data outside Europe) to be challenged and regulatory decisions subsequent data transfers to the CJEU decision of July 16, 2020 have taken a restrictive approach U.S. and other jurisdictions more generally to international continue to be subject to enhanced scrutiny by regulators. As regulatory guidance and enforcement landscape in relation to data transfers. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs cannot be used, and/or start taking enforcement action, exports continue to develop, we could suffer experience additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our operations and financial results. In addition, since the beginning of 2021, after the end of the transition period following the UK's departure from the European Union, we are also subject to the UK data protection regime, which imposes separate but similar obligations to those under the GDPR and comparable penalties, including fines of up to £17.5 million or 4% of a noncompliant company's global annual revenue for the preceding financial year, whichever is greater.

In many jurisdictions, enforcement actions and consequences for noncompliance are also rising. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to the Company. us. The changing legal and regulatory landscape could in the future further limit our ability to use and share personal information and require changes to our operating model. Any inability or perceived inability to adequately address data privacy and security concerns, even if unfounded, or comply with applicable data privacy, direct marketing, cybersecurity and data security consumer protection laws, regulations, standards, and policies, other requirements, could result in additional compliance costs, proceedings (including class actions) and regulatory action, penalties and liability to the Company, us, damage its to our reputation, an erosion of trust and changes to our business. If any of these events were to occur, our business, results of operations, and financial condition could be materially adversely affect its business. affected.

Regulations related to "conflict minerals" require the Company us to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing the Company's our products.

The Commission's rules require disclosure related to sourcing of specified minerals, known as conflict minerals, that are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. The rules require companies to, under specified circumstances, undertake due diligence, disclose and report whether or not such minerals originated from the Democratic Republic of Congo or an adjoining country. The Company's Our products may contain some of the specified minerals. As a result, the Company incurs we incur additional expenses in connection with complying with the rules, including with respect to any due diligence that is required under the rules. In addition, the Commission's implementation of the rules could adversely affect the sourcing, supply and pricing of materials used in the Company's our products. There may only be a limited number of suppliers offering "conflict free" conflict minerals, and the Company we cannot be certain that it we will be able to obtain necessary "conflict free" minerals from such suppliers in sufficient quantities or at competitive prices. Because the Company's our supply chain is complex, the Company we may also not be able to sufficiently verify the origins of the relevant minerals used in the Company's our products through the due diligence procedures that the Company implements, we implement, which may harm the Company's our reputation.

The Company

We could be adversely affected by any violations of economic sanctions laws and regulations, the FCPA, the U.K. Bribery Act, and other foreign anti-bribery laws.

The FCPA generally prohibits companies and their intermediaries from making improper payments to non-U.S. government officials for the purpose of obtaining or retaining business. Other countries in which the Company operates we operate also have anti-bribery laws, some of which prohibit improper payments to government and non-government persons and entities, and others (e.g., the FCPA and the U.K. Bribery Act) extend their application to activities outside of their country of origin. Economic and trade sanctions laws and regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, and foreign jurisdictions impose requirements on the Company's our operations and may prohibit or restrict transactions in certain countries and with certain designated persons. The Company's Our policies mandate compliance with all applicable anti-bribery and sanctions laws. In certain regions of the world, strict compliance with anti-bribery laws may conflict with local customs and practices. In addition, the Company we may conduct business in certain regions through intermediaries over whom the Company has we have less direct control, such as subcontractors, agents, and partners (such as joint venture partners). Although the Company has we have implemented policies, procedures, and, in certain cases, contractual arrangements designed to facilitate compliance with applicable economic and trade sanctions and anti-bribery laws, the Company's our officers, directors, employees, associates, subcontractors, agents, and partners may take actions in violation of the Company's our policies, procedures, contractual arrangements, economic sanctions and anti-bribery laws. Any such violation, even if prohibited by the Company's our policies, could subject the Company us and such persons to criminal and/or substantial civil penalties or other sanctions, which could have a material adverse effect on the Company's our business, financial condition, cash flows, and reputation.

The Company is We are subject to environmental, health and safety laws and regulations, which could subject the Company us to liabilities, increase its our costs or restrict its our operations in the future.

The Company's Our properties and operations are subject to a number of environmental, health and safety laws and regulations in each of the jurisdictions in which the Company operates. we operate. These laws and regulations govern, among other things, air emissions, water discharges, handling and disposal of solid and hazardous substances and wastes, soil and groundwater contamination and employee health and safety. The Company's Our failure to comply with such environmental, health and safety laws and regulations could result in substantial civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring remedial or corrective measures, installation of pollution control equipment or other actions. The Company, We, and in particular the Topgolf business as an operator, and/ owner, or owner both of the properties on which the venues are situated, may also be subject to liability for environmental investigations and cleanups, including at properties that the Company we currently or previously owned or operated, even if we did not cause or know of such contamination, was not caused or known by the Company, and the Company we may face claims alleging harm to health or property or natural resource damages arising out of contamination or exposure to hazardous substances. Liability under environmental laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocating the responsibility.

The Company

We may also be subject to similar liabilities and claims in connection with locations at which hazardous substances, contaminates or wastes the Company has we have generated have been stored, treated, otherwise managed, or disposed. In addition, Topgolf's our lease agreements for Topgolf venues typically provide that Topgolf we will indemnify the landlord for environmental conditions which may be found on or about the leased property. Accordingly, should unknown contamination be discovered at any of the properties Topgolf owns, operates we own, operate or leases, lease, or should a release of hazardous material occur at one of these properties, Topgolf we could be required to investigate and clean up the release and could also be held responsible to a governmental entity or third parties for property or natural resource damage, personal injury and investigation and clean-up costs incurred by them in connection with the contamination, and these costs and liabilities could be substantial. Topgolf We may also be subject to liability under environmental laws as a result of contamination at properties we, or our predecessors in interest, previously owned or operated by Topgolf or its predecessors in interest or for third-party contaminated facilities to which it has we have sent waste for treatment or disposal. In the past, certain construction activities driven by Topgolf's our development plans at certain sites (such as the removal of excess soil or the de-watering of shallow groundwater to install targets) have exposed, and any similar construction activities Topgolf undertakes we undertake at other sites in the future may also expose, soil or water that has been contaminated from historical activities at the site which must be disposed of or otherwise handled or addressed in accordance with applicable environmental laws. With respect to any of the properties Topgolf owns, operates we own, operate or leases, lease, the presence of contaminants (including as a result of failure to properly dispose of or otherwise handle or address any contaminants exposed by construction activities), or the failure to properly remediate a property, may impair Topgolf's our ability to use, mortgage or sell that property in the future. As a result, any of these events, and the environmental conditions at or related to the Company's our other current or former properties or operations, and/or the costs of complying with current or future environmental, health and safety requirements (which have become more stringent and complex over time), could materially adversely affect the Company's our business, financial condition and results of operations.

Increased scrutiny and changing expectations from investors, consumers, employees, regulators, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer attraction and retention, access to capital and employee recruitment and retention.

Companies across all industries are facing increasing scrutiny related to their environmental, social and governance ("ESG") practices and reporting. Investors, consumers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected.

Through our sustainability initiatives, we are committed to improving our ESG practices and have launched projects, and may from time to time set targets, with respect to improving our ESG practices. Our ability to execute on those projects and meet any targets are subject to risks and uncertainties, many of which are beyond our control, including the evolving regulatory requirements affecting ESG standards and disclosures, in the United States, the European Union and other jurisdictions in which we operate; the availability of suppliers that can meet sustainability, diversity and other ESG standards that we may set; our ability to recruit, develop and retain diverse talent; and the availability and cost of sustainable energy and raw materials used in our operations.

If we fail, or are perceived to be failing, to meet the standards included in any ESG disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, customer attraction and retention, access to capital and employee retention. In addition, our failure to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, customer attraction and retention, access to capital and employee retention.

Risks Related to Tax and Financial Matters

Changes in tax laws and unanticipated tax liabilities could adversely affect the Company's our effective income tax rate and profitability.

The Company is We are subject to income taxes in the United States and numerous foreign jurisdictions. The Company's Our effective income tax rate in the future could be adversely affected by a number of factors, including: changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, the outcome of income tax audits in various jurisdictions around the world, and any repatriation of non-U.S. earnings for which the Company has not previously provided for U.S. taxes. The Company world. We regularly assesses assess all of these matters to determine the adequacy of its our tax provision.

In addition, new income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, or interpreted, changed, modified or applied adversely to the Company, us, any of which could adversely affect the Company's our business operations and financial performance. In particular, the U.S. government may enact significant changes to the taxation of business entities including, among others, a permanent increase in the corporate income tax rate, an increase in the tax rate applicable to the global intangible low-taxed income and elimination of certain exemptions, and the imposition of minimum taxes or surtaxes on certain types of income. The Company is We are currently unable to predict whether such changes will occur and, if so, such changes occur, the ultimate impact on its our business. To the extent that such changes have a negative impact on the Company, or its us, our suppliers or customers, including as a result of related uncertainty, these changes may materially and adversely impact the Company's our business, financial condition, results of operations and cash flows.

The Company'sOver the past several years, the Organisation for Economic Co-operation and Development (the "OECD") has been working on a base erosion and profit shifting ("BEPS") project that seeks to establish certain international standards for taxing the worldwide income of multinational companies. As part of the OECD's BEPS project, over 130 member jurisdictions of the OECD Inclusive Framework have joined the Two-Pillar Solution to Address the Tax Challenges of the Digitalisation of the Economy, which includes a reallocation of taxing rights among jurisdictions and a global minimum tax rate of 15%. As a result of these developments, the tax laws of certain countries in which we do business could change on a prospective or retroactive basis, and any such changes could increase our liabilities for taxes, interest and penalties, and therefore could materially adversely affect our business, financial condition, results of operations and cash flows.

Our ability to utilize all or a portion of its our U.S. deferred net operating losses and certain other tax assets attributes may be subject to limitations.

The Company has We have a significant amount of U.S. federal and state deferred tax assets, which include net operating loss carryforwards ("NOLs") and tax credit carryforwards. The Company's Our ability to utilize its our NOLs and tax credits to offset future taxable income and income tax liabilities may be deferred or limited significantly if the Company we were to experience an "ownership change" within the meaning of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change will occur if there is a cumulative change in ownership of the Company's our stock by "5-percent shareholders" (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period. The determination of whether an ownership change has occurred for purposes of Sections 382 and 383 of the Code is complex and requires significant judgment. The extent to which the Company's our ability to utilize its our NOLs and tax credits is limited as a result of such an ownership change depends on many variables, including the value of the Company's our stock at the time of the ownership change. The Company We determined that an ownership change with respect to the Company occurred on the date of the Topgolf merger. In addition, Topgolf experienced an ownership change subsequent to the Topgolf merger. As such, each of the Company and Topgolf is we are subject under Sections 382 and 383 of the Code to a limitation on the utilization of its our NOLs and tax credits. However, these limitations are not expected to have any material impact on the Company. us. In addition, the Company we may experience ownership changes in the future as a result of subsequent shifts in the Company's our stock ownership, some of which changes are outside of the Company's our control. The Company continues We continue to monitor changes in its our ownership. If any further ownership change were to occur in any three-year period and the Company we were limited in the amount of NOLs and tax credits it we could use to offset taxable income or liability for income taxes, the Company's our results of operations and cash flows may be adversely impacted.

In addition, Topgolf's our NOLs and tax credits acquired in the Topgolf merger are presently expected to be subject to "separate return limitation year" limitations. Separate return limitation year NOLs and tax credits can only be used in years that both the consolidated group and the entity that created such NOLs and tax credits have taxable income or income tax liabilities, which may significantly limit the Company's our ability to utilize Topgolf's acquired such NOLs and tax credits in the future.

The Company's

Our obligations and certain financial covenants contained under its our existing credit facilities expose it us to risks that could materially and adversely affect its our liquidity, business, operating results, financial condition and limit the Company's our flexibility in operating its our business, including the ability to make any dividend or other payments on its our capital stock.

The Company's Our primary revolving credit facility is a senior secured asset-based revolving credit facility (as amended, the "ABL" New ABL Facility"), comprised of a U.S. facility, a German facility, a Canadian facility and a United Kingdom/Dutch facility, in each case subject to borrowing base availability under the applicable facility. The Company We also maintains maintain a Japan revolving credit facility, subject to borrowing base availability (as amended, the "2022 Japan ABL Credit Facility"), and a Topgolf revolving credit facility (as amended, the "Topgolf Revolving Facility"). The amounts outstanding under the New ABL Facility are secured by a first priority lien on certain assets, including cash (to the extent pledged by the Company) us), certain intellectual property, certain eligible real estate, inventory and accounts receivable of the Company and the Company's its subsidiaries in the United States, Germany, Canada, the Netherlands and the United Kingdom (other than Topgolf and its subsidiaries and certain other excluded subsidiaries) and a second-priority lien on substantially all of the Company's and such its subsidiaries' other assets. The amounts outstanding under the 2022 Japan ABL Credit Facility are secured by certain assets, including eligible inventory and eligible accounts receivable. The amounts outstanding under the Topgolf Revolving Facility are secured by substantially all of the assets of Topgolf and its subsidiaries (subject to certain excluded subsidiaries). The maximum availability under the New ABL Facility fluctuates with the general seasonality of the business, and increases and decreases with the changes in the Company's our and its our applicable subsidiaries' assets that are included in the applicable borrowing base, including certain inventory and account receivable balances. balances, pledged cash, certain intellectual property and certain eligible real estate.

In addition to the revolving and ABL facilities described above, the Company is we are also the borrower under a senior secured term loan B facility (as amended, the "Term "2023 Term Loan Facility" B") that is guaranteed by the Company's our U.S. subsidiaries (other than Topgolf and its subsidiaries and certain other excluded subsidiaries), and Topgolf is the borrower under a senior secured term loan facility (as amended, the "Topgolf Term Loan Facility") that is guaranteed by Topgolf's US subsidiaries (subject to certain excluded subsidiaries). The 2023 Term Loan Facility B is secured by a first-priority lien on the assets of the obligors thereunder (other than those for which the New ABL Facility has a first-priority lien and certain excluded assets), and a second-priority lien on the assets for which the New ABL Facility has a first-priority lien. The Topgolf Term Loan Facility is secured by substantially all of the assets of Topgolf and its guarantor subsidiaries.

The New ABL Facility, the 2022 Japan ABL Credit Facility and the 2023 Term Loan Facility, the Topgolf Revolving Facility, and the Topgolf Term Loan Facility B (collectively, the "Facilities") include certain restrictions including, among other things, restrictions on the incurrence of additional debt, liens, dividends, stock repurchases and other restricted payments, asset sales, investments, mergers, acquisitions and affiliate transactions. Such limitations include restrictions on the amount the Company we can pay in annual cash dividends, including meeting certain restrictions on the amount of additional indebtedness and, in the case of the New ABL Facility, requirements to maintain a certain fixed charge coverage ratio under certain circumstances. If the Company experiences we experience a decline in revenues or adjusted EBITDA, the Company we may have difficulty paying interest and principal amounts due on its our Facilities or other indebtedness and meeting certain of the financial covenants contained in the New ABL Facility or the Topgolf Revolving Facility. If the Company is we are unable to make required payments under any of the Facilities, or if the Company fails we fail to comply with the various covenants and other requirements of any of the Facilities or other indebtedness, the Company we would be in default thereunder, which would permit the holders of the indebtedness to accelerate the maturity thereof, which may also result in a cross-default under other Facilities or other indebtedness. Any default under any of the Facilities or other indebtedness could have a significant adverse effect on the Company's our liquidity, business, operating results and financial condition and ability to make any dividend or other payments on the Company's our capital stock. See Note 7. "Financing Arrangements" in the Notes to Consolidated Financial Statements in this Form 10-K for further discussion of the terms of the New ABL Facility, the 2022 Japan ABL Credit Facility and the 2023 Term Loan Facility, the Topgolf Revolving Facility, and the Topgolf Term Loan Facility. B.

The Company's Our ability to generate sufficient positive cash flows from operations is subject to many risks and uncertainties, including future economic trends and conditions, demand for the Company's our products and services, foreign currency exchange rates and other risks and uncertainties applicable to the Company us and its our business. No assurances can be given that the Company we will be able to generate sufficient operating cash flows in the future or maintain or grow its our existing cash balances. If the Company is we are unable to generate sufficient cash flows to make its our required payment obligations under the Facilities or to fund its our business, the Company we will need to increase its our reliance on its our New ABL Facility and the Topgolf Revolving Facility for needed liquidity. If its our New ABL Facility or Topgolf Revolving Facility is not then available or sufficient and the Company is we are not able to secure alternative financing arrangements, the Company's our future operations would be materially, adversely affected.

The Company We may need to raise additional funds from time to time through public or private debt or equity financings in order to execute its our growth strategy.

The Company We may need to raise additional funds from time to time in order to take advantage of opportunities, including the expansion of its our business or the acquisition of complementary products, technologies or businesses; develop new products or expand existing lines of business, including the opening of new Topgolf venues; or respond to competitive pressures.

With respect to the our Topgolf business in particular, the Company's our ability to fund the construction and opening of new Topgolf venues may depend on its our ability to fund or otherwise secure financing for the associated development costs. Topgolf has We have historically financed the construction of venues through third-party developer or real estate financing companies. In these cases, while Topgolf is we are still required to fund a portion of venue development costs itself, its ourselves, our financing partner will purchase or lease the land and fund a majority of venue development costs during and after construction, which reduces its our required capital outlay. Should these or similar financing arrangements become less available to Topgolf us in the future, whether due to changes in relationships with financing partners, legal, regulatory or other changes, including the availability of sufficient amounts of financing and conditions in the global financing markets and Topgolf's our prospects and credit ratings, that make these financing arrangements less attractive to them or any other reason, Topgolf's our growth prospects would be materially and adversely affected. In addition, in cases where Topgolf is we are not able to finance venue construction through one of its our financing partners, The Company we will be required to fund the full amount of venue development costs itself. ourselves. If the Company is we are unable to finance the construction and development of new venues on acceptable terms or at all, or if the Company we or its our financing partners default on its our or their respective obligations to fund construction, the Company we could be required to delay, significantly curtail or eliminate planned openings of additional Topgolf venues, which could have a material adverse effect on the Company's our business, financial condition and results of operations.

There can be no guarantee that the Company we will be able to timely secure financing on favorable terms, or at all, for any of the foregoing purposes. Any capital raised through the sale of equity or securities convertible into equity will dilute the percentage ownership of holders of the Company's our common stock. Capital raised through debt financing would require the Company us to make periodic interest payments and may impose restrictive covenants on the conduct of its our business. Furthermore, additional financings may not be available on terms economically favorable to the Company, us, or at all, especially during periods of adverse economic conditions, which could make it more difficult or impossible for the Company us to obtain funding for the operation of its our business, for making additional investments in product development and for repaying outstanding indebtedness. A failure to obtain any necessary additional funding could prevent the Company us from making expenditures that may be required to grow its our business or maintain its our operations.

Increases in interest rates could increase the cost of servicing the Company's our indebtedness and have an adverse effect on the Company's our results of operations and cash flows.

The Company's Our indebtedness outstanding under certain of its our credit facilities, including the New ABL Facility, the 2022 Japan ABL Credit Facility and the Topgolf Facility, 2023 Term Loan B, bears interest at variable rates. As a result, increases in interest rates increase the cost of servicing the Company's our indebtedness and could materially reduce the Company's our profitability and cash flows. Beginning in March 2022, the Federal Reserve began raising the federal funds rate in an effort to curb inflation and has signaled it expects additional rate increases in the future. Increased interest rates could also make it difficult for the Company us to obtain financing at attractive rates, which could adversely impact the Company's our ability to execute its our growth strategy or future acquisitions. Additionally, rising interest rates could have a dampening effect on overall economic activity, which could have an adverse effect on the Company's our business.

Goodwill and intangible assets represent a significant portion of the Company's our total assets, and any impairment of these assets could negatively impact the Company's our results of operations and shareholders' equity.

The Company's Our goodwill and intangible assets consist of goodwill from acquisitions, trade names, trademarks, service marks, trade dress, patents and other intangible assets. Accounting rules require the evaluation of the Company's our goodwill and intangible assets with indefinite lives for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Such indicators include a sustained decline in the Company's our stock price or market capitalization, adverse changes in economic or market conditions or prospects, and changes in the Company's our operations.

An asset is considered to be impaired when its carrying value exceeds its fair value. The Company determines We determine the fair value of an asset based upon the discounted cash flows expected to be realized from the use and ultimate disposition of the asset. If in conducting an impairment evaluation the Company determines we determine that the carrying value of an asset exceeded its fair value, the Company we would be required to record a non-cash impairment charge for the difference between the carrying value and the fair value of the asset. If a significant amount of the Company's our goodwill and intangible assets were deemed to be impaired, the Company's our results of operations and shareholders' equity would be significantly adversely affected.

General Risk Factors

The continuing impact of "Brexit" may have a negative effect on our business.

Following a national referendum and subsequent legislation, the United Kingdom formally withdrew from the European Union, commonly referred to as "Brexit," and ratified a trade and cooperation agreement governing its future relationship with the European Union. Among other things, the agreement, which became effective in 2021, addresses trade, economic arrangements, law enforcement, judicial cooperation and governance. Because the agreement merely sets forth a framework in many respects that requires complex additional bilateral negotiations between the United Kingdom and the European Union, significant uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal.

Brexit has led to legal uncertainty and divergent national laws and regulations as the United Kingdom continues to determine which European Union laws to replace or replicate, including financial laws and regulations, tax and customs laws, intellectual property rights, environmental, health and safety laws and regulations, employment laws and transport laws, which could increase the difficulty and cost of compliance.

We cannot yet predict the full implications of Brexit, including whether it will increase our operational costs or otherwise materially adversely affect the Company's business, financial condition and results of operations.

The Company's Our insurance policies may not provide adequate levels of coverage against all claims and the Company we may incur losses that are not covered by its our insurance.

The Company maintains We maintain insurance of the type and in amounts that the Company believes we believe is commercially reasonable and that is available to businesses in its our industry. The Company carries We carry various types of insurance, including general liability, auto liability, business interruption, workers' compensation and excess umbrella, from highly-rated insurance carriers. Market forces beyond the Company's our control could limit the scope of the insurance coverage that the Company we can obtain in the future or restrict its our ability to buy insurance coverage at reasonable rates. The Company We cannot predict the level of the premiums that the Company we may be required to pay for subsequent insurance coverage, the level of any deductible and/or self-insurance retention applicable thereto, the level of aggregate coverage available or the availability of coverage for specific risks. In the event of a substantial loss, the insurance coverage that the Company carries we carry may not be sufficient to compensate the Company us for the losses the Company incurs we incur or any costs the Company is responsible for.

for which we are responsible.

If the Company's our estimates or judgments relating to its our critical accounting policies prove to be incorrect, its our financial condition and results of operations could be adversely affected.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company bases its We base our estimates on historical experience and on various other assumptions that the Company believes we believe to be reasonable under the circumstances, as discussed below in "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained in Item 7. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing the Company's our consolidated financial statements include those related to revenue recognition; allowance for doubtful accounts; inventories; long-lived assets, goodwill and non-amortizing intangible assets; warranty policy; income taxes and provisional estimates due to the Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017; share-based compensation; and foreign currency translation. The Company's Our financial condition and results of operations may be adversely affected if its our assumptions change or if actual circumstances differ from those in its our assumptions, which could cause its our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the price of its our common stock.

Item 1B. ***Unresolved Staff Comments***

None.

Item 1C. ***Cybersecurity***

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a global incident response plan.

We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework ("NIST CSF"). This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas. Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a cybersecurity team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers and software, where appropriate, to monitor, assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees;
- a global incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for service providers and suppliers.

We have not identified risks from known cybersecurity threats, including as a result of prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. However, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls, or procedures, will be fully implemented, complied with or effective in protecting our systems and information. Refer to “Item 1A. Risk Factors”, including “Cybersecurity incidents, including cyber-attacks, unauthorized access to, or accidental disclosure of, personal information including payment card information, that we or our vendors collects or stores on our behalf may result in significant expense and negatively impact our reputation and business,” for additional discussion about our cybersecurity risks.

Cybersecurity Governance

Our Board of Directors considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other information technology risks. The Audit Committee oversees management’s implementation of our cybersecurity risk management program.

The Audit Committee receives reports from management on our cybersecurity risks, typically at least twice per year. In addition, management updates the Audit Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential. The Audit Committee reports to the full Board of Directors regarding its activities, including those related to cybersecurity. The full Board of Directors also receives briefings from management on our cyber risk management program.

Our management team, including the leaders of our Global Information Technology and Information Security and Information Technology Compliance organizations, are responsible for assessing and managing our material risks from cybersecurity threats, including the primary responsibility for our overall cybersecurity risk management program, and supervision of both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our management team has over 90 years of combined experience in cybersecurity, risk, and compliance, and includes members with multiple cybersecurity and compliance certifications such as Certified Information Systems Security Professional (CISSP) from ISC2, Certified Information Systems Manager (CISM) from ISACA, Certified Information Systems Auditor (CISA) from ISACA, Security+ and Network+ from the Computing Technology Industry Association (CompTIA), Certified Ethical Hacker (C|EH) from EC-Council, and other technology certifications.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants we engage; and alerts and reports produced by security tools deployed in the IT environment.

Item 2. ***Properties***

The Company and its subsidiaries We conduct our business operations in both owned and leased properties. The Company’s Our principal properties include executive offices, golf club assembly, golf ball manufacturing, warehousing and distribution, sales offices, and Topgolf venues.

The Company’s Our principal executive offices are located in Carlsbad, California. The Company owns We own two buildings that are utilized in its our Carlsbad operations, which include the Company’s our corporate offices, research and development, and pro-tour club assembly, in addition to the Company’s and our performance center.

In connection with its Topgolf business, the Company leases office space in Dallas, Texas and San Francisco, California, and in the United Kingdom and Sweden.

The Company leases We lease a majority of the our primary offices utilized by its our wholly-owned subsidiaries for the sale of its our products in the United States and internationally located in the United Kingdom, Germany, Japan, Korea, China, Australia, Canada, and India.

The Company

We also leases lease various retail locations for the sale of its our products. In the United States, the Company leases 39 we lease 45 retail locations for the sale of its our TravisMathew-branded products. In Germany and throughout Europe as well as in China, the Company leases we lease over 148 157 retail locations for the sale of its our Jack Wolfskin-branded products. The Company We also leases lease over 22 24 retail locations in Japan for the sale of Callaway-branded products, in addition to six four locations for the sale of Jack Wolfskin products and two four locations for the sale of TravisMathew products. In total we have 161 Jack Wolfskin retail locations, 49 TravisMathew retail locations, and 24 Callaway retail locations.

As of December 31, 2022 December 31, 2023, the Company we had 77 93 Company-owned and operated venues, including 88 Topgolf venues and one acquired venue throughout the United States, and four Company-operated Topgolf venues in the United Kingdom. Of the 81 93 Company-operated venues, over 80% are leased properties. We also lease four office spaces in Dallas, Texas, San Francisco, California, Chertsey, United Kingdom, and Stockholm, Sweden and three warehouses in Wood Dale, Illinois, Shepperton, United Kingdom, and New Castle, Australia. See “Part I, Item 1. Business Topgolf” for further details.

The Company leases its We lease our golf ball manufacturing plant in Chicopee, Massachusetts and golf club manufacturing facility in Monterrey, Mexico, and its our distributions centers in Austin, Texas, Fort Worth, Texas, Swindon, England and Hamburg, Germany. The Company’s Topgolf business also leases warehouse space in Shepperton, United Kingdom.

Item 3. ***Legal Proceedings***

The information set forth in Note 13. “Commitments & Contingencies”, in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K is incorporated herein by this reference.

Item 4. ***Mine Safety Disclosures***

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities***

The Company's Our common stock is listed, and principally traded, on the New York Stock Exchange ("NYSE"). The Company's symbol for its our common stock is "MODG." As of January 31, 2023 January 31, 2024, the number of holders of record of the Company's our common stock was 4,976. 4,347.

Dividends are subject to liquidity, capital availability and quarterly determinations that cash dividends are in the best interests of its our shareholders, and may be affected by, among other items, the Company's our views on potential future capital requirements, projected cash flows and needs, changes to the Company's our business model, and certain restrictions limiting dividends imposed by the our ABL Facility facilities (See Note 7. "Financing Arrangements" in the Notes to Consolidated Financial Statements in this Form 10-K). In August 2020, as part of the Company's our effort to manage costs and capital allocation most efficiently, the Company we announced the cessation of its our quarterly dividends. dividends and we do not anticipate paying dividends in the foreseeable future.

The following graph presents a comparison of the cumulative total shareholder return of the Company's our common stock since December 31, 2017 December 31, 2018 to two indices: the Standard & Poor's 500 Index ("S&P 500") and the Standard & Poor's 1500 Consumer Discretionary Index ("S&P 1500 Consumer Discretionary"). The S&P 500 tracks the aggregate price performance of equity securities of 500 large-cap companies that are actively traded in the United States, and is considered to be a leading indicator of U.S. equity securities. The S&P 1500 Consumer Discretionary tracks the aggregate price performance of equity securities from companies included in the S&P 1500 Consumer Discretionary that are classified as members of the GICS® consumer discretionary sector. In addition, because the Company has elected to change to the S&P 1500 Consumer Discretionary from the Standard & Poor's 400 Midcap Index (the "S&P 400 Midcap"), which the Company used in its Annual Report on Form 10-K for the year ended December 31, 2021, the graph below also includes a comparison to the S&P 400 Midcap. The Company elected to change from the S&P 400 Midcap to the S&P 1500 Consumer Discretionary because the S&P 1500 Consumer Discretionary more closely aligns with the set of companies with which the Company compares itself for purposes of setting executive compensation. The graph assumes an initial investment of $100.00 at December 31, 2017 December 31, 2018 and reinvestment of all dividends in MODG stock on the dividend payable date.

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		2017	2018	2019	2020	2021	2022						
	2018							2018	2019	2020	2021	2022	2023
Topgolf Callaway Brands (NYSE: MODG)	Topgolf Callaway Brands (NYSE: MODG)	$100.00	$109.87	$152.30	$172.54	$197.20	$141.94						
S&P 500	S&P 500	$100.00	$ 93.76	$120.84	$140.49	$178.27	$143.61						
S&P 1500 Consumer Discretionary	S&P 1500 Consumer Discretionary	$100.00	$ 97.72	$122.83	$161.70	$201.22	$128.21						
S&P 400 Midcap		$100.00	$ 99.77	$108.55	$121.36	$149.53	$127.88						

The Company's Our cumulative total shareholder return is based upon the closing prices of its our common stock on December 31, 2017 December 31, 2018, 2018, 2019, 2020, 2021, 2022 and 2022 2023 of $13.93, $15.30, $21.20, $24.01, $27.44, $19.75 and $19.75, $14.34, respectively.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

2022 Repurchase Program

In May 2022, the Company's On May 26, 2022, we announced that our Board of Directors authorized a $100.0 million share repurchase program (the "2022 Repurchase Program") under which the Company is we are authorized to repurchase shares of its our common stock in the open market or in private transactions, subject to the Company's our assessment of market conditions and buying opportunities. The repurchases will be made in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, subject to market conditions, applicable legal requirements and other factors, and consistent with the terms of the Company's our credit facilities, which define the amount of stock that can be repurchased. The repurchase program does not require the Company us to acquire a specific number of shares and it will remain in effect until completed or until terminated by the Board of Directors. As During the fourth quarter of December 31, 2022, no repurchases have been made 2023, we repurchased 859,009 shares of our common stock under the 2022 Repurchase Program. Program at a weighted average price per share of $13.93, for a total cost of $11.9 million, excluding commissions.

Payroll Tax Withholding

The Company We may repurchase shares by withholding a portion of employee restricted stock unit awards and performance share unit awards in order to satisfy payroll tax withholding obligations in connection with the vesting and settlement of such awards. The repurchase repurchases of these awards by the Company in order to satisfy the payroll tax withholding obligations are not considered as purchases of shares of common stock under any of the Company's our publicly announced repurchase programs.

The following table summarizes the Company's our share repurchases during the fourth quarter of 2022. The Company's 2023. Our repurchases of shares of common stock are recorded at cost and result in a reduction of shareholders' equity.

	Three Months Ended December 31, 2022			
	Total Number of Shares Purchased(1)	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value that May Yet Be Purchased Under the Program
October 1, 2022 - October 31, 2022	444	$ 17.12	—	$ 100,000,000
November 1, 2022 - November 30, 2022	—	—	—	100,000,000
December 1, 2022 - December 31, 2022	13,722	21.10	—	100,000,000

Total	14,166	$	20.98	—	$		100,000,000

	Three Months Ended December 31, 2023						
	Total Number of Shares Purchased		Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program		Maximum Dollar Value that May Yet Be Purchased Under the Program	
October 1, 2023 – October 31, 2023	444	$	13.06	—	$	65,608,579	
November 1, 2023 – November 30, 2023	4,245		11.47	—		65,608,579	
December 1, 2023 – December 31, 2023	859,009		13.93	859,009		53,667,485	
Total	863,698	$	13.92	859,009	$	53,667,485	

During Other than shares repurchased under the three months ended December 31, 2022, 2022 Repurchase Program, during the Company fourth quarter of 2023, we repurchased 14,166 4,689 shares of its our common stock at an average cost per share of $20.98, $11.62, for a total cost of $0.3 $0.1 million, which were related to shares withheld to satisfy payroll tax withholding obligations as described above.

Item 6. ***Reserved***

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with the Consolidated Financial Statements, the related notes and the section "Important Notice to Investors Regarding Forward-Looking Statements" that appear herein. This section of this Annual Report on Form 10-K generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions related to 2021 items and year-to-year comparisons between 2022 and 2021. Discussions related to 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this Annual Report on Form 10-K can be found in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's our Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022, which was filed with the SEC on March 1, 2022 March 1, 2023.

Critical Accounting Estimates

The Company's Our discussion and analysis of its our results of operations, financial condition and liquidity are based upon the Company's our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP. The preparation of these financial statements requires the Company us to make estimates and assumptions that affect the reported amounts of assets, liabilities, shareholders' equity, revenues and expenses, as well as related disclosures of contingent assets and liabilities. The Company bases its We base our estimates and assumptions on historical experience and other assumptions that management believes we believe are reasonable under the circumstances at that time. Actual results may materially differ from these estimates under different assumptions or circumstances. The Company reviews its We review our estimates on an ongoing basis to ensure that its estimates appropriately reflect changes in its our business and new information is appropriately reflected as it becomes available.

Management believes We believe the critical accounting estimates discussed below affect its our more significant estimates and assumptions used in the preparation of its our consolidated financial statements. For a complete discussion of all of the Company's our significant accounting policies, see Note 2. "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in this Form 10-K.

Sales Programs

The amount of revenue the Company recognizes we recognize is based on the amount of consideration it we ultimately expects expect to receive from customers, which involves certain estimates and assumptions, including estimates for sales returns as well as estimates for our short-term sales programs, sales promotions and price concessions. These estimates are based on amounts earned by the Company or expected to be claimed by customers on the related sales.

Sell-through promotions are short-term sales programs that are generally offered throughout the product's life cycle, which is approximately two years. Price reductions and price concessions are generally offered at the end of the product's life cycle. The Company calculates an estimated rate related to these programs that is based on a combination of historical and forecasted data. The Company records a reduction to net revenues using this rate at the time of the sale and monitors this rate against actual results and forecasted estimates. Adjustments to the rate are made as necessary in order to reflect the amount of consideration the Company expects to receive from its customers. If the actual variable consideration is significantly different than the accrued estimates, the Company may be exposed to adjustments to revenue that could be material. Assuming there had been a 10% increase in the rate used to We record sales program incentives, income before taxes for the year ended December 31, 2022 would have decreased by approximately $2.8 million.

The Company records an estimate for anticipated returns at the time the sale is recognized. This estimate is based on historical returns data as well as current economic trends, changes in customer demands and the sell-through of products. If the actual sales returns are significantly different than the recorded estimated amount, the Company we may be exposed to material losses or gains that could be material. gains. Assuming there had been a 10% increase over the recorded estimated sales returns reserve for the year ended December 31, 2022December 31, 2023, pre-tax income would have decreased by approximately $5.5 million, $5.6 million, net of the cost recovery of inventory.

Sell-through promotions such as price reductions and price concessions are short-term sales programs that are generally offered throughout the product's life cycle, which is approximately two years, and are generally offered at the end of the product's life cycle. We calculate an estimated rate related to these programs which is based on a combination of historical and forecasted data. We record a reduction to net revenues using this rate at the time of the sale and monitor this rate against actual results and forecasted estimates. Adjustments to the rate are made as necessary in order to reflect the amount of consideration we expect to receive from our customers. If the actual amount of variable consideration is significantly different than our accrued estimates, we may be exposed to adjustments to revenue that could be material. Assuming there had been a 10% increase in the rate used to record sales program incentives, pre-tax income for the year ended December 31, 2023 would have decreased by approximately $2.2 million.

Excess and Obsolescence Reserves

Inventories are recorded at the lower of cost or net realizable value, which includes a reserve for excess, obsolete and/or unmarketable inventory. The Company estimates the We estimate this reserve based upon current inventory levels, sales trends and historical experience as well as management's our estimates of market conditions and forecasts of future product demand, all of which are subject to change. In addition, the Company considers we consider inventory aging, forecasted consumer demand and pricing, regulatory (USGA and R&A) rule changes, the promotional environment and technological obsolescence, all of which requires management to make require a significant amount of assumptions and apply significant judgment.

If these estimates are inaccurate or change, the Company we may need be exposed to increase its adjustments to our inventory reserve which could significantly materially impact our operating results. Assuming there had been a 10% increase in the inventory reserve for the year ended December 31, 2022 December 31, 2023, pre-tax income would have decreased by approximately $1.8 million. $2.3 million.

Leases Business Combinations

The Company enters into complex build-to-suit arrangements in connection with its Company-operated venues operations which often results We apply the guidance within Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, Business Combinations, when accounting for our acquisitions to determine whether a transaction is the acquisition of assets, or the acquisition of a business on the date of the acquisition. Asset acquisitions are accounted for by allocating the cost of the acquisition to the individual assets and liabilities assumed on a relative fair value basis; whereas the acquisition of a business requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at the acquisition date fair values. Additionally, the acquisition of a business requires us to make significant estimates and judgements when assigning fair value to any assets and liabilities assumed. We may use, amongst other things, certain estimates related to expected future revenues, growth rates, cash flows, discount rates and uncertain tax positions and valuation allowances to assign a value to certain acquired assets. If we receive new information within the twelve month allowable measurement period about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date, we may adjust the purchase price allocation in the Company controlling reporting period in which the underlying ground that amounts are determined. Any subsequent adjustments recorded after the venue is built on, the building, or both during the construction period. Under these arrangements, the construction terms, financing and eventual lease are agreed to prior to the construction period. In most cases, the construction is financed by a third-party real estate financing partner (the legal owner conclusion of the property). During allowable twelve month measurement period or final determination of the construction period, when the Company is deemed values of assets acquired or liabilities assumed are recorded to our consolidated statements of operations.

Our estimates of fair value are based upon assumptions we believe to be in control of the underlying assets, the Company records the asset as if owned reasonable at that time, but which are inherently uncertain and unpredictable. As a corresponding construction advance. Once the construction is completed, the Company applies sale-lease back criteria to determine if control of the underlying assets is then transferred to the legal owner or whether the Company remains the accounting owner of the leased assets for accounting purposes. If control does not pass to the legal owner, it is considered a failed sale, and the assets are not derecognized while a deemed landlord finance ("DLF") liability is recognized. If control passes to the legal owner, it is considered a sale, and the assets are derecognized, and a gain or loss is recognized based on the fair value of the asset. The fair value is determined on the basis of the price that would be received to sell the asset in an orderly transaction between market participants, which is derived result, actual results may differ from real estate broker valuations and market comparatives. An operating lease is recognized upon leasing back the assets from the legal owner.

The lease term for the ground lease and/or building lease for those properties controlled by the Company during the construction period depends on multiple factors, including the probability that the Company will exercise any renewal options beyond the initial lease term. When applicable, the Company uses historical practices and market trends to assess whether it is reasonably certain to exercise the renewal option. In certain Company-operated venues, the Company leases the underlying land from an independent third-party, with the Company assessing the lease classification as either an operating lease or finance lease on the basis of the relevant contract assumptions such as lease term and related payments. The Company must reassess the lease term upon the occurrence of certain discrete events that are in the control of the lessee (e.g., installing significant leasehold improvements) or if there is a lease modification. This lease term reassessment may impact the recorded right-of-use assets and lease classification, which could be material. estimates.

Impairment of Goodwill and Intangible Assets

The Company evaluates In accordance with FASB ASC 350, Intangibles—Goodwill and Other, we evaluate the recoverability of its our goodwill and indefinite-lived intangible assets at least annually or more frequently whenever indicators are present that the carrying amounts of these assets may not be fully recoverable. To determine fair value, the Company uses we use discounted cash flow estimates, discounted at an appropriate rate, quoted market prices, royalty rates when available and independent appraisals as appropriate. Any required impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value These estimates are subjective in nature and is recorded as a reduction in the carrying value of the asset involve significant uncertainties and a charge to earnings. The Company uses its judgements. We use our best judgment based on current facts and circumstances related to its our business when making these estimates. However, estimates, however, if actual results are not consistent with the Company's our estimates and assumptions used in calculating future cash flows and asset fair values, the Company we may be exposed to impairment losses that could be material.

Income Taxes

Current income tax expense or benefit An impairment loss is measured as the amount excess of income taxes expected to be payable or receivable for the current year. A deferred income tax asset or liability is established for the difference between the tax basis of an asset or liability computed and its reported amount in the financial statements that will result in taxable or deductible amounts in future years when the reported carrying amount of the asset over its estimated fair value. An impairment loss is recorded as a reduction to the carrying value of the asset and a charge to earnings in the period in which the impairment loss occurred.

We perform our goodwill impairment assessment at the reporting unit level using a combination of an income approach and a market approach. The income approach valuation method requires us to make projections of revenue, gross margin, operating expenses, and working capital over a multi-year period, and also includes weighted average cost of capital estimates, which reflect the relative risk of an investment. The market approach valuation method determines fair value by utilizing earnings multiples of comparable public companies or interests, which reflect the market in which each relative reporting unit operates, as well as recent comparable market transactions.

As a result of our goodwill impairment assessment performed as of December 31, 2023, no goodwill impairments were necessary during 2023, and there was a significant cushion between the fair value of our goodwill and its related carrying value. We will continuously monitor each of our reporting units for any risk of future impairments which may occur if our current expectations of prospective results of operations, which may be influenced by market conditions and other factors, change.

For our indefinite-lived intangible assets, which primarily consist of our trade names, we estimate fair value based on an income approach using the relief-from-royalty method which assumes that, in lieu of ownership, a third-party would be willing to pay a royalty in order to derive a benefit from the trade name. This approach includes reviewing current licensing agreements, market benchmarking and performing branded product profitability assessments, among other factors, to assign an estimated royalty rate. Once a royalty rate is assigned, a discount rate is applied to the estimated future cash flows of the asset in order to determine the fair value of the trade names. As a result of our intangible asset impairment assessment performed as of December 31, 2023, we determined that the fair value of our intangible assets exceeded their relative carrying values, therefore, no intangible asset impairments were necessary during the current year.

Income Taxes

Our income tax provision/benefit and related income tax assets and liabilities are based on a combination of actual and expected future income, U.S. federal and foreign statutory income tax rates, and tax regulations and planning opportunities in the jurisdictions in which we operate. Significant judgement is required when interpreting the applicable tax laws and regulations in such jurisdictions, evaluating our uncertain tax positions, and assessing the likelihood of realizing tax benefits. We accrue an amount for our estimate of additional tax liability, is recovered including interest and penalties in income tax provision, for any uncertain tax positions taken or settled, respectively. In accordance expected to be taken in an income tax return. We review and update the accrual for uncertain tax positions as more definitive information becomes available. Actual results could differ from those judgements, and changes in judgements could materially affect our consolidated financial statements.

Certain income and expense items are accounted for differently for financial reporting and income tax purposes where tax regulations may require certain items to be included in our tax return at different times than when these items may be reflected in our financial statements. As a result, the income tax provision or benefit reflected in our consolidated statements of operations may differ from our tax returns filed with the applicable accounting rules, taxing authorities. These differences may be permanent or temporary, depending on their nature and the Company maintains applicable tax regulations related to them, and as such, may create deferred income tax assets and liabilities, which are recognized on our consolidated balance sheet. Deferred income tax assets generally represent items that can be used as a tax deduction or credit in future tax returns for which we have already recorded a tax benefit in our consolidated statements of operations. We may record a valuation allowance for a to reduce our deferred income tax asset when it assets if, based on all available evidence, we believe that some portion of the tax benefit is deemed not expected to be more likely than not that some or all of the deferred tax assets will not be realized. In evaluating whether a valuation allowance is required under such rules, the Company considers all available positive and negative evidence, including prior operating results, the nature and reason for any losses, its forecast of future taxable income, and the dates on which any deferred tax assets are expected to expire. These assumptions require a significant amount of judgment, including estimates of future taxable income, and are based on the Company's best judgment at the time made based on current and projected circumstances and conditions.

For further information, see Note 12. "Income Taxes" in the Notes to Consolidated Financial Statements in this Form 10-K.

The Company accrues for the estimated additional amount of taxes for uncertain tax positions if it is deemed to be more likely than not that the Company would be required to pay such additional taxes. The Company is required to file federal and state income tax returns in the United States and various other income tax returns in foreign jurisdictions. The preparation of these income tax returns requires the Company to interpret the applicable tax laws and regulations in effect in such jurisdictions, which could affect the amount of tax paid by the Company. The Company accrues an amount for its estimate of additional tax liability, including interest and penalties in income tax expense, for any uncertain tax positions taken or expected to be taken in an income tax return. The Company reviews and updates the accrual for uncertain tax positions as more definitive information becomes available. Historically, additional taxes paid as a result of the resolution of the Company's uncertain tax positions have not been materially different from the Company's expectations. The Company recognizes interest and/or penalties related to income tax matters in income tax expense. For further information, see Note 12. "Income Taxes".

Business Combinations

The Company is required to make significant estimates and assumptions to determine the fair value of tangible and intangible assets acquired and liabilities assumed at the acquisition date, as well as the estimated useful life of those acquired intangible assets. Intangible assets may include the acquired company's trade name, existing customer relationships, developed technology, patents and goodwill. Significant estimates and assumptions used to value intangible assets include expected future revenues, growth rates, cash flows and discount rates. In addition, significant estimates and assumptions are used in determining uncertain tax positions and valuation allowances, as well as the fair value of equity awards assumed. The Company's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 22. "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in this Form 10-K, which is incorporated herein by this reference.

Discussion of Non-GAAP Measures

In addition to the financial results contained in this report, which have been prepared and presented in accordance with GAAP, the Company has we have also included supplemental information concerning the Company's our financial results on a non-GAAP basis. This non-GAAP information includes the following:

- A constant currency measure on net revenues in order to demonstrate the impact of foreign currency fluctuations from foreign currencies on these our results. This information represents an estimate for comparative purposes and is calculated by taking current period local currency results and translating them into U.S. dollars based on the foreign currency exchange rates for the applicable comparable prior period.
- Net income (loss) and diluted earnings (loss) per share excluding certain non-cash and non-recurring charges, as further detailed below.
- Same venue sales, which is defined as sales for the comparable Topgolf venue base, which includes Company-operated venues with at least 24 full fiscal months of operations as of the year of comparison.

The Company has We have included information in this report information to reconcile this non-GAAP information for the periods presented to the most directly comparable GAAP information. The We use such non-GAAP information presented for financial and operational decision-making purposes and as a means to evaluate the underlying performance of our business and in forecasting our business. Non-GAAP information in this report should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP, and 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 of the underlying performance of its business and in forecasting the Company's business going forward. Management believes We believe 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 our business.

Current Economic Conditions

Macroeconomic Factors

Our products and services are considered to be non-essential items and are therefore discretionary purchases for consumers. In addition, our Topgolf venues business also depends on corporate discretionary spending relative to its leisure and entertainment-based offerings. As a result, the demand for our products and services is highly sensitive to macroeconomic pressures. Such pressures could result in a decline in general consumer and corporate discretionary spending and as such, demand for our products and services may decline. While we generally try to mitigate the impact of such macroeconomic factors by closely monitoring changes in consumer retail spending behavior and through the implementation of various strategic initiatives, the continued fluctuation of these trends may have an adverse impact on our operating results depending on the severity and length of the changes.

Foreign Currency

A significant portion of the Company's our business is conducted outside of the United States in currencies other than the U.S. dollar. As a result, changes in foreign currency rates can have a significant effect on the Company's financial results. The Company enters Therefore, we enter into foreign currency forward contracts to mitigate the effects of that changes in foreign currency rates. rates may have on our financial results. While these foreign currency forward contracts can mitigate the effects of changes in foreign currency rates in the short-term, they do not eliminate those effects, which can be significant, and they do not mitigate their effects over the long-term. These effects include (i) the translation of results denominated in foreign currency into U.S. dollars for reporting purposes, (ii) the mark-to-market adjustments of certain intercompany balance sheet accounts denominated in foreign currencies and (iii) the mark-to-market adjustments of the Company's our foreign currency forward contracts. In general, the Company's our overall financial results are affected positively by a weaker U.S. dollar and are affected negatively by a stronger U.S. dollar as compared to the foreign currencies in which the Company conducts its we conduct business. Fluctuations in foreign currencies had an unfavorable impact on international net revenues of $148.1 million$25.7 million for the year ended December 31, 2022December 31, 2023, relative to the same period in the prior year. year, on a constant currency basis.The Company anticipates that

Supply Chain

During most of 2022, we experienced longer than normal lead times on inventory shipments due to global supply chain challenges. Due to these challenges, we changed the timing and method of our inventory purchases in order to meet the heightened demand for our golf equipment and apparel products, as well as manage capacity at our suppliers. After making these changes, inventory shipment timing and supply chain channels improved globally, leading to the receipt of inventory orders for our planned 2023 product launches earlier than anticipated, which resulted in foreign currencies will continue to have a significant unfavorable impact on net revenues increased inventory levels late in 2022 and operating results for early in 2023. Since December 31, 2022, our total inventory has decreased by $164.8 million.

Inflation

The recent increase in inflation partially contributed to the increase in the cost of the Company's our products as well as operating costs. While the Company was we were generally able to offset these inflationary pressures by increasing the price of its our products and services, the length and severity of these conditions are unpredictable, and should conditions persist and/or worsen, such inflationary pressures may have an adverse effect on the Company's our operating expenses. Further, the Company we may not be able to offset these increased costs through price increases. As a result, the Company's our cash flows and results of operations could be adversely affected.

During most of 2022, the Company experienced extended lead times on inventory shipments due to significant port delays and container shortages domestically and internationally. As a result, the Company planned its inventory purchases around these increased in-transit times in order to meet the increased demand for its golf equipment and apparel products, as well as manage supplier capacity by pulling-forward inventory orders in order to prepare for upcoming product launches. However, during the third quarter, in-transit times improved and many of the inventory orders the Company made were received earlier than planned, creating an increase in inventory levels in the second half of 2022 compared to the same period in 2021, which were unusually low due to inventory shortages caused by supply chain constraints. A majority of the inventory shipments received during the second half of 2022 were for 2023 products, therefore the Company anticipated continued higher inventory levels going into 2023. The Company believes the quality of its inventory is good and that it will be well positioned going into the 2023 golf season.

Segment and Related Information

The Company's Our products, services and brands are reported under three operating segments: Topgolf, which includes the operations of the Company's our Topgolf business; Golf Equipment, which includes the operations of the Company's our golf clubs and golf balls business; and Active Lifestyle, which includes the operations of the Company's our soft goods business marketed under the Callaway, TravisMathew, Jack Wolfskin and OGIO brand names. For further detail related to the Company's our operating segments, products and seasonality, see "Part I, Item 1. Business - – Overview" in this Form 10-K.

Results of Operations

Years Ended December 31, 2022 December 31, 2023 and 2021 2022

Net Revenues

The Company's net revenues for the year ended December 31, 2022 increased $862.3 million (27.5%) to $3,995.7 million compared to $3,133.4 million for the year ended December 31, 2021. The increase reflects strong revenue performance in all three of the Company's operating segments across all major geographic regions. This revenue growth was achieved despite a significant unfavorable foreign currency exchange impact of $148.1 million, primarily related to the Company's business operations in Europe and Asia. In addition, 2022 includes a full year of revenue related to Topgolf compared to ten months in 2021 due to the timing of the merger. Net revenues by operating segment and major geographic region are presented below. For further information related to the Company's operating segments see, "Operating Segment Results" below.

Net revenues by operating segment for the year ended December 31, 2023 as compared to the year ended December 31, 2022 were as follows (in millions, except percentages):

	Year Ended December 31,		Increase/(Decrease)		Non - GAAP Constant Currency Growth
	2022	2021	Amount	Percent	Percent

	Year Ended December 31, Year Ended December 31, Year Ended December 31, 2023 2023 2023						
Net revenues:							
Net revenues:							
Net revenues:	Net revenues:						
Topgolf	Topgolf	$ 1,549.0	$ 1,087.6	$ 461.4	42.4	%	43.3%
Topgolf							
Topgolf							
Golf Equipment							
Golf Equipment							
Golf Equipment	Golf Equipment	1,406.6	1,229.2	177.4	14.4	%	19.6%
Active Lifestyle	Active Lifestyle	1,040.1	816.6	223.5	27.4	%	36.5%
Active Lifestyle							
Active Lifestyle							
Total net revenues	Total net revenues	$ 3,995.7	$ 3,133.4	$ 862.3	27.5	%	32.2%
Total net revenues							
Total net revenues							

The $289.1 million (7.2%) increase in total net revenues was primarily related to the addition of new venues in our Topgolf operating segment and marketplace expansion in our Active Lifestyle operating segment, primarily related to our TravisMathew and Jack Wolfskin businesses. These increases were partially offset by a decrease in our Golf Equipment operating segment, which was primarily due to higher sales in 2022 related to a post-pandemic inventory fill-in at retail which did not recur in 2023 combined with the impact from unfavorable foreign currency exchange rates. The decreases in our Golf Equipment operating segment were partially offset by an increase in golf ball sales primarily related to the 2023 launch of Supersoft and ERC Soft golf ball product lines.

Net revenues by major geographic region for the year ended December 31, 2023 as compared to the year ended December 31, 2022 were as follows (in millions, except percentages):

		Year Ended December 31, 2022	Year Ended December 31, 2021	Increase/(Decrease) Amount	Increase/(Decrease) Percent		Non-GAAP Constant Currency Growth Percent
Net revenues:	Net revenues:						
United States							
United States							
United States	United States	$2,798.0	$2,067.1	$ 730.9	35.4	%	35.4%
Europe	Europe	537.4	499.5	37.9	7.6	%	22.0%
Asia	Asia	545.4	465.5	79.9	17.2	%	32.4%
Rest of World	Rest of World	114.9	101.3	13.6	13.4	%	18.5%

	Year Ended December 31, 2023			Year Ended December 31, 2022			Increase/(Decrease) Amount		Increase/(Decrease) Percent	
United States	$ 3,081.4	$	$ 2,798.0	$	$283.4		10.1		10.1	%
Europe	540.6	537.4		537.4	3.2		3.2	0.6	0.6	%
Asia	531.9	545.4		545.4	(13.5)		(13.5)	(2.5)	(2.5)	%
Rest of World	130.9	114.9		114.9			16.0	13.9	13.9	%

Total net revenues	Total net revenues	$3,995.7	$3,133.4	$ 862.3	27.5 %	32.2%	Total net revenues	$4,284.8	$		$3,995.7	$		$289.1	7.2		7.2 %

United States

Net revenues from our Topgolf operations are primarily concentrated in the United States are comprised of net and Europe, with the United States being our principal market. We sell our Golf Equipment products and Callaway Golf and OGIO Active Lifestyle products in the United States and internationally, with our principal international regions being Europe and Asia. Active Lifestyle revenues from our TravisMathew and Jack Wolfskin operations are largely concentrated in the Company's Topgolf, Golf Equipment, United States and Active Lifestyle operating segments. Europe, respectively.

United States

During the year ended December 31, 2022 December 31, 2023, the Company's net revenues in the United States increased $730.9 million (35.4% $283.4 million (10.1%) compared to the year ended December 31, 2021 December 31, 2022. The increase was primarily due to the growth in the and continued expansion of our Topgolf business combined with an additional two months of revenue due to the timing of the merger in 2021, in addition to continued strong demand for Golf Equipment products and Active Lifestyle products, which was primarily attributable to the expansion and brand momentum of the TravisMathew business. businesses.

Europe

Net revenues in Europe are comprised of revenues from the Company's Golf Equipment, Active Lifestyle and Topgolf operating segments. During the year ended December 31, 2022 December 31, 2023, net revenues in Europe increased $37.9 million (7.6% $3.2 million (0.6%) compared to the year ended December 31, 2021 December 31, 2022. The increase was primarily driven by strong revenue performance favorable foreign currency impacts in the addition to growth in our Jack Wolfskin apparel business as well as the and increased sales at our international Topgolf business, which also includes an incremental two months of venues, partially offset by a decrease in golf club sales due to the timing of the merger in 2021. Fluctuations in foreign currency exchange rates had an unfavorable impact on the Company's net revenues in Europe of $72.1 million. On a constant currency basis, the Company's net revenues in Europe increased by 22.0%.

our Golf Equipment business.

Asia

Net revenues in Asia are comprised of revenues from the Company's Golf Equipment and Active Lifestyle operating segments. During the year ended December 31, 2022 December 31, 2023, net revenues in Asia increased $79.9 million (17.2% decreased $13.5 million (2.5%) compared to the year ended December 31, 2021 December 31, 2022. The increase decrease was primarily due to the unfavorable foreign currency exchange impacts in Japan combined with softer demand in the apparel market in various parts of Korea. These decreases were partially offset by increases related to continued strong demand for golf equipment products, in addition market expansion and direct to an increase in apparel sales driven primarily by the addition of the Korea apparel business consumer growth in the third quarter of 2021. Foreign currency exchange rates had a $70.9 million unfavorable impact on the Company's net revenues in Asia, primarily related to sales in Japan and Korea. On a constant currency basis, the Company's net revenues in Asia increased by 32.4%. Jack Wolfskin business.

Rest of World

Net revenues in Rest of World are primarily comprised of revenues from the Company's Golf Equipment and Active Lifestyle operating segments in Canada, Australia, and Latin America. During the year ended December 31, 2022 December 31, 2023, net revenues in Rest of World increased $13.6 million (13.4% $16.0 million (13.9%) compared to the year ended December 31, 2021 December 31, 2022. The increase was primarily driven due to strong performance in Canada for our Golf Equipment and Active Lifestyle products, partially offset by continued strong demand for golf equipment and apparel products. Foreign the unfavorable foreign currency exchange rates had a $5.1 million unfavorable impact on the Company's net revenues in the Rest of World regions, primarily in Australia and Canada. On a constant currency basis, the Company's net revenues for Rest of World increased by 18.5%. impacts.

Costs and Expenses (in millions, except percentages)

		Year Ended December 31,		Increase/(Decrease)	
		2022	2021	Amount	Percent

	Year Ended December 31,				Year Ended December 31,		Increase/(Dec
	2023				2023	2022	Amount

Costs and expenses:	Costs and expenses:														
Cost of products															
Cost of products															
Cost of products	Cost of products	$1,400.6	$1,136.6	$ 264.0	23.2 %	$	1,443.9	$		$ 1,400.6	$	$43.3	3.1		3.1 %
Cost of services, excluding depreciation and amortization	Cost of services, excluding depreciation and amortization	184.0	133.5	50.5	37.8 %	Cost of services, excluding depreciation and amortization	186.8	184.0		184.0	2.8		2.8	1.5	1.5

Other venue expense	Other venue expense	1,076.9	731.5	345.4	47.2 %	Other venue expense	1,252.3	1,076.9	1,076.9	175.4	175.4	16.3	16.3
Selling, general and administrative expense	Selling, general and administrative expense	970.6	849.7	120.9	14.2 %	Selling, general and administrative expense	1,036.6	970.6	970.6	66.0	66.0	6.8	6.8
Research and development expense	Research and development expense	76.4	68.0	8.4	12.4 %	Research and development expense	101.6	76.4	76.4	25.2	25.2	33.0	33.0
Venue pre-opening costs	Venue pre-opening costs	30.4	9.4	21.0	223.4 %								
Venue pre-opening costs													
Venue pre-opening costs							25.9		30.4		(4.5)		(14.8)%
Total costs and expenses	Total costs and expenses	$3,738.9	$2,928.7	$ 810.2	27.7 %	Total costs and expenses	$4,047.1	$	$3,738.9	$	$308.2	8.2	8.2 %

Cost of Products

The Company'sOur cost of products is comprised primarily variable in nature and fluctuates relative to sales volumes. Cost of material products includes raw materials and component costs, distribution direct labor and warehousing costs, manufacturing overhead, expenses as well as inbound freight, duties and shipping charges, and retail merchandise costs which also includes for products sold in retail shops within Topgolf venue facilities. Historically, over 85% of the Company's manufacturing costs, which are primarily material and component costs, are variable in nature and fluctuate with sales volumes. Variable costs for the Company's Golf Equipment segment range between 85% to 95% for golf club products and 70% to 80% for golf ball products. Variable costs for soft goods in the Active Lifestyle operating segment are generally greater than 85%. Generally, the relative significance of the components of cost of products do not vary materially from these percentages from period to period.

During the year ended December 31, 2022, 2023, cost of products increased $264.0 million (23.2% $43.3 million (3.1%) to $1,400.6 million as compared to $1,136.6 million for the year ended December 31, 2021 2022. The increase was increases were primarily attributable due to the variable nature of the Company's cost of products which was commensurate with the significant increase increased sales in our Active Lifestyle operating segment, partially offset by a decrease in sales volumes during 2022, as compared to the same period in 2021. In addition to the overall increase directly related to sales volumes, the Company also experienced an overall increase in commodity and input costs related to the manufacture and distribution of its products, including significant increases in freight and labor costs, as well as the negative impacts of inflationary pressures throughout the year. our Golf Equipment operating segment.

Cost of Services, Excluding Depreciation and Amortization

Cost Our cost of services excluding depreciation and amortization, consist primarily consists of the cost of costs related to food and beverage sold at Topgolf venues and transaction fees related to in-app purchases within our WGT digital golf game. In addition, cost of services includes costs associated with Topgolf's Toptracer license agreements that are primarily classified as sales-type leases. Food and beverage costs are variable in nature, fluctuate relative to sales volume, and are impacted by product mix and commodity pricing. Cost of services excludes employee costs as well as certain costs associated with licensing the Company's Toptracer ball-flight tracking technology. depreciation and amortization. The $2.8 million (1.5%) increase in cost of services at Topgolf are largely variable in nature. During for the year ended December 31, 2023 as compared to the year ended December 31, 2022, cost of services, excluding depreciation and amortization, increased $50.5 million (37.8%), to 184.0 million, compared to $133.5 million for the year ended December 31, 2021. The increase was primarily due to additional the opening of new Company-operated Topgolf venues added throughout 2022, in addition to an incremental two months of costs incurred during 2022, due to the timing of the Topgolf merger in 2021. venues.

Other Venue Expense

Other venue expense consists expenses consist of depreciation and amortization, employee costs that directly support venue operations, rent utilities, and other occupancy costs, property taxes, depreciation associated with Topgolf venues. assets at the venues, supplies, credit card fees and marketing expenses. Other venue expenses include both fixed and variable components and therefore do not directly correlate with revenue. During the year ended December 31, 2022 December 31, 2023, other venue expense increased $345.4 million (47.2% $175.4 million (16.3%), to $1,076.9 million, as compared to $731.5 million for the year ended December 31, 2021 December 31, 2022. The increase was primarily due to additional the addition of new Company-operated Topgolf venues, added throughout 2022, in addition to an incremental two months of expenses incurred during 2022 due higher wages and planned increases in costs related to the timing of the Topgolf merger in 2021. new marketing campaigns.

Selling, General and Administrative Expense

Selling, general and administrative ("SG&A") expenses primarily consist of non-venue employee costs, advertising and promotional expense, increased by $120.9 million (14.2%) legal and professional fees, tour expenses, travel expenses, building and rent expenses, depreciation charges (excluding those related to $970.6 million during manufacturing, distribution, and venue operations), amortization, and other miscellaneous expenses.

During the year ended December 31, 2022 December 31, 2023, SG&A expenses increased by $66.0 million (6.8%) as compared to $849.7 million for the year ended December 31, 2021 December 31, 2022. The increase was primarily to support the continued growth and expansion of the overall business, which includes and primarily included increases of $12.8 million in computer licenses and software costs, $11.4 million in restructuring and reorganization costs, $11.7 million in depreciation and amortization due to higher capital expenditures, $9.4 million in lease-related building expenses, $7.1 million in planned costs related to new marketing campaigns, and $5.4 million in employee costs related due to increased an overall increase in wages and headcount, across all of the Company's businesses, in addition to marginal increases in travel and entertainment, professional fees, including fees associated with the implementation of new IT systems at various subsidiaries of the Company, marketing non-recurring costs, and promotional expense and travel and entertainment. In addition, the increase reflects an incremental two months of selling, general and administrative expense recognized at Topgolf during 2022 due to the timing of the merger in 2021. other miscellaneous expenses.

Research and Development Expense

Research and development expense increased $8.4 million (12.4%) expenses are comprised of costs to $76.4 million during design, develop, test or improve our products and technology, and primarily include employee costs of personnel engaged in research and development activities, research costs and depreciation expense. During the year ended December 31, 2022 December 31, 2023, research and development expense increased $25.2 million (33.0%) as compared to $68.0 million for the year ended December 31, 2021 December 31, 2022. The increase was primarily due to an increase $11.7 million asset impairment charge related to the abandonment of the Shankstars media game, in addition to higher employee costs resulting from due to increased headcount. headcount, higher professional fees and additional non-recurring period costs related to the abandonment of Shankstars.

Venue Pre-Opening Costs

Venue pre-opening costs consist of costs associated with activities prior to the opening of new Company-operated Topgolf venues, as well as other costs that are not considered in the evaluation of ongoing venue performance. Venue pre-opening costs These are variable in nature and fluctuate based on the timing of an anticipated venue opening date, as well as the size and location of a particular Company-operated venue. The Company expects to continue to incur During the year ended December 31, 2023, venue pre-opening costs decreased $4.5 million (14.8%) as it continues compared to expand its operations and open Company-operated Topgolf venues domestically and internationally. Venue pre-opening costs increased $21.0 million (223.4%) to $30.4 million during the year ended December 31, 2022, compared to $9.4 million for the year ended December 31, 2021. The increase was primarily due to an increase in the number of venues constructed throughout 2022, and under construction as of December 31, 2022, as compared to the same period in 2021, in addition to two months of incremental expense incurred during 2022 due to the timing of the Topgolf merger in 2021. venue openings combined with cost savings from operational efficiencies.

Other Income and Expense (in millions) millions, except percentages)

	Year Ended December 31,		Increase/(Decrease)	
	2022	2021	Amount	Percent
Other income and expenses:				
Interest expense, net	$ (142.8)	$ (115.6)	$ (27.2)	(23.5)%
Gain on Topgolf investment	—	252.5	(252.5)	(100.0)%
Other income	27.9	9.0	18.9	210.0 %
Total other (expense) income, net	$ (114.9)	$ 145.9	$ (260.8)	(178.8)%

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Amount	Percent
Other income and expenses:				
Interest expense, net	$ (210.2)	$ (142.8)	$ (67.4)	47.2 %
Other income, net	7.3	27.9	(20.6)	(73.8)%
Total other expense, net	$ (202.9)	$ (114.9)	$ (88.0)	76.6 %

Interest expense, net increased $67.4 million (47.2%) during the year ended December 31, 2023 as compared to the year ended December 31, 2022, primarily due to higher outstanding balances and increased interest rates on our term loans and senior secured asset-based revolving credit facilities, as well as an increase in deemed landlord financing ("DLF") obligations and finance lease obligations for Topgolf.

Total other (expense) Other income, net decreased by $260.8 million (178.8% $20.6 million (73.8%) to other expense of $114.9 million during the year ended December 31, 2022 December 31, 2023, as compared to other income of $145.9 million during the year ended December 31, 2021. The decrease was December 31, 2022, primarily due to the recognition of a $252.5 million $10.5 million non-cash gain in 2021 related loss to the fair-value write-up of the Company's pre-merger shares of Topgolf write-off unamortized deferred debt issuance and original discount costs in connection with the merger, in addition to an increase of $27.2 million (23.5%) in interest expense, primarily due to additional deemed landlord financing lease obligations our 2023 debt modification, combined with net decreases related to the construction of new Topgolf venues combined with an additional two months of interest expense related to Topgolf debt obligations due to the timing of the merger in 2021. These increases were partially offset by an $18.9 million (210.0%) increase in other income related to net gains on foreign currency transactions and hedging contracts offset by foreign currency transaction losses. activity.

Income Taxes

The Company's provision for income taxes decreased $44.6 million to an Our income tax benefit of increased $44.2 million to $60.2 million during the year ended December 31, 2023 as compared to $16.0 million in 2022, compared to an income tax provision of $28.6 million in 2021. The Company's effective tax rate as 2022. As a percentage of pre-tax income, for 2022 decreased to (11.3%) compared to 8.2% in 2021. The Company's our effective tax rate for the year ended December 31, 2023 decreased to (173.0)% compared to (11.3)% in 2022. Our effective tax rate for the year ended December 31, 2023 and 2022 was impacted by the release reversal of a significant portion of the valuation allowances on the Company's United States our deferred tax assets. The Company's assets and other nonrecurring items. Excluding the valuation allowance release and other non-recurring items, our effective tax rate in 2021 was impacted by would have been 14.4% and 15.5% for the nontaxable gain recognized on the Company's pre-merger investment in Topgolf shares as well as the recognition of a valuation allowance on certain net operating losses years ended December 31, 2023 and tax credits. 2022, respectively. For further discussion on our income taxes, see Note 12. "Income Taxes" in the Notes to Consolidated Financial Statements in this Form 10-K.

Net Income, (Loss)

Net Income

Net income for the year ended December 31, 2022 decreased $164.1 million (51.0%) to $157.9 million compared to net income of $322.0 million for the year ended December 31, 2021. The decrease was primarily due to the recognition of a $252.5 million gain in 2021 related to the non-cash fair-value write-up of the Company's pre-merger investment in Topgolf, partially offset by a $52.1 million (25.5%) increase in income from operations, combined with the recognition of a $16.0 million tax benefit for the year ended December 31, 2022 compared to a tax provision of $28.6 million for the year ended December 31, 2021. Diluted earnings per common share decreased $1.00 to $0.82 on 201.3 million diluted shares outstanding for the year ended December 31, 2022 compared to $1.82 on 176.9 million shares outstanding for the year ended December 31, 2021. The increased share count for the year ended December 31, 2022 reflects the addition of 14.7 million common shares as the result of the adoption of ASU 2020-06 on January 1, 2022, which required the application of the if-converted method to calculate the dilutive effect from the Company's convertible notes.

Non-GAAP Net Income Reconciliation and Diluted Earnings Per Share and Reconciliation of Non-GAAP Measures

On The following table presents a reconciliation of our GAAP results for the years ended December 31, 2023 and 2022 to our non-GAAP basis, excluding results for the impacts of the items described in the table below, the Company's net same periods (in millions, except per share information):

	Year Ended December 31, 2023		Year Ended December 31, 2022	
	Net Income	Diluted earnings per share(4)	Net Income	Diluted earnings per share(4)
GAAP	$ 95.0	$ 0.50	$ 157.9	$ 0.82
Less: Non-Cash Acquisition Amortization and Depreciation(1)	(19.4)	(0.10)	(21.8)	(0.11)
Less: Non-Recurring Items(2)	(36.9)	(0.18)	(12.9)	(0.06)
Less: Tax Valuation Allowance(3)	58.3	0.29	34.4	0.17
Non-GAAP	$ 93.0	$ 0.49	$ 158.2	$ 0.82
Diluted Weighted-Average Shares Outstanding		201.1		201.3

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

(2) 2023 amounts primarily include $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. 2022 amounts primarily include $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, $3.6 million in legal and credit agency fees related to a postponed debt refinancing, and $0.9 million for reorganization expenses.

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

(4) Diluted Earnings per share calculated using the if-converted method, which excludes interest expense related to the Convertible Notes from the calculation of net income.

Net income and diluted earnings per share for the year ended December 31, 2022 would have been $158.2 million December 31, 2023 were $95.0 million and $0.82 $0.50 per share, respectively, as compared to $137.9 million $157.9 million and $0.78 $0.82 per share, respectively, for the year ended December 31, 2021.December 31, 2022. The decrease in net income was primarily due to a decrease in income from operations in addition to an increase in other expense, net, partially offset by a higher income tax benefit in the current period.

The tables below present On a reconciliation of non-GAAP basis, excluding the Company's results under GAAP items described in the table above, our net income and non-GAAP measures (in millions, except diluted earnings per share information):

	Year Ended December 31, 2022				
	GAAP	Non-Cash Depreciation and Amortization(1)	Non-Recurring Items(2)	Tax Valuation Allowance(3)	Non-GAAP
Net income (loss)	$ 157.9	$ (21.8)	$ (12.9)	$ 34.4	$ 158.2
Diluted earnings (loss) per share	$ 0.82	$ (0.11)	$ (0.06)	$ 0.17	$ 0.82
Weighted-average shares outstanding	201.3	201.3	201.3	201.3	201.3

	Year Ended December 31, 2021					
	GAAP	Non-Cash Depreciation and Amortization(1)	Non-Cash Amortization of Discount on Convertible Notes(4)	Acquisition and Non-Recurring Items(5)	Tax Valuation Allowance(3)	Non-GAAP
Net income (loss)	$ 322.0	$ (23.5)	$ (8.0)	$ 233.6	$ (18.0)	$ 137.9
Diluted earnings (loss) per share	$ 1.82	$ (0.13)	$ (0.05)	$ 1.32	$ (0.10)	$ 0.78
Weighted-average shares outstanding	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 impairment charges, $5.9 million of one-time implementation costs associated with new ERP systems installed at acquired companies, $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 one-time implementation costs associated with new ERP systems installed at acquired companies, in addition to the recognition of a $252.5 million gain on the Company's pre-merger investment in Topgolf.

for the for the year ended December 31, 2023 would have been $93.0 million and $0.49 per share, respectively, compared to $158.2 million and $0.82 per share, respectively, for the same period in 2022. The decrease in non-GAAP net income was primarily due to an increase in other expense, net, primarily due to higher interest expense, partially offset by a decrease in the income tax provision combined with an increase in income from operations.

Operating Segment Results for the Years Ended December 31, 2022 December 31, 2023 and 2021 2022 (in millions, except percentages)

		Year Ended December 31,		Increase/(Decrease)		Non-GAAP Constant Currency Growth vs. 2021(1)
		2022	2021	Dollars	Percent	Percent
		Year Ended December 31,				
		Year Ended December 31,				
		Year Ended December 31,				
		2023				
		2023				
		2023				
Net revenues:	Net revenues:					
Venues(2)		$ 1,477.1	$ 1,029.0	$ 448.1	43.5 %	44.0%
Other Topgolf business lines(2)		71.9	58.6	13.3	22.7 %	30.7%
Net revenues:						
Net revenues:						
Venues						
Venues						
Venues						
Other Topgolf business lines						
Other Topgolf business lines						
Other Topgolf business lines						
Topgolf						
Topgolf						
Topgolf	Topgolf	1,549.0	1,087.6	461.4	42.4 %	43.3%
Golf clubs	Golf clubs	1,097.1	994.5	102.6	10.3 %	15.7%
Golf clubs						
Golf clubs						
Golf balls						
Golf balls						
Golf balls	Golf balls	309.5	234.7	74.8	31.9 %	36.0%
Golf Equipment	Golf Equipment	1,406.6	1,229.2	177.4	14.4 %	19.6%
Golf Equipment						
Golf Equipment						
Apparel						
Apparel						
Apparel	Apparel	631.7	490.9	140.8	28.7 %	38.4%

Gear, accessories, & other	Gear, accessories, & other		408.4		325.7		82.7	25.4	%	33.7%
Gear, accessories, & other										
Gear, accessories, & other										
Active Lifestyle	Active Lifestyle		1,040.1		816.6		223.5	27.4	%	36.5%
Active Lifestyle										
Active Lifestyle										
Total net revenues										
Total net revenues										
Total net revenues	Total net revenues	$	3,995.7	$	3,133.4	$	862.3	27.5	%	32.2%
Segment operating income:	Segment operating income:									
Segment operating income:										
Segment operating income:										
Topgolf										
Topgolf										
Topgolf	Topgolf	$	76.8	$	58.2	$	18.6	32.0	%	
Golf Equipment	Golf Equipment		251.4		203.9		47.5	23.3	%	
Golf Equipment										
Golf Equipment										
Active Lifestyle										
Active Lifestyle										
Active Lifestyle	Active Lifestyle		77.4		68.5		8.9	13.0	%	
Total segment operating income	Total segment operating income		405.6		330.6		75.0	22.7	%	
Reconciling Items(3)			(148.8)		(125.9)		(22.9)	18.2	%	
Total segment operating income										
Total segment operating income										
Reconciling Items(2)										
Reconciling Items(2)										
Reconciling Items(2)										
Total operating income	Total operating income		256.8		204.7		52.1	25.5	%	
Gain on Topgolf investment(4)			—		252.5		(252.5)	(100.0)	%	
Total operating income										
Total operating income										
Interest expense, net										
Interest expense, net										
Interest expense, net	Interest expense, net		(142.8)		(115.6)		(27.2)	23.5	%	
Other income, net	Other income, net		27.9		9.0		18.9	210.0	%	
Other income, net										
Other income, net										
Income before income taxes										
Income before income taxes										
Income before income taxes	Income before income taxes	$	141.9	$	350.6	$	(208.7)	(59.5)	%	

(1) Calculated by applying 2021 exchange rates to 2022 reported sales in regions outside the U.S.

(2) As of January 1, 2022, in order to align with the Company's current management reporting structure, the Company began reporting revenues associated with corporate advertising sponsorship contracts in the venues business line within the Topgolf operating segment. In 2021, these revenues were included in other Topgolf business lines. In order to conform to the current year presentation, revenue of $15.0 million associated with corporate advertising sponsorship contracts recognized from the merger date through December 31, 2021, was reclassified from other Topgolf business lines to venues for comparative purposes.

(3) Amounts for 2022 and 2021 include corporate general and administrative expenses not utilized by management in determining segment profitability, in addition to $25.0 million and $27.2 million of depreciation and amortization of acquired intangible assets and fair value adjustments, respectively, and $15.5 million and $23.9 million of non-recurring items described above, respectively.

(4) Amount represents a gain recorded to write-up the Company's former investment in Topgolf to its fair value in connection with the merger.

(1) Calculated by applying 2022 exchange rates to 2023 reported sales in regions outside the U.S.

(1) Calculated by applying 2022 exchange rates to 2023 reported sales in regions outside the U.S.

(1) Calculated by applying 2022 exchange rates to 2023 reported sales in regions outside the U.S.

(3) Reconciling items include corporate general and administrative expenses not utilized by management in determining segment profitability, including non-cash amortization expense of intangible assets in connection with the acquisitions and non-recurring costs.

(3) Reconciling items include corporate general and administrative expenses not utilized by management in determining segment profitability, including non-cash amortization expense of intangible assets in connection with the acquisitions and non-recurring costs.

(3) Reconciling items include corporate general and administrative expenses not utilized by management in determining segment profitability, including non-cash amortization expense of intangible assets in connection with the acquisitions and non-recurring costs.

Topgolf

Topgolf net revenues increased by $461.4 million (42.4%) for During the year ended December 31, 2023, Topgolf segment operating income increased $32.0 million (41.7%) as December 31, 2022 compared to the year ended December 31, 2021. same period in 2022.This The increase was primarily driven by due to higher revenues from the continued opening of 11 new Company-owned and operated Topgolf venues throughout 2022, as well as an increase in same venue sales for existing venues. The increase in same venue sales was primarily due to a balanced increase between walk-in traffic at the venues and price increases, in addition to strong performance in Topgolf's corporate gross margin improvements and social events business. In addition, during 2022, operational efficiencies at the Company recognized a full 12 month period of Topgolf revenues, compared to only ten months during the year ended 2021, which was due to the closing of the merger on March 8, 2021. venues. The increase in segment operating income of $18.6 million (32.0%) primarily reflects the increase in revenue, was partially offset by an increase in pre-opening higher advertising and promotional costs due to the opening of new venues in 2022, combined with a planned increase in for national Topgolf marketing spend. campaigns.

Golf Equipment

Golf Equipment net revenues increased by $177.4 million (14.4%) for During the year ended December 31, 2022December 31, 2023, Golf Equipment segment operating income decreased $58.1 million (23.1%) as compared to the year ended December 31, 2021. same period in 2022. The increase decrease was primarily driven by strong demand for golf ball products, including the 2022 Chrome Soft line of golf balls, as well as packaged sets due to increased supply. The increase was additionally due to continued strong demand across all golf club product categories, primarily from the core golf consumer base, combined with additional supply capacity lower revenues and production volumes in 2023 as a result of a post-pandemic inventory fill-in at retail. retail in 2022, which did not recur in 2023, and resulted in expected lower production volumes in the second half of 2023 and unfavorable cost absorption, combined with a return to a normalized promotional environment in 2023 and the unfavorable impact of changes in foreign currency exchange rates. In addition, Golf Equipment segment operating income expenses increased $47.5 million (23.3%) compared to the year ended December 31, 2021. The increase was due by $16.4 million, primarily related to increases in sales volume advertising and average selling prices, which outpaced higher input promotional expense and freight costs other infrastructure and unfavorable foreign exchange rate impacts. employee related costs.

Active Lifestyle

Active Lifestyle net revenues increased by $223.5 million (27.4%) for During the year ended December 31, 2023, Active Lifestyle segment operating income increased $39.6 million (51.2%) as December 31, 2022compared to the year ended December 31, 2021. The increase reflects strong performance across all brands within the Company's Active Lifestyle portfolio and was same period in 2022 primarily driven by continued brand momentum at TravisMathew. Increased an increase in revenues and gross margin improvements due to a higher mix of direct-to-consumer sales at and lower freight costs. These increases were partially offset by higher operating expenses to support the growth of the TravisMathew and Jack Wolfskin as well as growth in the Korea apparel business which launched in July 2021 also contributed to the overall increase in Active Lifestyle net revenues. Active Lifestyle segment operating income increased $8.9 million (13.0%) compared to the year ended December 31, 2021. The increase reflects continued momentum in the business, which outpaced the unfavorable impact of foreign currency rates. businesses.

Financial Condition

The Company's Our cash and cash equivalents decreased $172.0 million increased $213.3 million to $393.5 million at December 31, 2023 from $180.2 million at December 31, 2022 from $352.2 million at December 31, 2021. This decrease The increase in cash and cash equivalents was primarily related to net cash provided by financing activities of $375.8 million, including proceeds from lease financing, and cash provided by operating activities of $364.7 million, partially offset by cash used in investing activities of $535.1 million and cash used in operating activities of $35.1 million $542.9 million, partially offset by cash provided by financing activities of $425.3 million. primarily for capital expenditures. During the 12 months year ended December 31, 2022 December 31, 2023, the Company we used its existing our cash and cash equivalents as well as net in addition to proceeds received from borrowings on its long-term debt our financing and credit facilities, and proceeds from lease financings, operating activities to fund its our operations and for invest in the development expansion of the Topgolf venues business and other capital expenditures, for the purchase of inventory, and repurchase shares of its common stock. The Company believes expenditures. We believe that its our existing funds combined with cash expected to be generated from its operating activities, and existing sources of and access to capital and any future financings, as necessary, are adequate to fund the Company's our future operations. For further information related to the Company's our financing arrangements, see Note 7. "Financing Arrangements" in the Notes to Consolidated Financial Statements in Part IV, Item 15 and "Liquidity and Capital Resources" in Part II, Item 7 of this Form 10-K.

The Company's Our accounts receivable balance fluctuates throughout the year as a result of the general seasonality of the Company's our business, and is also affected by the timing of new product launches. With respect to the Company's our Golf Equipment business, accounts receivable will are generally be the highest during the first and second quarters primarily due to during the seasonal peak in the golf industry, and will generally decline significantly during the third and fourth quarters as a result of an increase in cash collections and combined with lower seasonal sales. The Company's Our Active Lifestyle accounts receivable balances are generally higher during the third and fourth quarters, primarily due to the seasonal nature concentration of sales for the Jack Wolfskin business whose products are significantly geared towards during the fall and winter seasons. Our Topgolf venue business primarily records revenue and collects payment at point-of-sale, for most of its venue business. Therefore, therefore, Topgolf's accounts receivable balance is smaller lower than the Company's our other business segments and primarily consists of media sponsorship receivables. segments. As of December 31, 2022 December 31, 2023, the Company's our net accounts receivable increased $62.0 33.2 million to $167.3 200.5 million from $105.3 million $167.3 million as of December 31, 2021 December 31, 2022. The increase is primarily due to increases an increase in net sales in the fourth quarter of Active Lifestyle and Golf Equipment sales. 2023 compared to the same period in 2022, combined with a shift in the timing of sales in the fourth quarter of 2023, which were higher in December compared to 2022.

The Company's Our inventory balance fluctuates throughout the year as a result of the general seasonality of the Company's certain operating segments within our business, and is also affected by the timing of new product launches. With respect to the Company's our Golf Equipment business, the buildup of inventory generally begins during the fourth quarter and continues into the first quarter and beginning of the second quarter in order to meet increased demand during the height of the golf season. Inventory levels are also impacted by the timing of new product launches as well as the success of new products. Active Lifestyle inventory levels start to increase during the second quarter and continue to increase into the third and fourth quarters primarily due to the seasonal nature of the Company's our Jack Wolfskin business, whose products are significantly geared towards the fall and winter seasons. Topgolf is primarily a services business with lower inventory balances than the Company's our other operating business segments, with the inventory balances primarily consisting of food and beverage as well as retail merchandise and Toptracer inventory. The Company's Our inventory increased decreased by $425.7 million $164.8 million to $959.2 794.4 million as of December 31, 2022 December 31, 2023 compared to $533.5 million $959.2 million as of December 31, 2021 December 31, 2022. These increases were The decrease was primarily driven by due to improvements in supply chain timing in the timing back half of 2022 leading to the receipt of inventory receipts, which occurred orders for our planned 2023 product launches earlier than anticipated, due to shortened lead times on inventory shipments. Additionally, which resulted in increased inventory levels were constrained throughout 2021 due to supply chain disruptions which caused shortages. late in 2022 and early in 2023. Since December 31, 2022, our total inventory has decreased by $164.8 million.

Liquidity and Capital Resources

Liquidity

The Company's Our principal sources of liquidity consist of its our existing cash balances, funds expected to be generated from operations and funds from its our credit facilities. Based upon the Company's our current cash balances, its our estimates of funds expected to be generated from operations, as well as from current and projected availability under its our current or future credit facilities, the Company believes we believe that it we will be able to finance current and planned operating requirements, capital expenditures, required debt repayments and contractual obligations and commercial commitments for at least the next 12 months from the issuance date of this Form 10-K.

The Company's

Our ability to generate sufficient positive cash flows from operations is subject to many risks and uncertainties, including future economic trends and conditions, demand for the Company's our products, supply chain challenges, price inflation, foreign currency exchange rates, and other risks and uncertainties applicable to the Company us and its our business (see "Risk Factors" contained in Part I, Item 1A in this Form 10-K). As of December 31, 2022 December 31, 2023, the Company we had $415.3 million $742.6 million in cash and availability under its our credit facilities, which is a decrease an increase of $337.5 million $327.3 million or 44.8% 78.8% compared to December 31, 2021 December 31, 2022. Information about the Company's our credit facilities and long-term borrowings is presented in Note 7. "Financing Arrangements" in the Notes to Consolidated Financial Statements in this Form 10-K and is incorporated herein by this reference.

On March 16, 2023, we completed a comprehensive plan to refinance and modify our capital structure in order to extend our debt maturities, reduce our base borrowing rate and improve our liquidity, as well as simplify our capital structure. As a result, we entered into a new $1,250.0 million senior secured Term Loan B facility which matures on March 16, 2030. We used a portion of the proceeds to pay off our then existing senior secured Term Loan B facility of $432.0 million and Topgolf senior secured credit facilities of $504.1 million. In addition to the entry into our Term Loan B facility, we also extended and increased our then existing $400.0 million senior secured ABL revolving credit facility with a new $525.0 million senior secured ABL revolving credit facility which matures on March 16, 2028.

As of December 31, 2022 December 31, 2023, approximately 75% 40% of the Company's our cash was held in regions outside of the United States. The Company continues We continue to maintain its our indefinite reinvestment assertion with respect to most jurisdictions in which it operates we operate because of local cash requirements to operate its our business. If the Company we were to repatriate cash to the United States outside of settling intercompany balances, it we may need to pay incremental foreign withholding taxes which, subject to certain limitations, generate foreign tax credits for use against the Company's our U.S. tax liability, if any. Additionally, the Company we may need to pay certain state income taxes.

Significant Cash Obligations

The Company plans We plan to utilize its our liquidity (as described above) and its our cash flows from business operations to fund its our material cash requirements. The table below summarizes certain significant cash obligations as of December 31, 2022 December 31, 2023 that will affect the Company's our future liquidity (in millions):

		Payments Due By Period					Payments Due By Period				
		Total	2023	2024 - 2025	2026 - 2027	Thereafter					
	Total						Total	2024	2025 - 2026	2027 - 2028	Thereafter
Long-term debt[1]	Long-term debt[1]	$1,214.4	$ 17.7	$141.0	$1,010.8	$ 44.9					
Interest payments relating to long-term debt[2]	Interest payments relating to long-term debt[2]	309.2	95.8	162.4	14.9	36.1					

Finance leases, including imputed interest(3)	Finance leases, including imputed interest(3)	635.6	11.2	28.9	30.7	564.8
Operating leases, including imputed interest(4)	Operating leases, including imputed interest(4)	2,460.4	152.5	300.0	288.9	1,719.0
DLF obligations(5)	DLF obligations(5)	2,898.3	52.2	109.9	113.5	2,622.7
Minimum lease payments for leases signed but not yet commenced(6)	Minimum lease payments for leases signed but not yet commenced(6)	834.2	8.4	35.4	35.4	755.0
Capital commitments(7)	Capital commitments(7)	48.0	36.0	12.0	—	—
Unconditional purchase obligations(8)	Unconditional purchase obligations(8)	83.9	47.2	26.5	10.2	—
Uncertain tax contingencies(9)	Uncertain tax contingencies(9)	12.5	1.8	6.7	3.2	0.8
Total	Total	$ 8,496.5	$ 422.8	$ 822.8	$ 1,507.6	$ 5,743.3

(1) Excludes unamortized debt discounts, unamortized debt issuance costs, and fair value adjustments. For further details, see Note 7. “Financing Arrangements” in the Notes to Consolidated Financial Statements in this Form 10-K.

(1) Excludes unamortized debt discounts, unamortized debt issuance costs, and fair value adjustments. For further details, see Note 7. “Financing Arrangements” in the Notes to Consolidated Financial Statements in this Form 10-K.

(1) Excludes unamortized debt discounts, unamortized debt issuance costs, and fair value adjustments. For further details, see Note 7. “Financing Arrangements” in the Notes to Consolidated Financial Statements in this Form 10-K.

(2) Long-term debt may have fixed or variable interest rates. For further details, see Note 7. “Financing Arrangements” in the Notes to Consolidated Financial Statements in this Form 10-K.

(3) Represents future minimum payments under financing leases. For further details, see Note 4. “Leases” in the Notes to

(4) Represents commitments for minimum lease payments under non-cancellable operating leases. For further details, see

(5) Represents DLF obligations in connection with the construction of Topgolf venues. For further details, see

(6) Represents future minimum lease payments under lease agreements that have not yet commenced as of

(7) Represents capital expenditure commitments under lease agreements for Topgolf venues under construction that have

(8) During the normal course of its business, the Company enters into agreements to purchase goods and services, including

(9) Amount represent current an non-current portions o uncertain income ta positions a recorded o the Company’s

Consolidated Financial Statements in this Form 10-K.	Note 4. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.	Note 4. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.	December 31, 2022 in relation to future Topgolf facilities. For further discussion, see Note 4. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.	been signed as of December 31, 2022.	commitments for endorsement agreements with professional athletes and other endorsers, consulting and service agreements, and intellectual property licensing agreements pursuant to which the Company is required to pay royalty fees. The amounts listed above approximate the minimum purchase obligations the Company is obligated to pay under these agreements over the next five years and thereafter as of December 31, 2022. The actual amounts paid under some of the agreements may be higher or lower than these amounts. In addition, the Company also enters into unconditional purchase obligations with various vendors and suppliers of goods and services during the normal course	Consolidate Balance Sheets as o December 31, 2022 Amounts exclude uncertain income ta positions that th Company would b able to offse against deferred taxes. Fo further discussion, see Note 12 “Income Taxes” in th Notes t Consolidate Financial Statements in this Forr 10-K.

of business through purchase orders or other documentation or that are undocumented except for an invoice. For further details, see Note 13 “Commitments & Contingencies” in the Notes to Consolidated Financial Statements in this Form 10-K.

(3) Represents future minimum payments under financing leases. For further details, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.	(3) Represents future minimum payments under financing leases. For further details, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.
(4) Represents commitments for minimum lease payments under non-cancellable operating leases. For further details, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.	(4) Represents commitments for minimum lease payments under non-cancellable operating leases. For further details, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.

(5) Represents DLF obligations, including extension periods, in connection with the construction of Topgolf venues. For further details, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.

(5) Represents DLF obligations, including extension periods, in connection with the construction of Topgolf venues. For further details, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.

(6) Represents future minimum lease payments under lease agreements that have not yet commenced as of December 31, 2023 in relation to future Topgolf facilities. For further discussion, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.

(6) Represents future minimum lease payments under lease agreements that have not yet commenced as of December 31, 2023 in relation to future Topgolf facilities. For further discussion, see Note 6. “Leases” in the Notes to Consolidated Financial Statements in this Form 10-K.

(7) Represents capital expenditure commitments under lease agreements for Topgolf venues under construction that have been signed as of December 31, 2023.

(7) Represents capital expenditure commitments under lease agreements for Topgolf venues under construction that have been signed as of December 31, 2023.

(8) During the

(8) During the

normal course of our business, we enter into agreements to purchase goods and services, including commitments for endorsement agreements with professional athletes and other endorsers, consulting and service agreements, and intellectual property licensing agreements pursuant to which we are required to pay royalty fees. The amounts listed above approximate the minimum purchase obligations we are obligated to pay under these agreements over the next five years and thereafter as of December 31, 2023. The actual amounts paid under some of the agreements may be higher or lower than these amounts. In addition, we also enter into unconditional purchase obligations with various vendors and suppliers of	normal course of our business, we enter into agreements to purchase goods and services, including commitments for endorsement agreements with professional athletes and other endorsers, consulting and service agreements, and intellectual property licensing agreements pursuant to which we are required to pay royalty fees. The amounts listed above approximate the minimum purchase obligations we are obligated to pay under these agreements over the next five years and thereafter as of December 31, 2023. The actual amounts paid under some of the agreements may be higher or lower than these amounts. In addition, we also enter into unconditional purchase obligations with various vendors and suppliers of goods and services during the normal course of business through purchase orders or other documentation or that are undocumented

goods and services during the normal course of business through purchase orders or other documentation or that are undocumented except for an invoice. For further details, see Note 13. “Commitments & Contingencies” in the Notes to Consolidated Financial Statements in this Form 10-K.	except for an invoice. For further details, see Note 13. “Commitments & Contingencies” in the Notes to Consolidated Financial Statements in this Form 10-K.
(9) Amounts represent current and non-current portions of uncertain income tax positions as recorded on our Consolidated Balance Sheets as of December 31, 2023. Amounts exclude uncertain income tax positions that we would be able to offset against deferred taxes. For further discussion, see Note 12. “Income Taxes” in the Notes to Consolidated Financial Statements in this Form 10-K.	(9) Amounts represent current and non-current portions of uncertain income tax positions as recorded on our Consolidated Balance Sheets as of December 31, 2023. Amounts exclude uncertain income tax positions that we would be able to offset against deferred taxes. For further discussion, see Note 12. “Income Taxes” in the Notes to Consolidated Financial Statements in this Form 10-K.

During its the normal course of business, the Company has we have made certain indemnities, commitments and guarantees under which it we may be required to make payments in relation to certain transactions. These include (i) intellectual property indemnities to the Company's our customers and licensees in connection with the use, sale and/or license of Company our products or trademarks, (ii) indemnities to various lessors in connection with facility leases for certain claims arising from such facilities or leases, (iii) indemnities to vendors and service providers pertaining to the goods or services provided to the Company us or based on the negligence or willful misconduct, of the Company, and (iv) indemnities involving the accuracy of representations and warranties in certain contracts. In addition, the Company has we have made contractual commitments to each of its our officers and certain other employees providing for severance payments upon the termination of employment. The Company has We have also issued guarantees in the form of a standby letter of credit in the amount of $0.4 million primarily as security for contingent liabilities related to import and export duties and fees, as well as employee tax withholding. under certain workers' compensation insurance policies.

The duration of these indemnities, commitments and guarantees varies, and in certain cases may be indefinite. The majority of these indemnities, commitments and guarantees do not provide for any limitation on the maximum amount of future payments the Company we could be obligated to make. Historically, costs incurred to settle claims related to indemnities have not been material to the Company's our financial position, results of operations or cash flows. In addition, the Company believes we believe the likelihood is remote that payments under the commitments and guarantees described above will have a material effect on the Company's our financial condition. The fair value of these indemnities, commitments and guarantees that the Company we issued during the 12 months ended December 31, 2022 December 31, 2023 was not material to the Company's our financial position, results of operations or cash flows.

In addition to the contractual obligations listed above, the Company's our liquidity could also be adversely affected by an unfavorable outcome with respect to claims and litigation that the Company is we are subject to from time to time. See Note 13. "Commitments & Contingencies" in the Notes to Consolidated Financial Statements in this Form 10-K.

We have no material off-balance sheet arrangements.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

The Company uses We use derivative financial instruments to mitigate its our exposure to changes in foreign currency exchange rates and interest rates. Transactions involving these financial instruments are with creditworthy banks, primarily banks that are party to the Company's our credit facilities (see Note 7. "Financing Arrangements" and Note 18. "Derivatives and Hedging" in the Notes to Consolidated Financial Statements in this Form 10-K). The use of these instruments exposes the Company us to market and credit risk which may at times be concentrated with certain counterparties, although counterparty nonperformance is not anticipated.

Foreign Currency Fluctuations

Information about the Company's our foreign currency hedging activities is set forth in Note 18. "Derivatives and Hedging" in the Notes to Consolidated Financial Statements in this Form 10-K, which is incorporated herein by this reference.

As part of the Company's our risk management procedure, a sensitivity analysis model is used to measure the potential loss in future earnings of market-sensitive instruments resulting from one or more selected hypothetical changes in interest rates or foreign currency values. The sensitivity analysis model quantifies the estimated potential effect of unfavorable movements of 10% in foreign currencies to which the Company was we were exposed at December 31, 2022 December 31, 2023 through its our foreign currency forward contracts.

At December 31, 2022 December 31, 2023, the estimated maximum loss from the Company's our foreign currency forward contracts, calculated using the sensitivity analysis model described above, was $58.8 million $31.6 million. The Company believes We believe that such a hypothetical loss from its our foreign currency forward contracts would be partially offset by increases in the value of the underlying transactions being hedged.

The sensitivity analysis model is a risk analysis tool and does not purport to represent actual losses in earnings that we will be incurred by the Company, incur, nor does it consider the potential effect of favorable changes in market rates. It also does not represent the maximum possible loss that may occur. Actual future gains and losses will differ from those estimated because of changes or differences in market rates and interrelationships, hedging instruments and hedge percentages, timing and other factors.

Interest Rate Fluctuations

The Company is We are exposed to interest rate risk from its our credit facilities and long-term borrowing commitments. Outstanding borrowings under these credit facilities and long-term borrowing commitments accrue interest as described in Note 7 7. "Financing Arrangements" in the Notes to Consolidated Financial Statements in this Form 10-K. The Company's Our long-term borrowing commitments are subject to interest rate fluctuations, which could be material to the Company's our cash flows and results of operations. In order to mitigate this risk, the Company enters we enter into interest rate hedges as part of its our interest rate risk management strategy. Information about the Company's our interest rate hedges is provided in Note 18. "Derivatives and Hedging" in the Notes to Consolidated Financial Statements in this Form 10-K. In order to determine the impact of unfavorable changes in interest rates on the Company's our cash flows and results of operations, the Company we performed a sensitivity analysis as part of its our risk management procedures. The sensitivity analysis quantified that the incremental expense incurred by a A hypothetical 10% increase in our interest rates, which represents a change of approximately 50 basis points, would be $1.3 million over result in a difference in incremental interest expense of approximately $5.2 million for the 12-month period ending on December 31, 2022 December 31, 2023.

Inflation

The Company's continued increase in inflation partially contributed to the increase in the cost of our products and services as well as our operating costs. If the cost of our products, employee costs, and or other costs have been subject to, and we expect will continue to be subject to significant inflationary pressures. Such pressures, such inflationary pressures have had, and may continue to have an adverse effect on the Company's our ability to maintain current levels of gross margin and selling, general and administrative expenses. Further, the Company we may not be able to offset these increased costs through price increases. As a result, the Company's our inability to quickly respond to inflation could harm its our cash flows and results of operations in the future.

Item 8. *Financial Statements and Supplementary Data*

The Company's Our Consolidated Financial Statements as of December 31, 2022 December 31, 2023 and 2021 2022 and for each of the three years in the period ended December 31, 2022 December 31, 2023, together with the report of the Company's our independent registered public accounting firm, are included in this Annual Report on Form 10-K beginning on page F-1.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

The Company We carried out an evaluation, under the supervision and with the participation of the Company's our management, including the Company's our Chief Executive Officer and Chief Financial Officer, of the effectiveness, as of December 31, 2022 December 31, 2023, of the Company's our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's our disclosure controls and procedures were effective as of December 31, 2022 December 31, 2023.

Management's Report on Internal Control over Financial Reporting

The Company's Our management is responsible for establishing and maintaining effective internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Management assessed the effectiveness of the Company's our internal control over financial reporting as of December 31, 2022 December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its our report entitled *Internal Control—Integrated Framework (2013).* Based on that assessment, management concluded that as of December 31, 2022 December 31, 2023, the Company's our internal control over financial reporting was effective based on the COSO criteria.

The effectiveness of the Company's our internal control over financial reporting as of December 31, 2022 December 31, 2023 has been audited by Deloitte & Touche LLP, the Company's our independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2022 December 31, 2023, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's our internal control over financial reporting.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Item 9B. ***Other Information***

None. During the three months ended December 31, 2023, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non Rule 10b5-1 trading arrangement."

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors and Shareholders of

Topgolf Callaway Brands Corp.

Carlsbad, California

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Topgolf Callaway Brands Corp. and subsidiaries (the "Company") as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022 December 31, 2023, of the Company and our report dated February 28, 2023 February 28, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE Deloitte & TOUCHE Touche LLP
Costa Mesa, California

February 28, 2023 2024

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Certain information concerning the Company's our executive officers is included under the caption "Information About the Company's our Executive Officers" following Part I, Item 1 of this Form 10-K. The other information required by Item 10 will be included in the Company's our definitive Proxy Statement under the captions "Proposal No. 1 - Election of Directors," "Delinquent Section 16(a) Reports" and "Board of Directors and Corporate Governance," to be filed with the Commission within 120 days after the end of calendar year 2022 2023 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 11. *Executive Compensation*

The Company maintains We maintain employee benefit plans and programs in which its our executive officers are participants. Copies of certain of these plans and programs are set forth or incorporated by reference as Exhibits to this report. Information required by Item 11 will be included in the Company's our definitive Proxy Statement under the captions "Executive Officer Compensation," "Executive Officer Compensation - Compensation Committee Report" and "Board of Directors and Corporate Governance," to be filed with the Commission within 120 days after the end of calendar year 2022 2023 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters*

The information required by Item 12 will be included in the Company's our definitive Proxy Statement under the caption "Beneficial Ownership of the Company's Securities," to be filed with the Commission within 120 days after the end of calendar year 2022 2023 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about the number of stock options and shares underlying restricted stock units and performance share units outstanding and authorized for issuance under all of our equity compensation plans of the Company as of December 31, 2022 December 31, 2023. See Note 15. "Stock Plans and Share-Based Compensation" in the Notes to Consolidated Financial Statements in this Form 10-K for further discussion of the our equity plans of the Company. plans.

Equity Compensation Plan Information (in millions, except per share amounts)

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options and Vesting of Restricted Stock Units and Performance Share Units(1)	Weighted Average Exercise Price of Outstanding Options(2)	Number of Shares Remaining Available for Future Issuance
	(in millions, except dollar amounts)		
Equity Compensation Plans Approved by Shareholders	3.0 (3)	$ 6.52	16.1 (4)
Equity Compensation Plans Not Approved by Shareholders(5)	0.5 (6)	—	—
Total	3.5	$ 6.52	16.1

(1) Outstanding shares underlying restricted stock units ("RSUs") granted under the Callaway Golf Company Amended and Restated 2004 Incentive Plan (the "2004 Plan") at target reported in this column include 135 shares of accrued incremental stock dividend equivalent rights.

(2) Does not include shares underlying RSUs and performance share units ("PSUs"), which do not have an exercise price

(3) Includes 1,045 shares underlying RSUs issuable under the Company's 2013 Non-Employee Directors Stock Incentive Plan ("the 2013 Plan") and 27,191 shares underlying stock options, 1,081,232 shares underlying RSUs and 1,761,758 shares underlying PSUs (at "target") issuable under the 2004 Plan and 104,328 shares underlying RSUs and 7,936 shares underlying PSUs (at "target") outstanding under the Company's 2022 Incentive Plan (the "2022 Plan").

(4) Consists of 16,070,421 shares remaining available for future issuance under the 2022 Plan. For purposes of calculating the shares that remain available for future issuance under the 2022 Plan, each share subject to an option is counted against the share reserve as 1.0 share and each share subject to a full value award (i.e., RSUs and PSUs) under the 2022 Plan is counted against the share reserve as 2.0 shares under the 2022 Incentive Plan's fungible share ratio. In addition, shares underlying outstanding awards under the 2004 Plan may again become available for issuance under the 2022 Plan to the extent such awards lapse, expire, terminate or are canceled.

(5) In connection with the Company's merger with Topgolf, the Company assumed the following equity compensation plans: the Topgolf 2015 Stock Incentive Plan (the "TG15 Plan"), the Topgolf 2016 Stock Incentive Plan (the "TG16 Plan"), and that certain Topgolf International, Inc. Nonqualified Stock Option Grant Notice and Stock Option Agreement dated October 18, 2016 between Topgolf and WestRiver Management, LLC (the "WestRiver Option Agreement,") and the outstanding awards thereunder. No shares are available for grant under the TG15 Plan, the TG16 Plan or the WestRiver Option Agreement at December 31, 2022 (see Note 14. "Capital Stock" in the Notes to Consolidated Financial Statements in this Form 10-K), and therefore, the outstanding awards under such plans are not reported in the table. As of December 31, 2022, there remains a total of 287,683 shares underlying stock options outstanding under the TG15 Plan, 1,569,375 shares underlying stock options outstanding under the TG16 Plan, and 26,685 shares underlying stock options outstanding under the WestRiver Option Agreement, which options have a weighted average exercise price of $27.26.

(6) Includes 225,643 shares underlying RSUs and 314,729 shares underlying PSUs (at "target") issuable under the Company's 2021 Inducement Plan which is more fully described in Note 15. "Stock Plans and Share-Based Compensation".

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options and Vesting of Restricted Stock Units and Performance Share Units(1)		Weighted Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance
Equity Compensation Plans Approved by Shareholders	3.4 (2)	$	28.44	12.0 (3)
Equity Compensation Plans Not Approved by Shareholders(4)	0.3 (5)		—	—
Total	3.7	$	28.44	12.0

(1) Outstanding shares underlying restricted stock units ("RSUs") granted under the Callaway Golf Company Amended and Restated 2004 Incentive Plan (the "2004 Plan") at target reported in this column include 21 shares of accrued incremental stock dividend equivalent rights.

(2) Includes 600,458 shares underlying RSUs and 1,460,861 shares underlying PSUs (at "target") issuable under the 2004 Plan and 725,883 shares underlying RSUs and 572,091 shares underlying PSUs (at "target") outstanding under our 2022 Incentive Plan (the "2022 Plan").

(3) Consists of 12,048,290 shares remaining available for future issuance under the 2022 Plan. For purposes of calculating the shares that remain available for future issuance under the 2022 Plan, each share subject to an option is counted against the share reserve as 1.0 share and each share subject to a full value award (i.e., RSUs and PSUs) under the 2022 Plan is counted against the share reserve as 2.0 shares under the 2022 Incentive Plan's fungible share ratio. In addition, shares underlying outstanding awards under the 2004 Plan may again become available for issuance under the 2022 Plan to the extent such awards lapse, expire, terminate or are canceled.

(4) In connection with our merger with Topgolf, we assumed the following equity compensation plans: the Topgolf 2015 Stock Incentive Plan (the "TG15 Plan"), the Topgolf 2016 Stock Incentive Plan (the "TG16 Plan"), and that certain Topgolf International, Inc. Nonqualified Stock Option Grant Notice and Stock Option Agreement dated October 18, 2016 between Topgolf and WestRiver Management, LLC (the "WestRiver Option Agreement,") and the outstanding awards thereunder. No shares are available for grant under the TG15 Plan, the TG16 Plan or the WestRiver Option Agreement at December 31, 2023 (see Note 14. "Capital Stock" in the Notes to Consolidated Financial Statements in this Form 10-K), and therefore, the outstanding awards under such plans are not reported in the table. As of December 31, 2023, there remains a total of 183,516 shares underlying stock options outstanding under the TG15 Plan, 860,839 shares underlying stock options outstanding under the TG16 Plan, and 26,685 shares underlying stock options outstanding under the WestRiver Option Agreement, which options have a weighted average exercise price of $28.44.

(5) Includes 69,734 shares underlying RSUs and 243,405 shares underlying PSUs (at "target") issuable under our 2021 Inducement Plan which is more fully described in Note 15. "Stock Plans and Share-Based Compensation".

Item 13. ***Certain Relationships, Related Transactions and Director Independence***

The information required by Item 13 will be included in the Company's our definitive Proxy Statement under the captions "Transactions with Related Persons" and "Board of Directors and Corporate Governance," to be filed with the Commission within 120 days after the end of calendar year 2022 2023 pursuant to Regulation 14A, which information is incorporated herein by this reference.

Item 14. ***Principal Accountant Fees and Services***

The information included in Item 14 will be included in the Company's our definitive Proxy Statement under the caption "Information Concerning Independent Registered Public Accounting Firm" to be filed with the Commission within 120 days after the end of calendar year 2022 2023 pursuant to Regulation 14A, which information is incorporated herein by this reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

Documents filed as part of this report:

1. *Financial Statements.* The following consolidated financial statements of Topgolf Callaway Brands and its our subsidiaries required to be filed pursuant to Part II, Item 8 of this Form 10-K, are included in this Annual Report on Form 10-K beginning on page F-1:
   - Report of Independent Registered Public Accounting Firm;
   - Consolidated Balance Sheets as of December 31, 2022 December 31, 2023 and 2021; 2022;
   - Consolidated Statements of Operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020; 2021;
   - Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020; 2021;
   - Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020; 2021;
   - Consolidated Statements of Shareholders' Equity for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020; 2021; and
   - Notes to Consolidated Financial Statements.
2. Financial statement schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto.
3. *Exhibits.*

A copy of any of the following exhibits will be furnished to any beneficial owner of the Company's our common stock, or any person from whom the Company solicits we solicit a proxy, upon written request and payment of the Company's our reasonable expenses in furnishing any such exhibit. All such requests should be directed to the Company's our Investor Relations Department at Topgolf Callaway Brands Corp., 2180 Rutherford Road, Carlsbad, CA 92008.

3.1 Third Restated Certificate of Incorporation of the Company, incorporated herein by this reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, as filed with the Commission on September 6, 2022 (file no. 1-10962).

3.2 Eighth Amended and Restated Bylaws of the Company, incorporated herein by this reference to Exhibit 3.3 3.1 to the Company's Current Report on Form 8-K, as filed with the Commission on September 6, 2022 June 9, 2023 (file no. no 1-10962).

4.1 Form of Specimen Stock Certificate for Common Stock, incorporated herein by this reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, as filed with the Commission on June 15, 2009 (file no. 1-10962).

4.2 Description of Registrant's Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.††

4.3 Indenture, dated as of May 4, 2020, between the Company and Wilmington Trust, National Association, incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-10962).

4.4 Form of 2.75% Convertible Senior Notes due May 1, 2026, incorporated herein by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-109-62).

4.5 Assignment, Assumption and Amendment Agreement, dated as of October 27, 2020, by and among the Company, Topgolf and PEP TG Investments LP, relating to that certain Warrant, issued by Topgolf to PEP TG Investments LP on July 6, 2016, incorporated herein by this reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K, as filed with the Commission on March 1, 2022 (file no. 1-10962).

Executive Compensation Contracts/Plans

10.1 Amended and Restated Officer Employment Agreement, effective as of March 24, 2014, by and betweenthe CompanyCompany and Oliver G. Brewer, III, incorporated herein by this reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on March 28, 2014 (file no. 1-10962).

10.2 First Amendment to Amended and Restated Officer Employment Agreement, effective as of March 6, 2015, by and between the Company and Oliver G. Brewer, III, incorporated herein by this reference to Exhibit 10.2 to the Compa Companyny's Current Report on Form 8-K, as filed with the Commission on March 10, 2015 (file no. 1-10962).

10.3 Officer Employment Agreement, effective as of June 1, 2012, by and between the Company and Brian Lynch, incorporated herein by this reference to Exhibit 10.6 to the Compan Companyy's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, as filed with the Commission on August 2, 2012 (file no. 1-10962).

10.4 First Amendment to Officer Employment Agreement, effective March 24, 2014, by and between the Company and Brian Lynch, incorporated herein by this reference to Exhibit 10.2 to the Compan Companyy's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, as filed with the Commission on April 25, 2014 (file no. 1-10962).

10.5 Second Amendment to Officer Employment Agreement, effective August 7, 2017, by and between the Company and Brian P. Lynch, incorporated herein by this reference to Exhibit 10.2 to the Company's Current Report on Form 10-Q, as filed with the Commission on November 8, 2017 (file no. 1-10962).

10.6 Officer Employment Agreement effective September 1, 2013, by and between the Company and Glenn Hickey, incorporated herein by this reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the Commission on March 2, 2020 (file no. 1-10962).

10.7 Officer Employment Agreement, effective as of April 25, 2012, by and between the Company and Mark Leposky, incorporated herein by this reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, as filed with the Commission on August 2, 2012 (file no. 1-10962).

10.8 Officer Employment Agreement effective February 21, 2020, by and between the Company and Joseph Flannery, incorporated herein by this reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the Commission on March 2, 2020 (file no. 1-10962).

10.9 Officer Employment Agreement, effective as of April 5, 2021April 5, 2021, by and between Topgolf International, Inc. and Arthur Starrs, incorporated herein by this reference to Exhibit 10.7 to the Company's Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, as filed with the Commission on May 10, 2021 (file no. 1-10962).

10.10 Officer Employment Agreement, effective as of March 8, 2022, by and between the Company and Rebecca Fine, incorporated herein by this reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, as filed with the Commission on August 5, 2022 August 5, 2022 (file no. 1-10962).

10.11 Callaway Golf Company Amended and Restated 2004 Incentive Plan (effective May 2, 2017) incorporated herein by this reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A, as filed with the Commission on March 22, 2017 (file no. 1-10962).

10.12 Callaway Golf Company 2013 Non-Employee Directors Stock Incentive Plan (effective May 15, 2013), incorporated herein by this reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A, as filed with the Commission on April 5, 2013 (file no. 1-10962).

10.13 Form of Stock Unit Grant, incorporated herein by this reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Commission onMarch1, 2019 (file no. 1-10962).

10.14 Form of Performance Unit Grant (Total Shareholder Return) for awards granted commencing with the fiscal year ended December 31, 2020, incorporated herein by this reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the Commission on March 2, 2020 (file no. 1-10962).

10.15 Form of Performance Unit Grant for awards granted commencing with the fiscal year ended December 31, 2020, incorporated herein by this reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the Commission on March 2, 2020 (file no. 1-10962).

10.16 Form of Performance Unit Grant, incorporated herein by this reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Commission on March 1, 2019 (file no. 1-10962).

10.17 Form of Performance Share Unit Grant, incorporated herein by this reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Commission on February 27, 2018 (file no. 1-10962).

10.18 Form of Stock Unit Grant, incorporated herein by this reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Commission on February 27, 2018 (file no. 1-10962).

10.19 Annual Incentive Plan Guidelines, incorporated herein by this reference to Exhibit 10.1 to the Company's Company's Current Report on Form 8-K, as filed with the Commission on March 28, 2012 (file no. 1-10962).

10.20 10.14 Callaway Golf Company 2021 Employment Inducement Plan (effective March 8, 2021), incorporated herein by this reference to Exhibit 10.4 to the Company's Company's Current Report on Form 8-K, as filed with the Commission on March 8, 2021 (file no. 1-10962).

10.21 10.15 Form of Performance Unit Grant Agreement, incorporated herein by this reference to Exhibit 10.5 to the Company's Company's Current Report on Form 8-K, as filed with the Commission on March 8, 2021 (file no. 1-10962).

10.22 10.16 Form of Stock Unit Grant Agreement, incorporated herein by this reference to Exhibit 10.6 to the Company's Company's Current Report on Form 8-K, as filed with the Commission on March 8, 2021 (file no. 1-10962).

10.23 10.17 Topgolf International, Inc. 2015 Stock Incentive Plan, incorporated herein by this reference to Exhibit 10.4 to the Company's Registration Statement on Form S-8, as filed with the Commission on March 8, 2021 (file no. 333-253985).

10.24 10.18 Form of Nonqualified Stock Option Grant Notice and Stock Option Agreement under the Topgolf International, Inc. 2015 Stock Incentive Plan, incorporated herein by this reference to Exhibit 10.5 to the Company's Registration Statement on Form S-8, as filed with the Commission on March 8, 2021 (file no. 333-253985).

10.25 10.19 Form of Incentive Stock Option Grant Notice and Stock Option Agreement under the Topgolf International, Inc. 2015 Stock Incentive Plan, incorporated herein by this reference to Exhibit 10.6 to the Company's Registration Statement on Form S-8, as filed with the Commission on March 8, 2021 (file no. 333-253985).

10.26 10.20 Topgolf International, Inc. 2016 Stock Incentive Plan, incorporated herein by this reference to Exhibit 10.7 to the Company's Registration Statement on Form S-8, as filed with the Commission on March 8, 2021 (file no. 333-253985).

10.27 10.21 Form of Nonqualified Stock Option Grant Notice and Stock Option Agreement under the Topgolf International, Inc. 2016 Stock Incentive Plan, incorporated herein by this reference to Exhibit 10.8 to the Company's Registration Statement on Form S-8, as filed with the Commission on March 8, 2021 (file no. 333-253985).

10.28 10.22 Form of Incentive Stock Option Grant Notice and Stock Option Agreement under the Topgolf International, Inc. 2016 Stock Incentive Plan, incorporated herein by this reference to Exhibit 10.9 to the Company's Registration Statement on Form S-8, as filed with the Commission on March 8, 2021 (file no. 333-253985).

10.29 10.23 Topgolf International, Inc. Nonqualified Stock Option Grant Notice and Stock Option Agreement, by and between Topgolf International, Inc. and WestRiver Management, LLC, dated October 18, 2016, incorporated herein by this reference to Exhibit 10.10 to the Company's Registration Statement on Form S-8, as filed with the Commission on March 8, 2021 (file no. 333-253985).

10.30 10.24 Callaway Golf Company 2022 Incentive Plan, incorporated herein by this reference to Appendix B to the Company's definitive proxy statement, as filed with the Commission on April 8, 2022 (file no. 1-10962).

10.31 10.25 Form of Performance Unit Grant Agreement under the Callaway Golf Company 2022 Incentive Plan, incorporated herein by this reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8, as filed with the Commission on May 25, 2022 (file no. 1-10962).

10.32 10.26 Form of Restricted Stock Unit Grant Agreement under the Callaway Golf Company 2022 Incentive Plan, incorporated herein by this reference to Exhibit 10.3 to the Company's Registration Statement on Form S-8, as filed with the Commission on May 25, 2022 (file no. 1-10962).

10.33 10.27 Indemnification Agreement, dated January 25, 2010, betweenthe Company and Adebayo O. Ogunlesi incorporated herein by reference to Exhibit 10.35 to the Company's Annual Company's Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the Commission on February 26, 2010 (file no. 1-10962).

10.34 10.28 Indemnification Agreement, dated March 4, 2009, betweenthe Company and John F. Lundgren, incorporated herein by this reference to Exhibit 10.51 to the Company'sCompany's Current Report on Form 8-K, as filed with the Commission on March 10, 2009 (file no. 1-10962).

10.35 10.29 Indemnification Agreement, dated April 7, 2004, betweentheCompany and Anthony S. Thornley, incorporated herein by this reference to Exhibit 10.34 to the Company'sCompany's Annual Report on Form 10-K for the year ended December 31, 2004, as filed with the Commission on March 10, 2005 (file no. 1-10962).

10.36 10.30 Indemnification Agreement, dated as of April 21, 2003, between the Company and Samuel H. Armacost, incorporated herein by this reference to Exhibit 10.57 the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, as filed with the Commission on August 7, 2003 (file no. 1-10962).

10.37 Indemnification Agreement, dated August 4, 2015, between between theCompany and Linda B. Segre, incorporated herein by this reference to Exhibit 10.1 to the Company's Company's Current Report on Form 8-K as filed with the Commission on August 6, 2015 (file no. 1-10962).

10.38 10.31 Indemnification Agreement, effective May 8, 2018, betweenthe Company and Russell Fleischer incorporated herein by this reference to Exhibit 10.1 to the Company's Company's Current Report on Form 8-K as filed with the Commission on May 10, 2018 (file no. 1-10962).

10.39 10.32 Indemnification Agreement, effective November 6, 2018, betweenthe Company and Laura Flanagan, incorporated herein by this reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the Commission on November07, 2018 (file no. 1-10962).

10.40 Indemnification Agreement, dated November 21, 2019, between the Company and Scott H. Baxter, incorporated herein by this reference to Exhibit 10.1 of the Company's Current Report on Form 8-K as filed with the Commission on November 22, 2019 November 07, 2018 (file no. 1-10962).

10.41 10.33		Indemnification Agreement, dated March 8, 2021, between the Company and Erik J Anderson, incorporated herein by this reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the Commission on March 8, 2021 (file no. 1-10962).
10.42 10.34	Indemnification Agreement, dated March 8, 2021, between the Company and Thomas G. Dundon, incorporated herein by this reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, as filed with the Commission on March 8, 2021 (file no. 1-10962).	
10.43		Indemnification Agreement, dated March 8, 2021, between the Company and Scott M. Marimow, incorporated herein by this reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, as filed with the Commission on March 8, 2021 (file no. 1-10962).
10.44 10.35		Indemnification Agreement, dated December 6, 2021, between the Company and Bavan M. Holloway, incorporated herein by this reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the Commission on December 6, 2021 (file no. 1-10962).
10.45 10.36		Indemnification Agreement, dated March 15, 2022, between the Company and Varsha R. Rao incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on March 15, 2022 (file no. 1-10962)
		Other Contracts
10.46 10.37		Credit Indemnification Agreement, dated as of January 4, 2019 June 6, 2023, among Callaway Golf between the Company and Bank of America, N.A. as administrative agent, incorporated herein by this reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the Commission on January 4, 2019 (file no. 1-10962).

10.47 Fourth Amended and Restated Loan and Security Agreement, dated as of May 17, 2019, among Callaway Golf Company, Callaway Golf Sales Company, Callaway Golf Ball Operations, Inc., Ogio International, Inc., travisMathew, LLC, Callaway Golf Canada Ltd., Callaway Golf Europe Ltd., JACK WOLFSKIN Ausrüstung für Draussen GmbH & Co. KGaA, Callaway Golf Interactive, Inc., Callaway Golf International Sales Company, Callaway Golf European Holding Company Limited, Callaway Germany Holdco GmbH, JW STARGAZER Holding GmbH, SKYRAGER GmbH, Jack Wolfskin Retail GmbH, Bank of America, N.A., as administrative agent and collateral agent, MUFG Union Bank, as syndication agent, SunTrust Bank, as documentation agent, Bank of America, N.A., as sole lead arranger and sole bookrunner and each of Bank of America, N.A., Bank of America, N.A. (acting through its London branch), Bank of America, N.A. (acting through its Canada branch), SunTrust Bank, MUFG Union Bank N.A., JPMorgan Chase Bank, N.A., JPMorgan Chase Bank, N.A., London Branch and JPMorgan Chase Bank, N.A., Toronto Branch, as lenders, C. Matthew Turney, incorporated herein by this reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, as filed with the Commission on May 22, 2019 June 9, 2023 (file no. 1-10962).

Other Contracts

10.48 10.38 First Amendment Credit Agreement, dated as of March 16, 2023, among Topgolf Callaway Brands Corp., the financial institutions party thereto from time to Fourth time as lenders, and Bank of America, N.A. as administrative agent, incorporated herein by this reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q as filed with the Commission on May 10, 2023 (file no. 1-10962).

10.39 Fifth Amended and Restated Loan and Security Agreement, dated as of August 28, 2019 March 16, 2023, by and among Topgolf Callaway Golf Company, Callaway Golf Sales Company, Callaway Golf Ball Operations, Inc. Brands Corp., Ogio International, Inc., travisMathew, LLC, Callaway Golf Canada Ltd., Callaway Golf Europe Ltd., Jack Wolfskin North America, Inc, and JACK WOLFSKIN Ausrüstung für Draussen GmbH, Bank of America, N.A. as administrative agent and certain financial institutions as lenders, herein by this reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, as filed with the Commission on May 11, 2020(file no. 1-10962).

10.49 Second Amendment to Fourth Amended and Restated Loan and Security Agreement, dated as of March 20, 2020, among Callaway Golf Company, Callaway Golf Sales Company, Callaway Golf Ball Operations, Inc., Ogio International, Inc., travisMathew, LLC, Callaway Golf Canada Ltd., Callaway Golf Europe Ltd., Jack Wolfskin North America, Inc, and JACK WOLFSKIN Ausrüstung für Draussen GmbH, Bank of America, N.A. as administrative agent and certain financial institutions as lenders, incorporated herein by this reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on March 25, 2020 (file no. 1-10962).

10.50 Third Amendment to Fourth Amended and Restated Loan and Security Agreement, dated as of April 28, 2020, among Callaway Golf Company, Callaway Golf Sales Company, Callaway Golf Ball Operations, Inc., Ogio International, Inc., travisMathew, LLC, Callaway Golf Canada Ltd., Callaway Golf Europe Ltd., Jack Wolfskin North America, Inc, and JACK WOLFSKIN Ausrüstung für Draussen GmbH, Bank of America, N.A. as administrative agent and certain financial institutions as lenders, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on April 29, 2020 (file no. 1-10962).

10.51 Fourth Amendment to Fourth Amended and Restated Loan and Security Agreement, dated as of October 27, 2020, by and among Callaway Golf Company, certain subsidiaries of Topgolf Callaway Golf Company, and Bank of America, N.A. Brands Corp., as administrative agent and as security trustee, incorporated herein by this reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed with the Commission on October 27, 2020 (file no. 1-10962).

10.52 Fifth Amendment to Fourth Amended and Restated Loan and Security Agreement, dated as of December 16, 2021, by and among the Company, certain subsidiaries of the Company, the financial institutions party thereto from time to time as lenders, and Bank of America, N.A., as administrative agent and security trustee, incorporated herein by this reference to Exhibit 10.1 10.2 to the Company's Quarterly Report on Form 10-Q, for the quarter ended September 30, 2022, as filed with the Commission on November 4, 2022 May 10, 2023 (file no. 1-10962).

10.53 10.40 Sixth Amendment to Fourth Amended and Restated Loan and Security Agreement, dated as of September 23, 2022, by and among the Company, certain subsidiaries of the Company, the financial institutions party thereto from time to time as lenders and Bank of America, N.A., as administrative agent and security trustee, incorporated herein by this reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on September 28, 2022 (file no. 1-10962).

10.54 Amendment No. 1, dated as of April 28, 2020, to the Credit Agreement, dated as of January 4, 2019, by and among Callaway Golf Company, Bank of America, N.A., as administrative agent, and the financial institutions party thereto, incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the Commission on April 29, 2020 (file no. 1-10962).

10.55 Amendment No. 2 dated as of November 19, 2020, to the Credit Agreement, dated as of January 4, 2019, among Callaway Golf Company and Bank of America, N.A. as administrative agent, incorporated herein by this reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the Commission on November 20, 2020 (file no. 1-10962).

10.56	Stockholders Agreement, dated as of October 27, 2020, by and among Callaway Golf Company and certain stockholders of Topgolf International, Inc., incorporated herein by this reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the Commission on October 27, 2020 (file no. 1-10962).
10.57 10.41	Registration Rights Agreement, dated as October 27, 2020, by and among Callaway Golf Company, Topgolf International, Inc and certain stockholders of TopGolf International, Inc, incorporated by this reference to Exhibit 10.3 to the Company's Company's Current Report on Form 8-K, as filed with the Commission on October 27, 2020 (file no 1-10962).
10.58 10.42	Confirmation of Base Capped Call Transaction, dated April 29, 2020, between Callaway Golf Company and Goldman Sachs & Co. LLC, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-109-62).
10.59 10.43	Confirmation of Base Capped Call Transaction, dated April 29, 2020, between Callaway Golf Company and Bank of America, N.A., incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-109-62).
10.60 10.44	Confirmation of Base Capped Call Transaction, dated April 29, 2020, between Callaway Golf Company and Morgan Stanley & Co. LLC, incorporated herein by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-109-62).
10.61 10.45	Confirmation of Additional Capped Call Transaction, dated April 30, 2020, between Callaway Golf Company and Goldman Sachs & Co. LLC, incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-109-62).
10.62 10.46	Confirmation of Additional Capped Call Transaction, dated April 30, 2020, between Callaway Golf Company and Bank of America, N.A., incorporated herein by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-109-62).
10.63 10.47	Confirmation of Additional Capped Call Transaction, dated April 30, 2020, between Callaway Golf Company and Morgan Stanley & Co. LLC incorporated herein by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K, as filed with the Commission on May 4, 2020 (file no. 1-109-62).
21.1	List of Subsidiaries.††
23.1	Consent of Deloitte & Touche LLP.†
24.1	Limited Power of Attorney.†
31.1	Certification of Oliver G. Brewer III pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.†
31.2	Certification of Brian P. Lynch pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.†
32.1	Certification of Oliver G. Brewer III and Brian P. Lynch pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†
97.1	Topgolf Callaway Brands Corp. Policy for Recovery of Erroneously Awarded Compensation
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive (Loss) Income, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Shareholders' Equity, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

† Included in this report

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its our behalf by the undersigned, thereunto duly authorized.

TOPGOLF CALLAWAY BRANDS CORP.

By: /s/ OLIVER G. BREWER III

Oliver G. Brewer III

President and Chief Executive Officer

Date: February 28, 2023 February 28, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and as of the dates indicated.

Signature	Title	Dated as of
Principal Executive Officer:		
/s/ OLIVER G. BREWER III	President and Chief Executive Officer, Director	February 28, 2023 2024
Oliver G. Brewer III		
Principal Financial Officer:		
/s/ BRIAN P. LYNCH	Executive Vice President, Chief Financial Officer	February 28, 2023 2024
Brian P. Lynch		
Principal Accounting Officer:		
/s/ JENNIFER THOMAS	Sr. Vice President, Chief Accounting Officer	February 28, 2023 2024
Jennifer Thomas		
Non-Management Directors:		
*	Vice Chairman of the Board	February 28, 2023 2024
Erik J Anderson		
*	Director	February 28, 2023
Samuel H. Armacost		
*	Director	February 28, 2023
Scott H. Baxter		
*	Director	February 28, 2023
Thomas G. Dundon		
*	Director	February 28, 2023 2024
Laura J. Flanagan		
*	Director	February 28, 2023 2024
Russell L. Fleischer		
*	Director	February 28, 2023 2024
Bavan M. Holloway		
*	Chairman of the Board	February 28, 2023 2024
John F. Lundgren		
*	Director	February 28, 2023 2024
Scott M. Marimow		
*	Director	February 28, 2023 2024
Adebayo O. Ogunlesi		
*	Director	February 28, 2023 2024
Varsha R. Rao		
*	Director	February 28, 2023 2024
Linda B. Segre		
*	Director	February 28, 2023 2024
Anthony S. Thornley		
*	Director	February 28, 2024
C. Matthew Turney		

*By: /s/ BRIAN P. LYNCH

Brian P. Lynch

Attorney-in-fact

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Topgolf Callaway Brands Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Topgolf Callaway Brands Corp. and subsidiaries (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, comprehensive income, (loss), shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2022 December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control — Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2023 February 28, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, the Company changed its method of accounting for convertible debt effective January 1, 2022, due to the adoption of Accounting Standards Update No. 2020-06, Debt - Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, using the modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters Matter

The critical audit matters matter communicated below are matters is a matter arising from the current-period audit of the financial statements that were was communicated or required to be communicated to the audit committee and that (1) relate relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters matter below, providing a separate opinions opinion on the critical audit matters matter or on the accounts or disclosures to which they relate. it relates.

Venue Lease Classification under ASC 842 — Refer to Notes 2 and 4 to the financial statements

Critical Audit Matter Description

When the Company identifies a location for a new Topgolf venue, it will either directly lease or purchase the land from the land's legal owner. In scenarios in which the land is purchased, the Company will sell the land to a third-party financing partner and subsequently enter into a lease agreement with the third-party for the use of the both the land and building. Under these build-to-suit arrangements, the construction terms, financing and eventual lease are agreed to prior to the construction period. In certain cases, it is determined that the Company controls the use of the underlying land that the venue is built on during the construction period, resulting in it being deemed in control of the building that is being constructed in accordance with Accounting Standards Codification (ASC) 842-40. As a result, the Company records the construction-in-process and a corresponding financial liability for the consideration received from the financing partner (i.e., referred to as deemed landlord financing obligation or "DLF" by the Company). Once the construction is completed, the Company applies the ASC 840-40 sale-lease back criteria, which involves evaluating the terms of the leaseback and assessing lease classification, for the purpose of determining if control of the building is transferred to the legal owner or if the Company remains the deemed accounting owner of such assets for accounting purposes. If control does not pass to the legal owner, it is considered a failed sale, and the assets and the financial liability that were recognized during the construction period remains on the Company's balance sheet. If control passes to the legal owner, it is considered a successful sale, and the building and corresponding deemed landlord financing obligation are derecognized, with a gain or loss recognized based on difference between the carrying amount of the building and financial liability. The Company then recognizes an operating lease for the leaseback in accordance with ASC 842-20. In scenarios in which the Company directly leases the land and facility from the third-party or is not determined to be in control of the building during the construction process, lease classification will be assessed as of the lease commencement date. At December 31, 2022, the deemed landlord financing ("DLF") obligations were $660.4 million.

We identified lease classification for Topgolf venue leases as a critical audit matter due to the complex accounting considerations involved with the Company's leasing arrangements. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, to audit and evaluate these inputs.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the classification of new Topgolf obligations related to leasing activities included the following, among others:

- We obtained an understanding and evaluated the design and operating effectiveness of internal controls in respect of the Company's lease accounting evaluation.
- We selected a sample of lease obligations and performed the following:
  - Obtained and inspected the underlying agreements and evaluated the structure and terms of the agreements to determine if sale and leaseback guidance was applicable.
  - Based on the terms and structure of the agreement, evaluated whether the transaction resulted in a sale-lease back or a failed sale.
  - For all selected leases, evaluated the Company's classification determination by independently assessing each of the lease classification criteria as outlined within ASC 842 used to determine operating versus finance classification.
  - Involved professionals in our firm having expertise in fair value measurements to evaluate the Company's inputs for test (d) of the lease classification calculation.

Deferred Income Tax Provision Including Valuation Allowance – Refer to Notes 2 and 12 to the Financial Statements financial statements

Critical Audit Matter Description

The Company is subject to income tax in the U.S. and foreign jurisdictions, and deferred tax assets and liabilities result from temporary differences between the financial reporting and tax bases of assets and liabilities. As described in Note 12 to the consolidated financial statements, the Company recorded an income tax benefit of $60.2 million and has gross deferred tax assets of $892.6 million $1,008.3 million, a valuation allowance of $47.7 million reducing the deferred tax assets to $960.6 million and, overall, net deferred tax liabilities of $101.4 million, inclusive of a valuation allowance of $100.2 million $21 million as of December 31, 2022 December 31, 2023. The Management uses judgment when recording its tax provision, which includes the interpretation and application of complex tax laws across multiple jurisdictions. In addition, the valuation of the Company's deferred tax assets requires a significant amount of judgment, including estimates of future taxable income and the ability to utilize net operating losses ("NOLs") (NOLs) and tax credits to offset future taxable income.

Given the significant judgements judgments by management when interpreting and applying complex tax laws and regulations, as well as Accounting Standard Codification Topic No. 740, Income Taxes, our audit procedures to assess the tax provision and the valuation allowance recorded against the Company's deferred tax assets required a high degree of auditor judgment and an increased extent of audit effort, including the need to involve our income tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures performed related to the income tax provision including valuation allowance recorded against deferred tax assets included the following, among others:

- We tested the effectiveness of controls over the income tax provision and deferred tax assets and liabilities, including management's controls over the estimates of future taxable income and the determination of whether it is more likely than not that deferred tax assets will be realized.
- We assessed the reasonableness of the methods, assumptions, and judgments used by management to determine the tax provision and valuation allowance.
- We tested the valuation allowances recorded by evaluating management conclusions on the realizability of the deferred tax assets.
- We tested the income tax provision by selecting a sample of permanent differences and deferred tax assets and liabilities, evaluating compliance with tax laws and regulations for those samples.
- We involved professionals in our firm having expertise in accounting for U.S. and foreign income taxes.

/s/ DELOITTE Deloitte & TOUCHE Touche LLP

Costa Mesa, California
February 28, 2023 2024

We have served as the Company's auditor since 2002.

TOPGOLF CALLAWAY BRANDS CORP.
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

		December,					
		2022	**2021**				
	December 31,					**December 31,**	
	2023					**2023**	**2022**
ASSETS	**ASSETS**						
Current assets:	Current assets:						
Current assets:							
Current assets:							
Cash and cash equivalents							
Cash and cash equivalents							
Cash and cash equivalents	Cash and cash equivalents	$ 180.2	$ 352.2				
Restricted cash	Restricted cash	19.1	1.2				
Accounts receivable, less allowances of $10.8 million and $6.2 million, respectively		167.3	105.3				
Accounts receivable, less allowances of $11.6 million and $10.8 million, respectively							
Inventories	Inventories	959.2	533.5				
Prepaid expenses	Prepaid expenses	57.1	54.2				
Other current assets	Other current assets	136.0	119.3	Other current assets	183.1	136.0	136.0
Total current assets	Total current assets	1,518.9	1,165.7				
Property, plant and equipment, net	Property, plant and equipment, net	1,809.6	1,451.4				
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	1,419.1	1,384.5				
Tradenames and trademarks	Tradenames and trademarks	1,412.7	1,425.2				
Other intangible assets, net	Other intangible assets, net	91.0	103.4				
Goodwill	Goodwill	1,983.7	1,960.1				
Other assets, net	Other assets, net	355.4	257.5				
Total assets	Total assets	$ 8,590.4	$ 7,747.8				
LIABILITIES AND SHAREHOLDERS' EQUITY	**LIABILITIES AND SHAREHOLDERS' EQUITY**						
Current liabilities:	Current liabilities:						
Current liabilities:							
Current liabilities:							
Accounts payable and accrued expenses							

Accounts payable and accrued expenses				
Accounts payable and accrued expenses	Accounts payable and accrued expenses	$ 580.0	$ 491.2	
Accrued employee compensation and benefits	Accrued employee compensation and benefits	135.2	128.9	
Asset-based credit facilities	Asset-based credit facilities	219.3	9.1	
Operating lease liabilities, short-term	Operating lease liabilities, short-term	76.4	72.3	
Construction advances	Construction advances	35.4	22.9	
Deferred revenue	Deferred revenue	94.9	93.9	
Other current liabilities	Other current liabilities	35.0	47.7	
Total current liabilities	Total current liabilities	1,176.2	866.0	
Long-term debt, net (Note 7)		1,176.3	1,025.3	
Long-term debt, net				
Long-term debt, net				
Long-term debt, net				
Operating lease liabilities, long-term	Operating lease liabilities, long-term	1,437.5	1,385.4	
Deemed landlord financing obligations, long-term	Deemed landlord financing obligations, long-term	658.0	460.6	
Deferred taxes, net	Deferred taxes, net	117.5	163.6	
Other long-term liabilities	Other long-term liabilities	250.6	164.0	
Commitments and contingencies (Note 13)	Commitments and contingencies (Note 13)			Commitments and contingencies (Note 13)
Shareholders' equity:	Shareholders' equity:			
Preferred stock, $0.01 par value, 3.0 million shares authorized, none issued and outstanding at December 31, 2022 and December 31, 2021		—	—	
Common stock, $0.01 par value, 360.0 million shares authorized, 186.2 million shares issued at December 31, 2022 and December 31, 2021		1.9	1.9	
Preferred stock, $0.01 par value, 3.0 million shares authorized, none issued and outstanding at December 31, 2023 and December 31, 2022				

Preferred stock, $0.01 par value, 3.0 million shares authorized, none issued and outstanding at December 31, 2023 and December 31, 2022						
Preferred stock, $0.01 par value, 3.0 million shares authorized, none issued and outstanding at December 31, 2023 and December 31, 2022						
Common stock, $0.01 par value, 360.0 million shares authorized, 187.0 million shares issued at December 31, 2023 and December 31, 2022						
Additional paid-in capital	Additional paid-in capital	3,012.7	3,051.6	Additional paid-in capital	3,032.7	3,012.7
Retained earnings	Retained earnings	852.5	682.2	Retained earnings	947.5	852.5
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(61.5)	(27.3)			
Less: Common stock held in treasury, at cost, 1.3 million shares and 1.0 million shares at December 31, 2022 and December 31, 2021, respectively		(31.3)	(25.5)			
Less: Common stock held in treasury, at cost, 3.3 million shares and 1.3 million shares at December 31, 2023 and December 31, 2022, respectively				Less: Common stock held in treasury, at cost, 3.3 million shares and 1.3 million shares at December 31, 2023 and December 31, 2022, respectively	(56.4)	(31.3)
Total shareholders' equity	Total shareholders' equity	3,774.3	3,682.9			
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$ 8,590.4	$ 7,747.8			

The accompanying notes are an integral part of these consolidated financial statements.

TOPGOLF CALLAWAY BRANDS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Year Ended December 31,

		2022	2021	2020
	Year Ended December 31,			
	2023			
Net revenues:	Net revenues:			
Products				
Products				
Products	Products	$2,465.5	$2,058.7	$1,589.5
Services	Services	1,530.2	1,074.7	—
Total net revenues	Total net revenues	3,995.7	3,133.4	1,589.5
Costs and expenses:	Costs and expenses:			
Cost of products	Cost of products	1,400.6	1,136.6	931.9
Cost of products				
Cost of products				
Cost of services, excluding depreciation and amortization	Cost of services, excluding depreciation and amortization	184.0	133.5	—
Other venue expenses	Other venue expenses	1,076.9	731.5	—
Selling, general and administrative expense	Selling, general and administrative expense	970.6	849.7	542.5
Research and development expense	Research and development expense	76.4	68.0	46.3
Goodwill and trade name impairment		—	—	174.3
Venue pre-opening costs				
Venue pre-opening costs				
Venue pre-opening costs	Venue pre-opening costs	30.4	9.4	—
Total costs and expenses	Total costs and expenses	3,738.9	2,928.7	1,695.0
Income (loss) from operations		256.8	204.7	(105.5)
Income from operations				
Interest expense, net	Interest expense, net	(142.8)	(115.6)	(46.9)
Gain on Topgolf investment	Gain on Topgolf investment	—	252.5	—
Other income	Other income	27.9	9.0	24.9
Income (loss) before income taxes		141.9	350.6	(127.5)
Income before income taxes				
Income tax (benefit) provision	Income tax (benefit) provision	(16.0)	28.6	(0.6)

		Year Ended December 31,
2023	2022	2021

Net income (loss)		$ 157.9	$ 322.0	$ (126.9)
Net income				
Earnings (loss) per common share:				
Earnings per common share:				
Earnings per common share:				
Earnings per common share:				
Basic				
Basic				
Basic	Basic	$ 0.85	$ 1.90	$ (1.35)
Diluted	Diluted	$ 0.82	$ 1.82	$ (1.35)
Weighted-average common shares outstanding:	Weighted-average common shares outstanding:			
Weighted-average common shares outstanding:				
Weighted-average common shares outstanding:				
Basic				
Basic				
Basic	Basic	184.9	169.1	94.2
Diluted	Diluted	201.3	176.9	94.2

The accompanying notes are an integral part of these consolidated financial statements.

TOPGOLF CALLAWAY BRANDS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,		
	2022	**2021**	**2020**
Net income (loss)	$ 157.9	$ 322.0	$ (126.9)
Other comprehensive income (loss):			
Change in derivative instruments	13.0	10.0	(12.7)
Foreign currency translation adjustments	(44.7)	(29.2)	25.7
Comprehensive income (loss), before income tax on other comprehensive income (loss)	126.2	302.8	(113.9)
Income tax provision (benefit) on derivative instruments	2.5	1.6	(2.9)
Comprehensive income (loss)	$ 123.7	$ 301.2	$ (111.0)

	Year Ended December 31,		
	2023	**2022**	**2021**
Net income	$ 95.0	$ 157.9	$ 322.0
Other comprehensive income:			
Change in derivative instruments	1.4	13.0	10.0
Foreign currency translation adjustments	12.8	(44.7)	(29.2)
Comprehensive income, before income tax on other comprehensive income	109.2	126.2	302.8
Income tax provision on derivative instruments	0.2	2.5	1.6
Comprehensive income	$ 109.0	$ 123.7	$ 301.2

The accompanying notes are an integral part of these consolidated financial statements.

TOPGOLF CALLAWAY BRANDS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		Year Ended December 31,
	2023	2022	2021
Cash flows from operating activities:			
Net income			
Net income			
Net income			
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			

		Year Ended December 31,		
		2022	2021	2020
Cash flows from operating activities:				
Net income (loss)		$157.9	$ 322.0	$(126.9)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:				
Depreciation and amortization		192.8	155.8	39.5
Lease amortization expense		94.2	80.0	32.7
Non-cash interest on financing and deemed landlord financed leases				
Non-cash interest on financing and deemed landlord financed leases				
Non-cash interest on financing and deemed landlord financed leases				
Amortization of debt discount and issuance costs	Amortization of debt discount and issuance costs	9.8	19.3	10.5
Impairment loss	Impairment loss	5.5	—	174.3
Impairment loss				
Impairment loss				
Deferred taxes, net	Deferred taxes, net	(31.0)	8.4	(12.5)
Share-based compensation	Share-based compensation	47.0	38.7	10.9
Loss on debt modification				
Gain on Topgolf investment	Gain on Topgolf investment	—	(252.5)	—
Gain on conversion of note receivable		—	—	(1.3)
Unrealized net losses on hedging instruments and foreign currency				
Unrealized net losses on hedging instruments and foreign currency				
Unrealized net losses on hedging instruments and foreign currency	Unrealized net losses on hedging instruments and foreign currency	17.5	0.3	2.8
Acquisition costs	Acquisition costs	—	(16.2)	—
Other	Other	10.9	12.0	0.3

Change in assets and liabilities, net of effect from acquisitions:	Change in assets and liabilities, net of effect from acquisitions:			
Accounts receivable, net				
Accounts receivable, net				
Accounts receivable, net	Accounts receivable, net	(75.6)	38.2	10.0
Inventories	Inventories	(442.4)	(177.5)	117.0
Leasing receivables	Leasing receivables	(22.2)	(22.9)	—
Other assets	Other assets	(20.7)	(51.7)	19.8
Accounts payable and accrued expenses	Accounts payable and accrued expenses	110.4	96.8	(11.5)
Deferred revenue	Deferred revenue	0.8	24.9	1.3
Accrued employee compensation and benefits	Accrued employee compensation and benefits	7.6	53.8	(16.6)
Payments on operating leases		(86.7)	(57.4)	(29.4)
Operating lease assets and liabilities, net				
Income taxes receivable/payable, net	Income taxes receivable/payable, net	(11.4)	8.8	2.0
Other liabilities	Other liabilities	0.5	(2.5)	5.3
Net cash (used in) provided by operating activities		(35.1)	278.3	228.2
Net cash provided by (used in) operating activities				
Cash flows from investing activities:	Cash flows from investing activities:			
Cash acquired in merger		—	171.3	—
Capital expenditures	Capital expenditures	(532.3)	(322.3)	(39.2)
Capital expenditures				
Capital expenditures				
Asset acquisitions				
Business combinations				
Investment in golf-related ventures	Investment in golf-related ventures	—	(30.0)	(20.0)
Acquisition of intangible assets	Acquisition of intangible assets	(3.2)	—	—
Proceeds from government grants				
Proceeds from sales of property and equipment				
Cash acquired in merger				
Proceeds from sale of investment in golf-related ventures	Proceeds from sale of investment in golf-related ventures	0.4	19.1	—
Net cash used in investing activities	Net cash used in investing activities	(535.1)	(161.9)	(59.2)
Cash flows from financing activities:	Cash flows from financing activities:			
Proceeds from borrowings on long-term debt				
Proceeds from borrowings on long-term debt				

Proceeds from borrowings on long-term debt				
Repayments of long-term debt	Repayments of long-term debt	(96.6)	(200.7)	(12.4)
Proceeds from borrowings on long-term debt		176.8	26.2	37.7
Proceeds from (repayments of) credit facilities, net	Proceeds from (repayments of) credit facilities, net	213.0	(13.1)	(122.5)
Proceeds from issuance of convertible notes		—	—	258.8
Premium paid for capped call confirmations		—	—	(31.8)
Debt issuance cost		(0.2)	(5.4)	(9.0)
Payment on contingent earn-out obligation		(5.6)	(3.6)	—
Debt issuance costs				
Debt issuance costs				
Debt issuance costs				
Repayments of financing leases	Repayments of financing leases	(2.7)	(0.8)	(0.8)
Proceeds from lease financing	Proceeds from lease financing	175.7	89.2	—
Exercise of stock options	Exercise of stock options	0.7	22.3	0.2
Dividends paid		—	—	(1.9)
Acquisition of treasury stock	Acquisition of treasury stock	(35.8)	(38.2)	(22.2)
Payment on contingent earn-out obligation				
Net cash provided by (used in) financing activities				
Net cash provided by (used in) financing activities				
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	425.3	(124.1)	96.1
Effect of exchange rate changes on cash, cash equivalents and restricted cash	Effect of exchange rate changes on cash, cash equivalents and restricted cash	(9.4)	(0.7)	(5.7)
Net (decrease) increase in cash, cash equivalents and restricted cash		(154.3)	(8.4)	259.4
Net increase (decrease) in cash, cash equivalents and restricted cash				
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	357.7	366.1	106.7
Cash, cash equivalents and restricted cash at end of period	Cash, cash equivalents and restricted cash at end of period	203.4	357.7	366.1
Less: restricted cash (1)		(23.2)	(5.5)	—
Less: restricted cash				
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$180.2	$ 352.2	$ 366.1
Supplemental disclosures:	Supplemental disclosures:			
Cash paid for income taxes, net	Cash paid for income taxes, net	$ 28.1	$ 9.4	$ 3.1
Cash paid for income taxes, net				
Cash paid for income taxes, net				
Cash paid for interest and fees	Cash paid for interest and fees	$111.1	$ 88.6	$ 34.4
Non-cash investing and financing activities:	Non-cash investing and financing activities:			

Issuance of treasury stock and common stock for compensatory stock awards released from restriction

Issuance of treasury stock and common stock for compensatory stock awards released from restriction

Issuance of treasury stock and common stock for compensatory stock awards released from restriction	$ 29.0	$ 18.5	$ 19.8
Accrued capital expenditures	$ 40.5	$ 50.2	$ 1.5
Financed additions of capital expenditures	$163.2	$ 107.1	$ —
Issuance of common stock in Topgolf merger	$ —	$2,650.2	$ —
Issuance of common stock related to convertible notes	$ 0.5	$ —	$ —

(1) Includes $19.1 million and $1.2 million of short-term restricted cash and $4.1 million and $4.3 million of long-term restricted cash included in other assets in the consolidated balance sheet as of December 31, 2022 and 2021, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

TOPGOLF CALLAWAY BRANDS CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions)

	Common Stock		Additional			Accumulated	Treasury Stock		
			Paid-in	Retained		Other Comprehensive			
	Shares	Amount	Capital	Earnings	Shares	(Loss) Income		Amount	Total
December 31, 2019	**95.6**	**$ 1.0**	**$ 323.6**	**$ 489.4**		**$ (22.4)**	**(1.5)**	**$ (24.2)**	**$ 767.4**
Adoption of ASC Topic 326	—	—	—	(0.3)		—	—	—	(0.3)
Acquisition of treasury stock	—	—	—	—		—	(1.1)	(22.2)	(22.2)
Exercise of stock options	—	—	(0.4)	—		—	—	0.6	0.2
Compensatory awards released from restriction	—	—	(19.8)	—		—	1.2	19.8	—
Share-based compensation	—	—	10.9	—		—	—	—	10.9
Stock dividends	—	—	—	(0.1)		—	—	—	(0.1)
Cash dividends ($0.02 per share)	—	—	—	(1.9)		—	—	—	(1.9)
Foreign currency translation equity adjustment	—	—	—	—		25.7	—	—	25.7
Change in fair value of derivative instruments, net of tax	—	—	—	—		(9.8)	—	—	(9.8)
Equity component of convertible notes, net of issuance costs and tax	—	—	57.1	—		—	—	—	57.1
Capped call premium confirmations, net of tax	—	—	(24.5)	—		—	—	—	(24.5)
Net loss	—	—	—	(126.9)		—	—	—	(126.9)

		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock		Total
December 31, 2020									
December 31, 2020									
December 31, 2020	December 31, 2020	95.6	$ 1.0	$ 346.9	$ 360.2	$ (6.5)	(1.4)	$ (26.0)	$ 675.6
Common stock issued in Topgolf merger	Common stock issued in Topgolf merger	89.8	0.9	2,649.3	—	—	—	—	2,650.2
Replacement awards converted in Topgolf merger (Note 15)	Replacement awards converted in Topgolf merger (Note 15)	—	—	33.0	—	—	—	—	33.0
Common Stock issued for replacement restricted stock awards		0.2	—	—	—	—	—	—	—
Acquisition of Treasury Stock		—	—	0.4	—	—	(1.4)	(38.5)	(38.1)
Exercise of stock options		0.6	—	1.8	—	—	0.9	20.5	22.3
Compensatory awards released from restriction		—	—	(18.5)	—	—	0.9	18.5	—
Share-based compensation		—	—	38.7	—	—	—	—	38.7
Foreign currency translation equity adjustment		—	—	—	—	(29.2)	—	—	(29.2)
Change in fair value of derivative instruments, net of tax		—	—	—	—	8.4	—	—	8.4
Net income		—	—	—	322.0	—	—	—	322.0
December 31, 2021		**186.2**	**$ 1.9**	**$ 3,051.6**	**$ 682.2**	**$ (27.3)**	**(1.0)**	**$ (25.5)**	**$ 3,682.9**
Cumulative impact of Accounting Standards Update 2020-06 adoption (Note 3)		—	—	(57.1)	12.4	—	—	—	(44.7)
Common stock issued for replacement awards									
Acquisition of treasury stock	Acquisition of treasury stock	—	—	0.3	—	—	(1.6)	(36.1)	(35.8)
Exercise of stock options	Exercise of stock options	—	—	(0.7)	—	—	0.1	1.4	0.7
Compensatory awards released from restriction	Compensatory awards released from restriction	—	—	(29.0)	—	—	1.2	29.0	—
Share-based compensation	Share-based compensation	—	—	47.0	—	—	—	—	47.0
Foreign currency translation equity adjustment	Foreign currency translation equity adjustment	—	—	—	—	(44.7)	—	—	(44.7)
Foreign currency translation equity adjustment									

Foreign currency translation equity adjustment									
Change in fair value of derivative instruments, net of tax									
Net loss									
Net loss									
Net loss									
December 31, 2021									
Cumulative impact of Accounting Standards Update 2020-06 adoption (Note 3)									
Acquisition of treasury stock									
Acquisition of treasury stock									
Acquisition of treasury stock									
Exercise of stock options									
Compensatory awards released from restriction									
Share-based compensation									
Foreign currency translation equity adjustment									
Foreign currency translation equity adjustment									
Foreign currency translation equity adjustment									
Change in fair value of derivative instruments, net of tax	Change in fair value of derivative instruments, net of tax	—	—	—	—	10.5	—	—	10.5
Issuance of common stock related to convertible notes	Issuance of common stock related to convertible notes	—	—	0.5	—	—	—	—	0.5
Capped call transaction related to convertible note conversion	Capped call transaction related to convertible note conversion	—	—	0.1	—	—	—	(0.1)	—
Net income	Net income	—	—	—	157.9	—	—	—	157.9
December 31, 2022	**December 31, 2022**	**186.2**	**$ 1.9**	**$3,012.7**	**$852.5**	**$ (61.5)**	**(1.3)**	**$(31.3)**	**$3,774.3**
Acquisition of treasury stock									

Acquisition of treasury stock
Acquisition of treasury stock
Issuance of common stock
Exercise of stock options
Compensatory awards released from restriction
Share-based compensation
Foreign currency translation equity adjustment
Foreign currency translation equity adjustment
Foreign currency translation equity adjustment
Change in fair value of derivative instruments, net of tax
Net income
Net income
Net income
December 31, 2023

The accompanying notes are an integral part of these consolidated financial statements.

TOPGOLF CALLAWAY BRANDS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company and Basis of Presentation

The Company

Topgolf Callaway Brands Corp. (the "Company, (together with its wholly-owned subsidiaries, referred to as "we," "our," "us," "the Company," or "Topgolf Callaway Brands") unless otherwise specified), a Delaware corporation, together with its wholly-owned subsidiaries, is a leading modern golf and active lifestyle company that provides world-class golf entertainment experiences, designs and manufactures premium golf equipment, and sells golf and active lifestyle apparel and other accessories through its our family of brand names, which include Topgolf, Callaway Golf, Odyssey, TravisMathew, Jack Wolfskin, OGIO, Toptracer and World Golf Tour ("WGT").

The Company's Our products and brands are reported under three operating segments: Topgolf, which includes the operations of the Company's our Company-operated and franchised Topgolf business; venues, Toptracer ball-flight tracking technology ("Toptracer"), and WGT digital golf game; Golf Equipment, which includes the operations of the Company's our golf clubs and golf balls business; business under the Callaway Golf and Odyssey brand names; and Active Lifestyle, which includes the operations of the Company's our soft goods business marketed under the Callaway, TravisMathew, Jack Wolfskin and OGIO brand names.

Recent Developments

On September 6, 2022, the Company changed its corporate name from Callaway Golf Company to Topgolf Callaway Brands Corp. and on September 7, 2022, changed its New York Stock Exchange ticker symbol from "ELY" to "MODG." During the second quarter of 2022, the Company changed the name of its "Apparel, Gear, and Other" operating segment to "Active Lifestyle." These changes to the corporate name, ticker symbol and operating segment name did not have any impact on the Company's legal entity structure, consolidated financial statements or previously reported statements of financial position, operations, comprehensive income (loss), cash flows and shareholders' equity or segment operating results.

Basis of Presentation

The Company has We have prepared the accompanying consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and accounting principles generally accepted in the United States of America ("GAAP").

Beginning January 1, 2022, We translate the Company changed the presentation of its financial statements of our foreign subsidiaries using end-of-period exchange rates for assets and accompanying footnote disclosures from thousands to millions, therefore, certain prior year reported amounts may differ by an insignificant amount due to the nature liabilities and average exchange rates during each reporting period for results of the rounding relative to the change in presentation. Other than these changes, the change in presentation had no impact on previously reported financial information. operations. All intercompany balances and transactions have been eliminated during consolidation.

Fiscal Year End

The Company's Our annual financial results are reported on a calendar year basis. In order to align with the Company's reporting period, as of April 4, 2022, the Company's Our Topgolf subsidiary changed its fiscal year end from operating segment previously operated on a 52/ 52- or 53-week fiscal retail calendar year, which ended on the Sunday closest to December 31, to 31. As of April 4, 2022, Topgolf began operating on a calendar year ending on December 31. Therefore, Topgolf financial information included in the Company's our consolidated financial statements for the years ended December 31, 2022 and 2021 are for the period beginning January 3, 2022 and ending December 31, 2022, and the period beginning March 8, 2021 (the date on which the Company we completed its our merger with Topgolf) and ending January 2, 2022, respectively. For more information on the merger with Topgolf, see Note 6. 4.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its domestic and foreign subsidiaries. Topgolf Callaway Brands. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its related disclosures. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Examples of such circumstances at that time. We evaluate our estimates include provisions for warranty, expected credit losses, inventory obsolescence, sales returns, future price concessions, tax contingencies and valuation allowances, and other items requiring judgement. Actual results may materially differ from these estimates. On on an ongoing basis the Company reviews its estimates to ensure that these estimates appropriately reflect changes in its our business or as new information becomes available. Actual results may differ from our estimates.

Revenue Recognition

Product Revenue

Product revenue is comprised of golf clubs, golf balls, golf apparel, lifestyle and outdoor apparel, and gear and accessories which are sold to on- and off-course golf shops and national retail stores, and directly to consumers through our e-commerce business and at our apparel retail and accessories. The Company recognizes venue locations. We recognize revenue from the sale of products when it satisfies we satisfy a performance obligation to a customer and transfers transfer control of the products ordered to the customer. Control transfers when products are shipped, and in certain cases, and in certain contract terms, when products are received by customers. In addition, the Company recognizes we recognize revenue at the point of sale on transactions with consumers through our e-commerce business and at its our retail locations and retail shops within Topgolf venues. Sales taxes, value added taxes and other taxes that are collected in connection with revenue transactions are withheld and remitted to the respective taxing authorities. As such, these taxes are excluded from revenue. The Company elected to We account for shipping and handling as activities to fulfill the promise to transfer the good. Therefore, shipping and handling fees that are billed to customers are recognized in revenue and the associated shipping and handling costs are recognized in cost of products as soon as control of the goods transfers to the customer.

The Company, in exchange for a royalty fee, licenses its We license our trademarks and service marks to third parties for use on products such as golf apparel and footwear, practice aids and other golf accessories. accessories in exchange for a royalty fee. Royalty income is recognized over time as underlying product sales occur, subject to certain minimum royalties, in accordance with the related licensing arrangements. Royalty income is included in the Company's Topgolf and Active Lifestyle operating segments.

We sell gift cards for our products which do not have an expiration date. Revenues from gift cards are deferred and recognized when redeemed, which generally occurs within a 12-month period from the cards are redeemed for products and/or services. The Company's gift cards have no expiration date. Revenue date of purchase. We recognize revenue from unredeemed gift cards is recognized and game credits when the likelihood of redemption becomes remote ("breakage") and under circumstances that comply with any applicable state escheatment laws. To determine when redemption is remote, the Company analyzes we perform an aging analysis of unredeemed cards (based on the date the card was last used or the activation date if the card has never been used) and compares game credits and compare that information with historical redemption trends. The Company uses We use this historical redemption rate to recognize breakage on unredeemed gift cards over the redemption period. The Company does We do not believe there is a reasonable likelihood that there will be a material change in future estimates or assumptions used to determine the timing of recognition of revenue from gift card revenues. cards and game credits.

Service Revenue

Service revenue is primarily comprised of revenue from the operation of its our Topgolf venues consisting primarily which consists of revenues from food and beverage sales, event deposits, fees charged for gameplay purchases of game credits and membership fees. fees, game credit purchases, and gift cards. In addition, we also recognize services revenues are recognized through the redemption of related to gift cards, card redemptions, sponsorship contracts, franchise fees with international development partners, leasing revenue, the Company's our WGT digital golf game and non-refundable deposits for venue reservations.

The Company's food Food and beverage revenue and fees charged for gameplay is recognized at the time of sale. Event deposits received from guests attributable to food and beverage purchases as well as gameplay are deferred and recognized as revenue when the event is held. All sales taxes collected from guests are excluded from revenue and are remitted to the appropriate taxing authorities.

Fees charged for gameplay are recognized at the time of purchase. Event deposits received from guests attributable to gameplay purchases are deferred and recognized as revenue when the event is held. Purchases of game credits are deferred and recognized as revenue when the game credits are redeemed by the guest, or through breakage, when the likelihood of the game credits being redeemed by the guest is remote. The Company uses historic game credit redemption patterns to determine the likelihood of game credit redemption and breakage. Breakage is recorded consistent with historic redemption patterns.

Premium membership fees received from guests are deferred and recognized as revenue over the life of the associated membership, which is one year or less.

The Company enters We enter into sponsorship contracts that provide advertising opportunities to market to Topgolf guests in the form of custom displays, lobby displays, digital and print posters and other advertising at Topgolf venues and on Topgolf websites. Sponsorship contracts are typically for a fixed price over a period of one to five years and revenue is generally recognized ratably over the contract period unless there is a different predominate pattern of performance.

The Company enters We enter into international development agreements that grant franchise partners the right to develop, open and operate a certain number of venues within a particular geographic area. The franchise partner may be required to pay a territory fee upon entering into a development agreement and a franchise fee for each developed venue. The franchisee will also pay ongoing royalty fees based upon a percentage of sales. Franchise fees for each venue are recognized over the franchise term, up to a maximum of 40 years, including renewal options, per the respective franchise agreement. Revenue from sales-based royalties is recognized as the related sales occur.

Leasing revenue is recognized We recognize licensing and royalty income on non-cancelable sales-type leases and operating lease agreements related to the for Toptracer installations and Swing Suite licensing of Toptracer software and hardware to driving ranges and golf courses. agreements at Topgolf. See Note 4 6 for further discussion of the Company's revenues. leasing revenue.
The Company's

Our WGT digital golf game is a service that allows players free gameplay via web and/or mobile gaming platforms and allows players the ability to platforms. Players can also purchase virtual currency within the game to obtain use towards virtual goods, which enhance the gameplay experience. Revenues from purchases of virtual currency are deferred at the point of purchase and recognized as revenue over the average life of a player, which is determined using historical trends and gameplay activity patterns.

We sell gift cards for our services which may be utilized for gameplay and other services at our venues. We recognize service revenue for gift cards sold in a manner consistent with the recognition of gift card revenue for products.

Variable Consideration

The Company offers We offer certain discounts and promotions on its our products and services. The amount of revenue the Company recognizes we recognize is based on the amount of consideration it expects we expect to receive from customers. The amount of consideration is the sales price adjusted for estimates of variable consideration, including sales returns, discounts and allowances, as well as sales programs, sales promotions and price concessions that are offered by the Company we offer, as further described below. These estimates are based on the amounts earned or expected to be claimed by customers on the related sales and are therefore recorded to the respective net revenue, trade accounts receivable, and and/or sales program liability.

We record a sales return liability as a reduction of sales and cost of products and accounts receivable in the period when the related sales are recorded. Sales returns are estimated based upon historical returns, current economic trends, changes in customer demands and sell-through of products. We also offer certain customers sales programs that allow for specific returns. The Company's cost recovery of inventory associated with this reserve is recorded in other current assets on our consolidated balance sheet. Historically, actual sales returns have not been materially different from our estimates.

Our primary product sales program, the “Preferred Retailer Program,” offers potential rebates and discounts for participating retailers in exchange for providing certain benefits to the Company, us including the maintenance of agreed upon inventory levels, prime product placement and retailer staff training. As part of this program, qualifying retailers can earn either discounts or rebates based on the amount of product purchased. Discounts are applied and recorded at the time of sale. For rebates, the Company estimates we estimate the amount of variable consideration related to the rebate at the time of sale based on the customer’s estimated qualifying current year product purchases. The estimate is based on the historical level of qualifying purchases, adjusted for any factors expected to affect the current year purchase levels. purchases. The estimated year-end rebate is adjusted quarterly based on actual purchase levels, qualifying purchases, as necessary. The Preferred Retailer Program is generally short-term in nature and the actual amount of rebate to be paid under this program is known as of the end of the year and paid to customers shortly after year-end. Historically, the Company's actual amount of variable consideration related to its our Preferred Retailer Program has not been materially different from its our estimates.

The Company We also offers offer short-term sales program incentives related to product sales, which include sell-through promotions and price concessions or price reductions. Sell-through promotions are generally offered throughout the product’s life cycle of approximately two years, and price concessions or price reductions are generally offered at the end of the product’s life cycle. The estimated variable consideration related to these programs is based on a rate that includes historical and forecasted data. The Company records We record a reduction to product revenues using this rate at the time of the sale. The Company monitors We monitor this rate against actual results and forecasted estimates and adjusts adjust the rate as deemed necessary to reflect the amount of consideration it expects we expect to receive from its our customers. There were have been no material changes to the rate during the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020. Historically, historically, the Company's actual amount of variable consideration related to these sales programs has not been materially different from its our estimates.

The Company records an estimate for anticipated product returns as a reduction of sales and cost of products, and accounts receivable, in the period that the related sales are recorded. Sales returns are estimated based upon historical returns, current economic trends, changes in customer demands and sell-through of products. The Company also offers certain customers sales programs that allow for specific returns. The Company records a return liability as an offset to accounts receivable for anticipated returns related to these sales programs at the time of the sale based on the terms of the sales program. The cost recovery of inventory associated with this reserve is accounted for in other current assets. Historically, the Company’s actual sales returns have not been materially different from management’s original estimates.

Product Warranty

The Company has We have a stated two-year warranty policy for its our golf clubs and certain Jack Wolfskin gear, as well as a limited lifetime warranty for its our OGIO line of products. The Company’s policy is to We accrue the estimated cost of satisfying future warranty claims at the time the sale is recorded. In estimating its future warranty obligations, the Company considers various relevant factors, including the Company’s stated warranty policies and practices, the historical frequency of claims, and the cost to replace or repair its products under warranty. The Company’s Our estimates for calculating the warranty reserve are principally based on assumptions regarding the warranty costs of each product line over the expected warranty period. The Company’s In estimating our future warranty obligations, we consider various relevant factors, including our stated warranty policies and practices, the historical frequency of claims, and the replacement or repair costs of products under warranty. Our warranty reserve amounts for as of the years ended December 31, 2022, 2021 December 31, 2023 and 2020 2022 were $12.7 million and $10.6 million, $11.0 million, and $9.4 million, respectively.

Cost of Products

The Company’s cost Cost of products is comprised primarily of variable costs that fluctuate with sales volumes, including raw materials for soft good and golf equipment products, golf equipment component costs, and merchandise from third parties, conversion costs including for retail product sales at our Topgolf venues. Cost of products also includes direct labor and manufacturing overhead, and inbound freight, duties, shipping charges, and shipping charges. In addition, cost of products includes retail merchandise costs for products sold in retail shops within Topgolf venue facilities. fixed overhead expenses. Fixed overhead expenses include are comprised of warehousing costs, indirect labor, and supplies, as well as depreciation expense associated with assets used to manufacture and distribute products. In addition, cost of products also includes adjustments to reflect inventory at its net realizable value, as well as adjustments for obsolescence and product warranties.

Cost of Services, Excluding Depreciation and Amortization

The Company's cost Cost of services primarily consists of costs related to food and beverage costs sold at Topgolf venues and transaction fees with respect related to in-app purchases within the Company's our WGT digital golf game. In addition, cost of services includes costs associated with Topgolf's Toptracer license agreements that are primarily classified as sales-type leases. Food and beverage costs are variable by nature, change with sales volume, and are impacted by product mix and commodity pricing. Cost of services excludes employee costs as well as depreciation and amortization.

Other Venue Expenses

Other venue expenses primarily consist of employee costs that directly support venue operations, in addition to rent and occupancy costs, property taxes, depreciation associated with venues, supplies, credit card fees and marketing expenses. Other venue expenses include both fixed and variable components and therefore do not directly correlate with revenue.

Venue Pre-Opening Costs

Venue pre-opening costs primarily include costs associated with activities prior to the opening of a new Company-operated Topgolf venue and primarily consist of but are not limited to, labor, rent, occupancy costs, travel and marketing expenses. Pre-opening costs fluctuate based on the timing, size and location of new Company-operated venues.

Selling, General and Administrative Expenses (SG&A)

SG&A expenses are comprised primarily of employee costs, advertising and promotional expense, legal and professional fees, tour expenses, travel expenses, building and rent expenses, depreciation charges (excluding those related to manufacturing, distribution and venue operations), amortization of intangible assets, and other miscellaneous expenses.

Advertising Costs

Our primary advertising costs include television, print, internet, and media placement. Our policy is to expense advertising costs, including production costs, as incurred. Advertising costs for the years ended December 31, 2023, 2022 and 2021 were $120.3 million, $116.1 million and $108.4 million, respectively, and are recognized within SG&A expenses on the accompanying consolidated statements of operations.

Research and Development Expenses

Research and development expenses are comprised of costs to design, develop, test or significantly improve the Company's our products and technology and primarily include employee costs of personnel engaged in research and development activities, research costs and depreciation expense.

Business Combinations

The Company allocates the purchase consideration to the identifiable assets acquired and liabilities assumed in a business combination based on their acquisition-date fair values. The Company uses its best estimates and assumptions to determine the fair value of tangible and intangible assets acquired and liabilities assumed, as well as the uncertain tax positions and tax-related valuation allowances that are initially recorded in connection with a business combination. These estimates and assumptions are uncertain and may require adjustment. During the measurement period of one year from the acquisition date, the Company continues to collect information and reevaluate these estimates and assumptions, and records adjustments to these estimates to goodwill as necessary. Any adjustments to the acquired assets and liabilities assumed that are identified subsequent to the measurement period are recorded in earnings.

Advertising Costs

The Company's primary advertising costs include television, print, internet, and media placement. The Company's policy is to expense advertising costs, including production costs, as incurred. Advertising costs for the years ended December 31, 2022, 2021 and 2020 were $116.1 million, $108.4 million and $83.4 million, respectively, which is recognized within SG&A expenses on the accompanying consolidated statement of operations.

Cash, Cash Equivalents and Restricted Cash

Cash equivalents are highly liquid investments purchased with original maturities of three months or less. Restricted As of December 31, 2023, restricted cash is was primarily comprised of deposits associated with gift cards as required under certain statutory mandates. As of December 31, 2022, restricted cash was primarily comprised of escrowed funds related to a land purchase of approximately $18.3 million, $18.3 million, which closed in January 2023, in addition to deposits associated with gift cards as required under certain statutory mandates. 2023. Long-term restricted cash is included in other assets on the accompanying consolidated balance sheet sheets as of December 31, 2022 December 31, 2023 and 2021. 2022. The following is a summary of our cash, cash equivalents and restricted cash (in millions):

		Year Ended December 31,	
		2022	2021
	Year Ended December 31,	Year Ended December 31,	
	2023	2023	2022
Cash and cash equivalents	Cash and cash equivalents	$180.2	$352.2
Restricted cash, short-term	Restricted cash, short-term	19.1	1.2
Restricted cash, long-term	Restricted cash, long-term	4.1	4.3

Total cash, cash equivalents and restricted cash	$ 203.4	$ 357.7
Total		

Allowance for Estimated Credit Losses

The Company records We record an allowance for estimated credit losses based upon historical bad debts, current customer receivable balances, age of customer receivable balances and the customers' financial condition, all of which are subject to change. Additionally, the Company monitors activities we monitor activity and considers consider future reasonable and supportable forecasts of economic conditions to adjust all general and customer specific reserve percentages as necessary. Balances Amounts recorded for estimated credit losses are written-off when they are determined to be uncollectible.

Inventories

The Company's We record inventory is recorded at the lower of cost or net realizable value, which includes a reserve for excess, obsolete and/or unmarketable inventory. This reserve is regularly assessed based on current inventory levels, sales and historical trends, as well as management's estimates of market conditions and forecasts of future product demand, all of which are subject to change. The Company utilizes We utilize the standard costing method, determined on the first-in, first-out basis, for its our golf equipment inventory and soft goods inventory sold under the TravisMathew, OGIO, Callaway and Jack Wolfskin brands. Golf equipment inventory, which is directly manufactured by the Company, us, includes finished goods, raw materials, labor and manufacturing overhead costs and work in process. Inventory for the Company's our soft goods product lines, which are manufactured by third-party contractors, primarily include finished goods. Toptracer hardware and software, food and beverage products and Topgolf-specific retail merchandise inventories are stated at weighted-average cost.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation expense is recognized on a straight-line basis over the estimated useful lives of the related assets, which generally range from two years to 40 years. See Note 11 for further detail regarding the Company's property, plant and equipment.

Buildings capitalized in conjunction with DLF obligations, where the Company is deemed to be the accounting owner, are depreciated over the shorter of 40 years or the lease term, less the residual value.

Normal repairs and maintenance costs are expensed as incurred. Costs that materially increase value, change capacities, or extend the useful lives of property, plant or equipment are capitalized. Construction-in-process consists primarily of costs associated with building improvements, machinery and equipment and venues under construction that have not yet been placed into service, production molds, and in-process internal-use software. When property, plant or equipment is retired or disposed, the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss on disposition is recognized in earnings. Construction-in-process consists primarily of earnings in the period in which the disposition occurred. See Note 11 for further detail regarding our property, plant and equipment.

Internal Use Software and Cloud Computing Arrangements

We capitalize certain costs associated with building improvements, machinery and equipment and venues under construction that have not yet been placed into service, production molds, and in-process internal-use software.

related to computer software obtained or developed for internal use. All direct external costs and internal direct labor costs incurred to develop internal-use software during the application development stage are capitalized and depreciated on a straight-line basis over the estimated useful life of the software. Costs incurred during the preliminary project stage, are expensed, as well as maintenance, training, and training costs. data conversion costs are expensed as incurred. Costs incurred to establish the technological feasibility of software to be sold, leased, or otherwise marketed are expensed as incurred and recorded in research and development expense. Once technological feasibility is established, costs are capitalized until the product is available for general use, and depreciated over the estimated useful life of the software.

We enter into cloud-based software hosting arrangements to access and use third-party software in support of our operations. As part of these arrangements, we may incur implementation costs related to the integration, configuration, or customization of the hosted third-party software. We assess these arrangements to determine whether the contract meets the definition of a service contract or internal-use software. For hosting arrangements that meet the definition of a service contract, we capitalize eligible implementation costs and amortize these costs on a straight-line basis over the fixed, non-cancellable term of contract, plus any renewal periods that are reasonably certain at that time.

As of December 31, 2023 and 2022, we had $18.7 million and $5.2 million, respectively, of capitalized implementation costs, net of amortization, related to cloud computing arrangements, which are included in other assets on our consolidated balance sheet. During the year ended December 31, 2023, we amortized $0.7 million related to the implementation costs of these cloud computing arrangements, which are recognized as computer software expenses within selling, general and administrative expenses on our consolidated statements of operations. During the years ended December 31, 2022 and 2021, there were no costs recognized related to the implementation of these cloud computing arrangements due to the timing of when these projects were placed into service.

Leases

The Company leases We lease office space, manufacturing plants, warehouses, distribution centers, Company-operated Topgolf venues, vehicles and equipment, as well as retail and/or outlet locations related to the TravisMathew and Jack Wolfskin businesses and the apparel businesses in Japan and Korea. Certain real estate leases include one or more options to extend the lease term, options to purchase the leased property at the Company's our sole discretion, or escalation clauses that increase the rent payments over the lease term. When deemed reasonably certain of exercise, the renewal extension and purchase options are included in the determination of the lease term and lease payment obligation, respectively. The depreciable life of machinery and equipment computer equipment and and/or any leasehold improvements that are associated with each lease are limited to the expected lease term unless there is a transfer of title or purchase option which is reasonably certain of exercise. In some instances, certain leases may require an additional contingent rent payment based on a percentage of total gross sales which are greater than certain amounts, which are a specified within amount stated in the specific lease agreement. The Company recognizes We recognize these additional contingent payments as rent expense when it is probable that sales thresholds will be reached during the fiscal year. The Company's reached. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating and Financing Leases

The Company determines We determine if an arrangement is a lease, or contains a lease, at the inception of the arrangement. If the Company determines we determine that an arrangement is a lease or contains a lease that is for a term of one year or longer, a right-of-use (“ROU”) asset representing the right to use the underlying asset during the lease term, and a lease liability representing the obligation to make lease payments that arise from the lease are recognized as either an Operating operating or Financing financing lease on the Company’s our consolidated balance sheet. ROU assets and liabilities are recognized at the commencement date of the lease and are based on the present value of lease payments over the lease term. When readily determinable, the Company uses we use the rate implicit in the lease agreement in determining the present value of minimum lease payments for the particular lease. If the implicit rate for the lease is not provided, the Company uses its we use our incremental borrowing rate, which is based on information available at the lease commencement date, including the lease term, and represents a rate the Company we would incur to borrow an amount on a collateralized basis equal to the lease payments over a similar term and under similar economic conditions. conditions, and is based on information available at the lease commencement date, including the lease term. At the commencement of a lease, the ROU asset is measured by taking the sum of the present value of the lease liability and any initial direct costs and/or prepaid lease payments, and deducting any lease incentives. After The amortization of operating lease ROU assets and the interest accretion on the operating lease commencement date, lease expense is liabilities are recognized as a single straight-line lease cost expense over the lease term. Financing lease ROU assets are amortized on a straight-line basis over the lease term, for Operating leases, and amortization expense and financing lease liabilities are measured using the effective interest expense is rate method, with the interest accretion portion recognized over the lease term for Financing leases. in interest expense. Lease agreements related to properties are generally comprised of both lease and non-lease components. Non-lease components, which include items such as common area maintenance charges, property taxes and insurance, are expensed as incurred and are recognized separately from the straight-line lease expense.

Variable lease payments that do not depend on an index or rate, such as rental payments based on a percentage of retail revenue over contractual levels, are separately expensed as incurred, and are not included in the measurement of the ROU asset and lease liability. Variable lease payments that depend on an index or rate, such as rates that are adjusted periodically for inflation, are included in the initial measurement of the ROU asset and lease liability and are recognized on a straight-line basis over the lease term.

Deemed Landlord Financing (“DLF”) Obligations (DLF obligations)

We enter into deemed landlord financing (“DLF”) agreements to finance certain Company-operated Topgolf venues. We work with third-party developers or real estate financing partners to acquire rights to land and fund the construction associated with certain venues under build-to-suit arrangements. In certain leasing arrangements related to the Company’s Topgolf venues, and due to the Company’s involvement in instances we fund a portion of the construction ourselves, and in other instances we fund all of leased assets, the Company is construction. In certain build-to-suit arrangements, we are deemed to be have control of the underlying assets under construction and are therefore considered the accounting owner of certain leased assets that did not meet the sales-leaseback criteria upon completion of construction. In such cases, in addition to capitalizing the Company’s construction costs, the Company capitalizes the construction costs funded by the landlord related to its leased premises and recognizes a corresponding liability for those costs as construction advances during the construction period. these assets. At the end of the construction period, the Company applies the sale-and-leaseback criteria we complete a sale-leaseback assessment to determine whether if control has transferred to the underlying asset should be derecognized. When financing partner. If the application sale-leaseback criteria are not met and it is determined that control has not been transferred to the financing partner, we reverse the accumulated construction advance recognized during the construction phase and record a DLF obligation, and the costs accumulated in property, plant and equipment associated with the construction of the sale-and-leaseback guidance results in building are capitalized and placed into service. When we acquire land directly or finance the venue construction ourselves, we may enter into arrangements to sell the assets and lease them back from a sale, financing partner. In these cases, if control is not transferred upon the asset and liability on the Company’s balance sheet are derecognized. When the application closing of the sale-and-leaseback guidance results transaction and the commencement of the subsequent leaseback, we record a DLF obligation associated with the cash proceeds. Buildings or other assets capitalized in a failed sale, conjunction with DLF obligations are depreciated, less their residual value, over the asset remains on shorter period of the Company’s balance sheet and is useful life of those assets, or the period of the lease term. In general, buildings are depreciated over its respective a 40-year useful life, or which aligns with the lease term whichever is shorter, and the liability is accounted for as a including renewal periods we are reasonably certain to exercise. DLF obligation. These DLF lease obligations are measured using the effective interest rate method, with the periodic interest accretion recognized in interest expense. The interest rate used on DLF lease obligations is generally non-cancelable leases with initial terms of 20 years containing various renewal options following the initial term and escalation clauses rate that increase is implied within the payments over the lease term. lease.

Sales-Type Leases

With respect to the Company’s our Toptracer and Swing Suite operations, the Company enters we enter into non-cancelable license agreements that combine software and hardware. These license agreements provide the customer the right to use a distinct bundle of highly interrelated Company-owned software and hardware products for a specified period, generally ranging from three to five years. The software and hardware are a distinct bundle We perform an assessment of goods which are highly interrelated. At the inception lease classification upon commencement of the agreement, the lease classification is assessed, and which generally results in the license agreement agreements being classified as sales-type leases. If the assessment does not result in a sales-type lease classification, the lease will be classified as an operating lease. Upon commencement of these sales-type leases, revenue is recognized for the software and hardware as a single component, and a leasing receivable is recorded consisting of the present value of payments over the non-cancelable term is recorded. term. Interest income on the leasing receivable is recognized over the term of the lease. The Company manages its We manage our risk on its our sales-type leases through its the pricing and through the terms of the leases. Any equipment returned to the Company us as a result of a lease cancellation of a lease may be leased or sold to other customers, therefore risk associated with the Company’s our sales-type leases is considered minimal.

Business Combinations

We allocate the purchase consideration to the identifiable assets acquired and liabilities assumed in a business combination based on their acquisition-date fair values. We use our best estimates and assumptions to determine the fair value of tangible and intangible assets acquired and liabilities assumed, as well as the uncertain tax positions and tax-related valuation allowances that are initially recorded in connection with a business combination. These estimates are reevaluated and adjusted, if needed, during the measurement period of up to one year from the acquisition date, and are recorded as adjustments to goodwill. Any adjustments to the acquired assets and liabilities assumed that are identified subsequent to the measurement period are recorded in earnings.

Goodwill and Intangible Assets

Goodwill and acquired intangible assets are recorded in connection with an acquisition or business combination. Goodwill represents the excess of the total consideration paid over the fair value of the net tangible and identifiable intangible assets acquired and liabilities assumed in connection with the acquisition or business combination. Identifiable intangible assets consist of tradenames trade names and trademarks, liquor licenses, patents, customer and distributor relationships, and developed technology. Intangible assets that are determined to have definite lives are amortized over their estimated useful lives and are assessed for impairment when indicators are present. Goodwill and intangible assets with indefinite lives are not amortized and are instead measured assessed for impairment at least annually or more frequently when events or circumstances occur that indicate an impairment may exist. Except for software costs which are determined to be eligible for capitalization, costs related to the development, maintenance or renewal of internally developed intangible assets that are inherent in the Company's our continuing business that were not acquired as a part of a business combination or asset acquisition, are expensed as incurred.

Impairments

The Company assesses We assess potential impairments of its our long-lived assets, namely property, plant and equipment and ROU assets, and acquired intangible assets that are subject to amortization, such as acquired customer and distributor relationships whenever events or changes in circumstances indicate that the asset's carrying value may not be recoverable. Events or changes that would may necessitate an impairment assessment include a significant change in the extent or manner in which the asset is used, a significant change in legal or business factors that could affect the value of the asset, or a significant decline in the observable market value of an asset, amongst others. If such events or changes indicate a potential impairment, the Company we would assess the recoverability of the asset or asset group by determining if the carrying value of the asset or asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the asset or asset group. An impairment charge would be recognized when If the carrying amount of a long-lived asset or asset group is determined to not be recoverable and exceeds its fair value. value, an impairment charge would be recognized in the period in which the impairment was determined.

The Company performs We perform an impairment assessment on its Goodwill our goodwill and indefinite-lived intangible assets at least annually during the fourth quarter of the year, or more frequently when events or circumstances occur that indicate an impairment may exist. These events or circumstances may include macroeconomic conditions, significant changes in the industry or business climate, legal factors, or other operating performance indicators, amongst other things. If an event occurs that indicates an impairment may exist, the Company we may perform a qualitative assessment to determine whether it is more likely than not that goodwill and/or the indefinite-lived intangible asset is impaired. If after the qualitative assessment the Company determines we determine it is more likely than not that goodwill and/or the indefinite-lived intangible asset is not impaired, no quantitative fair value test is necessary. If after performing the qualitative assessment the Company concludes we conclude it is more likely than not that the fair value of goodwill and/or the indefinite-lived intangible is less than its our carrying amount, the Company we will perform a quantitative fair value test to determine the fair value of the asset or reporting unit. To determine fair value, the Company uses we use discounted cash flow estimates, quoted market prices, royalty rates when available, and independent appraisals and valuation specialists when appropriate. The Company calculates We calculate an impairment as the excess of the carrying value of goodwill and and/or other indefinite-lived intangible assets over their the estimated fair value. value of the respective asset. If the carrying value exceeds the estimate of the estimated fair value of the asset, a write-down is recorded.

In 2020, due to the significant disruptions caused by the COVID-19 pandemic on the Company's operations, the Company recognized an impairment loss on charge is recorded in the goodwill and trade name associated with its Jack Wolfskin business. See Note 9 for further discussion of period in which the Company's impairment loss at Jack Wolfskin. was determined.

Investments

The Company determines We determine the appropriate classification of its our investments at the time of acquisition and reevaluates reevaluate such classification at each balance sheet date. The Company has elected to apply the measurement alternative to For investments that do not have readily determinable fair values. As such, values, we have elected to apply the measurement alternative in which these investments are measured at cost and are evaluated for changes in fair value if there is an observable price change in as a result of an orderly transaction for an identical or similar investment. The Company assesses We assess investments for impairment whenever events or changes in circumstances indicate that the investment's carrying value may not be recoverable. An In the event that the carrying value of any of our investments exceeds its respective fair value, an impairment charge would be recognized when is recorded in the carrying amount exceeds its fair value. period in which the impairment was determined. See Note 10 for further discussion of the Company's information related to our investments.

Foreign Currency Translation and Transactions

A significant portion of the Company's our business is conducted outside of the United States in currencies other than the U.S. dollar. As a result, changes in foreign currency exchange rates can have a significant impact on the Company's our financial results. Revenues and expenses that are denominated in foreign currencies are translated using the average exchange rate for the period. Assets reporting period and assets and liabilities are translated using the rate of end-of-period exchange rates at the balance sheet date. Gains and losses from assets and liabilities denominated in a currency other than the functional currency of the entity in which they reside are generally recognized during the current period in the Company's our statements of operations. Gains and losses from the translation of foreign subsidiary financial statements into U.S. dollars are included in accumulated other comprehensive income or loss.

Derivatives and Hedging

In order to mitigate the impact of foreign currency translation on transactions and changes in interest rates, the Company uses We use foreign currency forward contracts to meet our objectives of minimizing variability in our operating results, including intercompany transactions, which may arise from changes in foreign exchange rates, as well as interest rate swap contracts to minimize our exposure to changes in interest rates. We do not enter into hedging contracts for speculative purposes. Foreign currency forward contracts generally mature within 12 months to 15 months from inception and interest rate hedge contracts. The swap agreements generally mature within 60 months from inception. Both types of contracts are measured at fair value and are recorded as either assets hedging receivables and/or liabilities payables on the our consolidated balance sheet. Contracts which Certain of our foreign currency forward contracts and our interest rate swap agreements satisfy certain the criteria and are elected for hedge accounting treatment may be and are classified as either designated or undesignated cash flow hedges. Changes in the fair value of derivatives which are classified as undesignated hedges are recognized in earnings in the period of the change. Changes in the fair value of derivatives which qualify for and are classified as these designated cash flow hedges are recorded as a component of accumulated other comprehensive income and are released into in earnings as a component of cost of products, other income and interest expense during the period in which the hedged transaction takes place. Remeasurement gains or losses of derivatives that are not elected for hedge accounting treatment are recorded recognized in earnings immediately as a component of in other income. income/expense.

The Company We would discontinue hedge accounting prospectively (i) if it is determined that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item, (ii) when the derivative expires or is sold, terminated, or exercised, (iii) if it becomes probable that the forecasted transaction being hedged by the derivative will not occur, (iv) if a hedged firm commitment no longer meets the definition of a firm commitment, or (v) if it is determined that designation of the derivative as a hedge instrument is no longer appropriate. The Company estimates We estimate the fair value of its our foreign currency forward contracts based on pricing models using current market rates. These contracts are classified under Level 2 of the fair value hierarchy. See Note 17 for further discussion of the Company's our financial instruments.

Share-Based Compensation

The Company We may grant restricted stock units and ("RSUs"), restricted stock awards ("RSAs") , performance-based awards, stock options, and stock appreciation rights, and other equity-based awards to its our officers, employees, consultants and other non-employees who provide services to the Company us under its our stock incentive plans. The Company measures We measure and recognizes recognize share-based compensation expense for employees and non-employees based on estimated fair values, net of estimated forfeitures. Estimated forfeitures are based on historical experience data and forfeiture trends. If trends and are revised, if necessary, in subsequent periods if actual forfeiture rates forfeitures differ materially from the Company's estimates, the Company may be required to record an adjustment to its share-based compensation expense in future periods. our initial estimates.

RSUs and RSAs ("Restricted Stock Awards and Restricted Stock Units Stock")

The estimated fair value of restricted stock awards and restricted stock units (collectively "restricted stock") is calculated based on the closing price of the Company's our common stock on the date of grant multiplied by the number of shares of granted shares. Compensation expense for restricted stock granted. Compensation expense, net of estimated forfeitures, is recognized on a straight-line basis, net of estimated forfeitures, over a vesting period of three to five years from the date of grant.

Performance Based Restricted Share Unit Awards

The Company grants We grant performance based restricted share unit awards ("PRSU") in which the number of shares that may ultimately be issued upon vesting is based on the Company's achievement of specific performance metrics for each award that are measured during a specified performance period, which and may range from 0% to 200% of the participant's target award. PRSU performance measures include adjusted earnings before interest, taxes, depreciation, amortization, stock compensation, non-cash lease amortization expense and non-recurring costs ("Adjusted EBITDA"), earnings per share ("EPS"), adjusted pre-tax income ("APTI") and total shareholder return ("rTSR"). The performance period for these awards ranges from three to five years from the date of grant. PRSUs based on EBITDA, EPS and APTI are initially valued at the Company's closing price of our stock price on the date of grant. PRSUs based on rTSR performance measures, are which are based on market conditions, are initially valued using a Monte Carlo simulation which utilizes the stock volatility, dividend yield and a market correlation of the Company and the Company's our performance as compared to our peer group, and is based on the probable achievement of 100% of the rTSR performance goals as determined on the date of grant. Compensation expense for all PRSUs is recognized, net of estimated forfeitures, on a straight-line basis over a vesting period of three to five years, and is based on the fixed fair value assigned to each of the awards on the date of grant. Over the course of the performance period, compensation expense for PRSUs based on EBITDA, EPS and APTI is adjusted according to the anticipated level of achievement of the specified performance metric over the performance period for the respective award. If the performance goals are not probable of achievement at any time during the performance period, compensation expense related to these awards the respective award is reversed. Compensation expense for rTSR PRSUs is recognized, net of estimated forfeitures, on a straight-line basis over a vesting period of three years, and is based on a the fixed grant date fair value derived from a Monte Carlo simulation which assumes assigned on the probable performance achievement date of 100%, grant, which is not adjusted over the course of the performance period or reversed if achievement is not probable. All awards that do not achieve the minimum cumulative performance threshold over the performance period are forfeited at the end of the specified performance period.

Stock Options

Stock options are granted at exercise prices no less than the Company's closing price of our stock price on the date of grant. Outstanding stock options generally vest over a three-year period from the grant date and generally expire up to 10 years after the grant date. The Company records We record compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model. The model uses various assumptions, including a risk-free interest rate, the expected term of the options, the expected stock price volatility, and the expected dividend yield. Compensation expense for employee stock options is recognized over the vesting term, net of estimated forfeitures. See Note 15 for further discussion of the Company's our share-based compensation.

Income Taxes

Current income tax expense provision or benefit is the amount of income taxes expected to be payable or receivable for the current year. A deferred income tax asset or liability is established for the difference between the tax basis of an asset or liability that will result in taxable or deductible amounts in future years when the reported amount of the asset or liability is recovered or settled. The Company maintains realization of the deferred tax assets, including loss and credit carry forwards, is subject to our ability to generate sufficient taxable income during the periods in which the temporary differences become realizable. We maintain a valuation allowance for a deferred tax asset when it is deemed to be more likely than not that some or all of the deferred tax assets will not be realized. In evaluating whether a valuation allowance is required under such rules, the Company considers we consider all available positive and negative evidence, including prior operating results, the nature and reason for any losses, its our forecast of future taxable income, and the dates on which any deferred tax assets are expected to expire. These assumptions require a significant amount of judgment, including estimates of future taxable income. These estimates income and are based on the Company's our best judgment at the time made based on current and projected circumstances and conditions. time.

The Company accrues We accrue for the estimated additional amount of taxes for uncertain tax positions if it is deemed to be more likely than not that the Company we would be required to pay such additional taxes. The Company is We are required to file federal and state income tax returns in the United States and various other income tax returns in foreign jurisdictions. The preparation of these income tax returns requires the Company us to interpret the applicable tax laws and regulations in effect in such jurisdictions, which could affect the amount of tax paid by the Company. The Company accrues we pay. We accrue an amount for its our estimate of additional tax liability, including interest and penalties in the income tax expense, provision, for any uncertain tax positions taken or expected to be taken in an income tax return. The Company reviews return and updates the we review and update our accrual for uncertain tax positions as more definitive information becomes available. Historically, additional taxes paid as a result of the resolution of the Company's our uncertain tax positions have not been materially different from the Company's our expectations. The Company recognizes interest and/or penalties related to income tax matters in income tax expense. See Note 12 for further discussion of the Company's our income taxes.

Other Income, Net

Other income, net primarily includes gains and losses on foreign currency forward contracts cross-currency swap contracts and foreign currency transactions. The components of other income, net are as follows (in millions):

	Years Ended December 31,			
	2023	2023	2022	2021
Foreign currency forward contract gain, net				
Foreign currency transaction loss, net				
Other				
Other				
Other				
Other income, net				

	Years Ended December 31,		
	2022	2021	2020
Foreign currency forward contract gain, net	$44.5	$14.4	$ 2.9
Foreign currency transaction (loss) gain, net	(18.3)	(6.4)	9.0
Settlement of cross-currency swap contract (See Note 18)	—	—	11.1
Other	1.7	1.0	1.9
Other income, net	$27.9	$ 9.0	$24.9

Concentration of Risk

On a consolidated basis, no single customer accounted for more than 10% of the Company's our consolidated revenues in 2023, 2022 2021 or 2020. The Company's 2021. Our top five customers accounted for approximately 12% of the Company's our consolidated revenues in both 2023 and 2022, and 13% in 2021, and 20% in 2020. 2021.

The Company's Our top five customers specific to the Golf Equipment and Active Lifestyle operating segments represented the following as a percentage of each segment's total net revenues:

- Golf Equipment top five customers accounted for approximately 26% 25%, 24% 26% and 25% 24% of total consolidated Golf Equipment sales in 2023, 2022, 2021, and 2020, 2021, respectively; and
- Active Lifestyle top five customers accounted for approximately 17% 19% of total consolidated Active Lifestyle sales in 2023, and 17% in both 2022 and 2021, and 12% in 2020. 2021.

With respect to the Company's our trade receivables, the Company performs we perform ongoing credit evaluations of its our customers' financial condition and generally does do not require collateral from these our customers. The Company maintains We maintain reserves for estimated credit losses, which it considers we consider adequate to cover any such losses. At December 31, 2022 December 31, 2023 and 2021, 2022, one customer represented 17% 14% and 11% 17%, respectively, of the Company's our outstanding accounts receivable balance.

Of the Company's total consolidated net revenues, approximately 30%, 34% and 51% were derived from sales outside of the United States in 2022, 2021 and 2020, respectively. As a result of this our international business, the Company is we are exposed to increased risks inherent in conducting business outside of the United States. During 2023, 2022 and 2021, approximately 28%, 30% and 34% of our total consolidated net revenues were derived from sales outside of the United States, respectively. See Note 20 for information on net revenues and long-lived assets by geographical location.

The Company is We are dependent on a limited number of suppliers for its our clubheads and shafts, some of which are single sourced. Furthermore, some of the Company's our products require specially developed manufacturing techniques and processes which make it difficult to identify and utilize alternative suppliers quickly. The Company We also depends depend on a single or a limited number of suppliers for the materials it uses used to make its our golf balls. Many balls, many of these materials which are customized for the Company. us.

The Company's Our financial instruments that are subject to concentrations of credit risk consist primarily of cash equivalents, trade receivables, foreign currency forward contracts cross-currency debt swap contracts and interest rate hedge swap contracts. From time to time, the Company invests its we invest our excess cash in money market accounts and short-term U.S. government securities and has have established guidelines relative to diversification and maturities in an effort to maintain safety and liquidity. These We periodically review and modify these guidelines are periodically reviewed and modified to take advantage of trends in yields and interest rates.

The Company enters We enter into foreign currency forward contracts for the purpose of hedging foreign exchange rate exposures exposure on existing or anticipated transactions, and interest rate hedge contracts for the purpose of hedging interest rate exposures exposure on its our term loan facility. In the event of a failure to honor one of these contracts by one of the banks with which the Company has we have contracted, management believes we believe any loss would be limited to the exchange rate differential difference from the time the contract was entered into until the time it was settled. The Company's Our hedging contracts are subject to a master netting agreement with each respective counterparty bank and are therefore net settled.

Note 3. New Accounting Standards

Recent Accounting Standards

In June 2022, December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (ASU 2023-09), which includes amendments that further enhance income tax disclosures through the standardization and disaggregation of rate reconciliation categories and income taxes paid in both domestic and foreign jurisdictions. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 and is to be applied prospectively, with early adoption and retrospective application permitted. We are in the process of evaluating the impact that ASU 2023-09 will have on our income tax related disclosures.

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”), which introduces new reportable segment disclosure requirements related to significant segment expenses and also expands reportable segment disclosure requirements for interim reporting. The amendment will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision maker and are included within each reportable segment’s profits and losses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are in the process of evaluating the impact that ASU 2023-07 will have on our segment related disclosures.

Adoption of New Accounting Standards

In June 2022, the FASB issued ASU No. 2022-03, “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions” (“ASU 2022-03”). ASU 2022-03 clarifies the guidance in Topic 820 when measuring the fair value of an equity security that is subject to a contractual sale restriction, and also introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Early years, with early adoption is permitted. We early adopted ASU 2022-03 on January 1, 2023. The Company is in the process adoption of evaluating the impact that this ASU will have had no impact on its our consolidated financial statements and or related disclosures.

Adoption of New Accounting Standards

In August 2020, the FASB issued ASU No. 2020-06, “Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” (“ASU 2020-06”). This ASU, which simplifies the accounting for convertible instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, a convertible debt instrument is accounted for as a single liability measured at its amortized cost. These changes reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was bifurcated according to previously existing rules. Also, this ASU also requires the application of the if-converted method for when calculating diluted earnings per share and the treasury stock method will be no longer available. The amendments in this update are effective for public entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, and may be adopted through either a fully retrospective or modified retrospective method of transition only at the beginning of an entity’s fiscal year. The Company has Convertible Senior Notes (the “Convertible Notes”) with a cash conversion feature that was recognized in equity at the time of issuance (see Note 7) and has when net income is reported. We adopted this standard as of January 1, 2022 under the modified retrospective method of transition. As such, transition which allows for amounts reported prior period amounts have not been retrospectively adjusted. to the adoption date to remain unadjusted. Adoption of the standard resulted in a $57.1 million reduction in additional paid-in capital, of $57.1 million, an a $57.9 million increase to long-term debt, net, of $57.9 million, a $13.2 million decrease in the deferred taxes, net of $13.2 million and an a $12.4 million increase in retained earnings of $12.4 million. earnings. Additionally, in periods when net income is reported, the Company will use the if-converted method for calculating diluted earnings per common share. Under under the if-converted method, the 14.7 million 14.7 million common shares underlying the Convertible Notes are assumed to have been outstanding as of the beginning of the current reporting period and any interest expense related to the Convertible Notes for the period is excluded from the calculation of diluted earnings per common share, resulting in an increase to net income. As a result, during the year ended December 31, 2022, after-tax interest expense in the amount of $6.4 million was excluded from net income in the calculation of earnings per common share—diluted (see Note 8). share. Prior to the adoption of ASU 2020-06, the Company for periods when we recognized net income, we used the treasury stock method to compute dilutive shares of common stock related to the Convertible Notes for periods when the Company reported net income. The treasury stock method assumes that proceeds received upon exercises are used to purchase common shares at the average market price during the period. Additionally, under the treasury stock method, interest expense related to the Convertible Notes for the period was included in net income for the calculation of earnings per common share—diluted.

In July 2021, the FASB issued ASU No. 2021-05, “Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments” which requires lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if both of the following criteria are met: (1) the lease would have been classified as a sales-type lease or a direct financing lease in accordance with the classification criteria in Topic 842; and (2) the lessor would have otherwise recognized a day-one loss. The amendments are effective for annual periods beginning after December 15, 2021 with early adoption permitted. The adoption of this ASU did not have any impact on the Company’s consolidated financial statements.

Notes.

Note 4. Leases Business Combinations

Sales-Type Leases BigShots Acquisition

On November 1, 2023, we completed the acquisition of certain assets from affiliates of Invited, Inc. (“Invited”), the largest owner and operator of private golf and country clubs in the United States, related to its BigShots Golf business (“BigShots”), for a purchase price of approximately $29.7 million, which we funded with existing cash on hand. The acquisition includes certain domestic venue locations of the BigShots brand, which will help expand our leadership position in off-course golf and in the modern-golf ecosystem and is accounted for as a business combination. All of the goodwill arising from the acquisition is assigned to our Topgolf operating segment and consists largely of operational synergies within our Topgolf business. Goodwill recorded in connection with the acquisition is expected to be deductible for income tax purposes.

The Company enters into non-cancelable license agreements that provide software following table summarizes the preliminary fair values of the assets acquired and hardware liabilities assumed as of the acquisition date based on the purchase price allocation (in millions):

		At November 1, 2023
Assets Acquired		
Accounts receivable	$	0.1
Other current assets		0.3
Property and equipment		20.2
Intangibles—trade name		2.9
Intangibles—development rights		2.0
Goodwill		4.4
Total assets acquired		29.9
Liabilities Assumed		
Accounts payable and accrued liabilities		0.2
Net assets acquired		29.7
Total purchase price consideration	$	29.7

For the year ended December 31, 2023, the results of operations for BigShots and acquisition-related costs were not material to driving ranges, hospitality venues, and entertainment venues. These license agreements are classified as sales-type leases.

Leasing revenue from sales-type leases is included in services revenues within the our consolidated statements of operations. There Additionally, the pro forma results of operations reflecting the acquisition of BigShots are not presented, as the impact on our consolidated financial results would not have been material.

In conjunction with the acquisition of certain assets from affiliates of Invited in November 2023, during the first quarter of 2024 we completed additional acquisitions from Invited and affiliates of Invited for additional venue-related assets and development rights related to the Bigshots business, for $5.9 million and $16.0 million, respectively. The additional acquisitions were no completed in two separate transactions and were funded with existing cash on hand, and will be accounted for as a business combination in connection with the November 2023 acquisition. Due to the timing of the completion of these transactions, the preliminary purchase price allocations for these additional assets and development rights are excluded from the purchase price allocation amounts in the table above. We expect to include the preliminary purchase price allocation estimates related to these additional acquisitions in our Form 10-Q for the period ended March 31, 2024.

Merger with Topgolf International, Inc.

On March 8, 2021, we completed our merger with Topgolf, pursuant to the terms of an Agreement and Plan of Merger, dated as of October 27, 2020 (the “Merger Agreement”) to expand our business platforms and family of brands, as well as our reach across multiple platforms, which now includes Topgolf venues in addition to retail, e-commerce and digital communities. Since the date of the merger, Topgolf has operated as one of our wholly-owned subsidiaries.

Pursuant to the terms of the Merger Agreement, we acquired 100% of the outstanding equity of Topgolf in an all-stock transaction, at an exchange ratio based on an equity value of Topgolf of $1,987.0 million, whereby the stockholders of Topgolf received 89.8 million of our common shares. The actual purchase consideration upon the closing of the merger of $3,014.2 million (or $2,650.2 million excluding Topgolf shares that were held by us) was based on the number of shares of our common stock issued, multiplied by the closing price of $29.52 of our common stock on March 8, 2021. Additionally, we converted certain stock options, stock awards, and warrants held by previous Topgolf equity holders. The purchase consideration, together with the fair value of the consideration transferred for outstanding stock awards and warrants totaled $3,048.9 million.

During the year ended December 31, 2021, we recognized $20.4 million of transaction costs which primarily consisted of advisor, legal, valuation and accounting fees. We did not recognize any transaction costs associated with the merger during the years ended December 31, 2023 and December 31, 2022.

The following table summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date based on the purchase price allocation (in millions):

		At March 8, 2021
Assets Acquired		
Cash	$	171.3
Accounts receivable		10.7
Inventories		13.9
Other current assets		52.1
Property and equipment		1,079.6
Operating lease right-of-use assets		1,328.0
Investments		28.8
Other assets		33.7
Intangibles—trade name		994.2
Intangibles—technology, customer relationships and liquor licenses		81.9
Goodwill		1,355.0
Total assets acquired		5,149.2
Liabilities Assumed		
Accounts payable and accrued liabilities	$	95.8
Accrued employee costs		37.1
Construction advances		40.5
Deferred revenue		66.2
Other current liabilities		7.8
Long-term debt		535.1
Deemed landlord financing		303.0
Operating lease liabilities		1,402.3
Other long-term liabilities		32.2
Deferred tax liabilities		143.7
Net assets acquired		2,485.5
Goodwill allocated to other business units		563.4
Total purchase price and consideration transferred in the merger	$	3,048.9

Supplemental Pro-Forma Information (Unaudited)

The following table presents supplemental pro-forma information for the twelve months ended December 31, 2021 in order to show what our consolidated net revenues attributed and net income would have been had the merger been completed as of January 1, 2020. These amounts were calculated after applying our accounting policies and were based upon information available at that time. Pre-acquisition net revenue and net income/(loss) amounts for Topgolf were derived from the books and records of Topgolf prepared prior to sales-type leases the acquisition and are presented for informational purposes only and do not purport to be indicative of actual results of future operations or of the results that would have occurred had the acquisition taken place as of the date noted below. The pro-forma amounts presented below also consider the effects of the fair value adjustments recorded on the assets acquired and liabilities assumed throughout the measurement period. For the twelve months ended December 31, 2023 and December 31, 2022, our consolidated financial statements reflect the actual results of operations of the merged businesses.

		Year Ended December 31,
		2021
		(in millions)
Net revenues	$	3,276.4
Net income	$	72.3

Supplemental Information of Operating Results

The following table presents net revenues and net loss attributable to Topgolf included in our consolidated statements of operations for the year ended December 31, 2020. Leasing revenue attributed to sales-type leases consists of the selling price and interest income as follows December 31, 2021 (in millions):

		December 31, 2022		December 31, 2021
Sales-type lease selling price(1)	$	36.3	$	29.8
Cost of underlying assets		(17.6)		(11.9)
Operating profit	$	18.7	$	17.9

Interest income	$ 4.5	$ 4.3
Leasing revenue attributable to sales-type leases	$ 40.8	$ 34.1

(1) Selling price is equal to the present value of lease payments over the non-cancelable term of the licensing agreement.

Leasing receivables related to the Company's net investment in sales-type leases are as follows (in millions):

	Balance Sheet Location	December 31, 2022	December 31, 2021
Leasing receivables, net—short-term	Other current assets	$ 17.5	$ 12.8
Leasing receivables, net—long-term	Other assets	57.5	44.1
Total leasing receivables		$ 75.0	$ 56.9

	Year Ended December 31,
	2021
Net revenues	$ 1,087.6
Net loss	$ (29.6)

As of December 31, 2022, maturities of sales-type lease receivables for the next five years and thereafter were as follows (in millions):

	Sales-type Leases
2023	$ 24.0
2024	23.3
2025	18.5
2026	11.8
2027	5.7
Thereafter	3.6
Total future lease payments	86.9
Less: imputed interest	11.9
Total	$ 75.0

Operating and Finance Leases

As a lessee, the Company leases office space, manufacturing plants, warehouses, distribution centers, Company-operated Topgolf venues, vehicles and equipment, as well as retail and/or outlet locations.

Supplemental balance sheet information related to leases is as follows (in millions):

		December 31,	
	Balance Sheet Location	2022	2021
Operating Leases:			
ROU assets, net	Operating lease ROU assets, net	$ 1,419.1	$ 1,384.5
Lease liabilities, short-term	Operating lease liabilities, short-term	$ 76.4	$ 72.3
Lease liabilities, long-term	Operating lease liabilities, long-term	$ 1,437.5	$ 1,385.4
Finance Leases:			
ROU assets, net	Other assets	$ 215.7	$ 129.5
Lease liabilities, short-term	Accounts payable and accrued expenses	$ 1.7	$ 1.8
Lease liabilities, long-term	Other long-term liabilities	$ 225.9	$ 132.5

The components of lease expense are as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Operating lease costs	$ 172.7	$ 146.3	$ 42.5
Financing lease costs:			
Amortization of right-of-use assets	6.4	3.2	0.9
Interest on lease liabilities	9.3	4.5	—
Total financing lease costs	15.7	7.7	0.9
Variable lease costs	10.2	6.5	2.5

Total lease costs	$ 198.6	$ 160.5	$ 45.9

Other information related to leases was as follows:

	December 31,		
Supplemental Cash Flows Information (in millions)	**2022**	**2021**	**2020**
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 157.0	$ 123.6	$ 39.8
Operating cash flows from finance leases	$ 5.2	$ 2.8	$ —
Financing cash flows from finance leases	$ 2.7	$ 0.8	$ 0.8
Lease liabilities arising from new ROU assets:			
Operating leases	$ 51.9	$ 19.6	$ 65.5
Finance leases	$ 92.0	$ 52.7	$ 0.1

	December 31, 2022	**December 31, 2021**
Weighted average remaining lease term (years):		
Operating leases	16.6	14.1
Finance leases	36.5	36.2
Weighted average discount rate:		
Operating leases	5.6 %	5.3 %
Finance leases	6.1 %	5.3 %

Future minimum lease obligations as of December 31, 2022 were as follows (in millions):

	Operating Leases	**Finance Leases**
2023	$ 152.5	$ 11.2
2024	151.7	13.8
2025	148.3	15.1
2026	145.3	15.2
2027	143.6	15.5
Thereafter	1,719.0	564.8
Total future lease payments	2,460.4	635.6
Less: imputed interest	946.5	408.0
Total	$ 1,513.9	$ 227.6

Deemed Landlord Financing Obligations ("DLF" Obligations)

As of December 31, 2022, the Company had 38 DLF obligations that did not meet the sale-leaseback criteria upon the completion of construction. The assets of which the Company is deemed the accounting owner of under these DLF obligations consist primarily of land properties and buildings. While the Company typically seeks to finance construction of its venues through third-party developers or real estate financing partners, in certain instances, the Company may fund a certain portion of the assets associated with the DLF obligations. As of December 31, 2022 and 2021, the total net book value of assets associated with these DLF obligations, including assets that were not financed through third-party developers or real estate financing partners under a DLF arrangement, was $813.2 million and $620.3 million, respectively. Land properties and the net book value of the buildings and equipment under these DLF obligations are included in property, plant and equipment on the Company's consolidated balance sheets. Buildings capitalized in conjunction with these DLF obligations are depreciated, less their residual value, over the shorter period of 40 years or the lease term.

Supplemental balance sheet information related to DLF obligations is as follows (in millions):

	Balance Sheet Location	**December 31, 2022**	**December 31, 2021**
DLF obligation liabilities, short-term	Accounts payable and accrued expenses	$ 2.4	$ 0.9
DLF obligation liabilities, long-term	Deemed landlord financing obligations, long-term	$ 658.0	$ 460.6

The components of DLF obligation expenses are as follows (in millions):

	Income Statement Location	**December 31, 2022**	**December 31, 2021**
Amortization of DLF obligations	Amortization expense	$ 14.5	$ 5.7
Interest on DLF obligations	Interest expense, net	46.7	28.0

Total DLF contracts expenses	$ 61.2	$ 33.7

Other information related to DLF leases was as follows:

Supplemental Cash Flows Information (in millions)	**December 31, 2022**	**December 31, 2021**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from DLF obligations	$ 36.9	$ 17.7
Financing cash flows from DLF obligations	$ 4.8	$ —
Lease liabilities arising from new ROU assets:		
Operating DLF obligations	$ 193.8	$ 171.4

	December 31, 2022	**December 31, 2021**
Weighted average remaining lease term (years)	38.5	39.0
Weighted average discount rate	8.8 %	9.2 %

Future minimum financing obligations related to DLF obligations as of December 31, 2022 were as follows (in millions):

2023	$ 52.2
2024	54.8
2025	55.1
2026	56.1
2027	57.4
Thereafter	2,622.7
Total future payments	2,898.3
Less: imputed interest	2,237.9
Total	$ 660.4

Leases Under Construction

The Company's minimum capital commitment for leases under construction, net of amounts reimbursed by third-party real estate financing partners, was approximately $48.0 million as of December 31, 2022. As the Company is actively involved in the construction of these properties, the Company recorded $124.5 million in construction costs within property, plant and equipment as of December 31, 2022. Additionally, as of December 31, 2022, the Company recorded $35.4 million in construction advances from the landlords in connection with these properties. The Company will determine the lease classification for properties currently under construction at the end of the construction period. The initial base term upon the commencement of these leases is generally 20 years. In addition, as of December 31, 2022, the Company had $834.2 million of future lease obligations related to eight venues subject to non-cancellable leases that have been signed but have not yet commenced.

Note 5. Revenue Recognition

The Company We primarily recognizes recognize revenue from the sale of its our products and the operation of its our Topgolf venues. Revenue from product sales includes golf clubs, golf balls, lifestyle and outdoor apparel, gear and accessories, and golf apparel and accessories. The Company sells its products to customers, which include on- and off-course golf shops and national retail stores, as well as to consumers through its e-commerce business and at its apparel retail and venue locations. The Company's product revenue also includes royalty income from third parties from the licensing of certain soft goods products. Revenue from services primarily includes venue sales of food and beverage, fees charged for gameplay, the sale of game credits to guests, franchise fees, sponsorship contracts, leasing revenue and non-refundable deposits received for venue reservations at Topgolf. In addition, the Company recognizes service revenue through its online multiplayer WGT digital golf game.

The Company's contracts Contracts with customers for its the purchase of our products are generally in the form of a purchase order. In certain cases, the Company enters we enter into sales agreements containing which may contain specific terms, discounts and allowances. The Company enters We also enter into licensing agreements with certain distributors and, with respect to the Company's our Toptracer operations, driving ranges and hospitality and entertainment venues.

The following table presents the Company's our revenue disaggregated by major category and operating and reportable segment and major category (in millions):

	Year Ended December 31,		
	2022	**2021**	**2020**
Topgolf:			
Venues(1)	$ 1,477.1	$ 1,029.0	$ —
Other Topgolf business lines(1)	71.9	58.6	—

		Year Ended December 31,		Year Ended December 31,
		2023	2022	2021
Topgolf (1):				
Venues				
Venues				
Venues				
Other business lines				
Total Topgolf	Total Topgolf	$1,549.0	$1,087.6	$ —
Golf Equipment:	Golf Equipment:			
Golf club		$1,097.1	$ 994.5	$ 787.1
Golf ball		309.5	234.7	195.6
Golf Equipment:				
Golf Equipment:				
Golf clubs				
Golf clubs				
Golf clubs				
Golf balls				
Total Golf Equipment	Total Golf Equipment	$1,406.6	$1,229.2	$ 982.7
Active Lifestyle:	Active Lifestyle:			
Active Lifestyle:				
Active Lifestyle:				
Apparel				
Apparel				
Apparel	Apparel	$ 631.7	$ 490.9	$ 349.3
Gear, accessories & other	Gear, accessories & other	408.4	325.7	257.5
Total Active Lifestyle	Total Active Lifestyle	$1,040.1	$ 816.6	$ 606.8
Total Consolidated	Total Consolidated	$3,995.7	$3,133.4	$1,589.5
Total Consolidated				
Total Consolidated				

(1) As of January 1, 2022, in order to align with the Company's current management reporting structure, the Company began reporting revenues associated with corporate advertising sponsorship contracts in the venues business line within the Topgolf operating segment. These revenues were previously included within other Topgolf business lines. In order to conform to the current year presentation, revenue associated with corporate advertising sponsorship contracts of $15.0 million recognized from the merger date through December 31, 2021 was reclassified from other Topgolf business lines to venues for comparative purposes.

(1) Topgolf revenues for year ended December 31, 2021 are for the period of March 8, 2021 through January 2, 2022, due to the timing of the merger.

(1) Topgolf revenues for year ended December 31, 2021 are for the period of March 8, 2021 through January 2, 2022, due to the timing of the merger.

(1) Topgolf revenues for year ended December 31, 2021 are for the period of March 8, 2021 through January 2, 2022, due to the timing of the merger.

Venue product sales at the Company's our Topgolf operating segment include the sale of golf clubs, golf balls, apparel, and gear and accessories. During the years ended December 31, 2022 December 31, 2023, 2022, and 2021, venue product sales totaled were $16.3 million, $18.7 million, and $12.9 million, respectively.

Product and Service Revenue

The Company sells its We sell our Golf Equipment products and Active Lifestyle products in the United States and internationally, with its our principal international regions being Europe and Asia. Golf Equipment product sales are generally higher than Active Lifestyle sales in most regions other than in except for Europe, which has a higher concentration of Active Lifestyle sales due to the Jack Wolfskin business. Revenue from venues Venues revenue is higher in the United States due to Topgolf having significantly more domestic venues than international venues. Revenue related to other business lines at Topgolf is predominantly in the United States, and in addition to certain regions within Europe.

The following table summarizes revenue by geographical areas in which the Company operates region (in millions):

		Year Ended December 31,		
		2022	2021	2020
Revenue by Major Geographic Region[1]:				
	Year Ended December 31,			Year Ended December 31,
	2023	2023	2022	2021
Revenue by Major Geographic Region:				
United States				
United States				
United States	United States	$2,798.0	$2,067.1	$ 778.6
Europe	Europe	537.4	499.5	373.0
Asia	Asia	545.4	465.5	212.1
Rest of World	Rest of World	114.9	101.3	225.8
Total		$3,995.7	$3,133.4	$1,589.5

(1) As of January 1, 2022, the Company modified the composition of its regions and combined Japan, Korea, China, South-East Asia and India into a single Asia region. These regions, except for Japan, were previously reported within Rest of World. As a result of this change, net revenues by region for the period presented in the prior year were recast to conform to the current year presentation.

Licensing, Royalty and Other Income

Royalty income is included in the Company's Topgolf and Active Lifestyle operating segments and is primarily related to leasing agreements for Toptracer installations and Active Lifestyle licensing agreements, respectively. The following table summarizes all licensing, royalty and other income revenues by operating and reportable segment (in millions):

		Year Ended December 31,		
		2022	2021	2020
Royalty Income:				
	Year Ended December 31,			Year Ended December 31,
	2023	2023	2022	2021
Topgolf	Topgolf	$ 50.3	$37.3	$ —
Active Lifestyle	Active Lifestyle	26.6	30.9	21.8

Total	**Total**	$ 76.9	$68.2	$21.8

Deferred Revenue

The Company's Our deferred revenue balance includes short-term and long-term deferred revenue, which consists primarily of revenue from the sale of gift cards, event deposits, loyalty points, memberships and prepaid sponsorships at Topgolf, virtual currency and game credits related to the WGT digital golf game, games, as well as upfront territory fees and upfront franchise fees received from international franchise partners.

Revenue from gift cards is deferred and recognized when the cards are redeemed, which generally occurs within a 12-month period from the date of purchase. Revenue from the event deposits, loyalty points, memberships, prepaid sponsorships, game credits, and virtual currency related to the WGT digital golf game are recognized when redeemed or once the event or sponsorship occurs, over the estimated life of a customer's membership, or based on historical currency or credit usage trends, as applicable, which generally occur within a one to thirty-six month period from the date of purchase. Revenue related to territory and franchise fees for each arrangement are allocated to each individual venue and recognized up to a 40-year term, including renewal options, per the respective franchise agreement.

The Company's short-term deferred revenue balances for the years ended December 31, 2022 and December 31, 2021 primarily consist of event deposits and gift card purchases at Topgolf, of which the majority are generally recognized over a 12-month period from the date of purchase. The following table provides a reconciliation of activity related to the Company's our short-term deferred revenue balance for the periods presented (in millions):

		Year Ended December 31,		
		2022	2021	2020
Beginning Balance		$ 93.9	$ 2.5	$ 2.2

	Year Ended December 31,	Year Ended December 31,		
	2023	2023	2022	2021
Beginning Balance(1)				

		2022	2021	2020
Deferral of revenue	Deferral of revenue	646.4	459.6	3.1
Revenue recognized	Revenue recognized	(630.2)	(360.2)	(2.6)
Breakage	Breakage	(19.0)	(10.3)	(0.2)
Other/foreign currency translation		3.8	2.3	—
Foreign currency translation and other				
Ending Balance	Ending Balance	$ 94.9	$ 93.9	$ 2.5

(1) 2021 Beginning Balance excludes Topgolf due to the timing of the merger.

(1) 2021 Beginning Balance excludes Topgolf due to the timing of the merger.

(1) 2021 Beginning Balance excludes Topgolf due to the timing of the merger.

As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, the Company's our long-term deferred revenue balance was $3.2 $3.7 million and $3.4 $3.2 million, respectively, which is included in other long-term liabilities on the Company's our consolidated balance sheet.

Variable Consideration

The Company recognizes revenue based on following table summarizes the amount of consideration it expects to receive from customers for its products and services. The consideration is based on the sales price deferred revenue recognized during the periods presented which were included in the balance of deferred revenue balances as of the products and services adjusted for estimates end of variable consideration, including sales returns, discounts and allowances as well as sales programs, sales promotions and price concessions that are offered by the Company. These estimates are based on the amounts earned or expected to be claimed by customers. prior year reporting period (in millions):

	Year Ended December 31,		
	2023	2022	2021
Deferred revenue recognized from prior period ending balance(1)	$ 63.7	$ 67.0	$ 1.5

(1) 2021 excludes Topgolf due to the timing of the merger.

Variable Consideration

The following table provides a reconciliation of the activity related to the Company's our short-term sales program incentives activity for the periods presented (in millions):

		Year Ended December 31,		
		2022	2021	2020
	Year Ended December 31, 2023	Year Ended December 31, 2023	2022	2021
Beginning Balance	Beginning Balance	$23.3	$26.2	$20.3
Additions	Additions	35.7	32.5	39.9
Credits issued	Credits issued	(32.9)	(32.1)	(34.7)
Other/foreign currency translation		(5.3)	(3.3)	0.7
Foreign currency translation and other				
Ending Balance	Ending Balance	$20.8	$23.3	$26.2

The Company records an estimate for anticipated returns as a reduction of product revenues and cost of products, and accounts receivable, in the period that the related sales are recorded. OurThe Company's provision for the sales return liability fluctuates with the seasonality of the business, while actual sales returns are generally more heavily weighted toward the second half of the year as the golf season comes to an end. The following table provides a reconciliation of the activity related to the Company's our sales return reserve for the periods presented (in millions):

		Year Ended December 31,		
		2022	2021	2020
	Year Ended December 31, 2023	Year Ended December 31, 2023	2022	2021
Beginning Balance	Beginning Balance	$ 47.4	$44.0	$29.0
Provision	Provision	128.4	91.0	106.2
Sales returns	Sales returns	(120.4)	(87.6)	(91.2)
Ending Balance	Ending Balance	$ 55.4	$47.4	$44.0
Ending Balance				
Ending Balance				

The As of December 31, 2023 and December 31, 2022, the cost recovery of inventory associated with the our sales return liability is accounted for in other current assets on the Company's consolidated balance sheet. As of December 31, 2022 was $25.7 million and December 31, 2021, the Company's balance for cost recovery was $25.5 million and $25.9 million, respectively.

Note 6. Business Combinations Leases

Merger with Topgolf International, Inc. Sales-Type Leases

On March 8, 2021, the Company completed its merger with Topgolf, pursuant to the terms of an Agreement and Plan of Merger, dated as of October 27, 2020 (the "Merger Agreement"). Topgolf is a leading technology-enabled golf entertainment business, with an innovative platform that comprises its state-of-the-art open-air golf and entertainment venues, Toptracer ball-tracking technology and innovative media platform with a differentiated position in eSports. As a result of the merger, the Company expanded its business platforms and family of brands, as well as its reach across multiple channels, which now include Topgolf venues in addition to retail, e-commerce and digital communities.

Pursuant to the terms of the Merger Agreement, at the closing of the merger, the Company issued 89.8 million unrestricted and fully vested shares of its common stock to the stockholders of Topgolf (excluding 12.3 million shares of the Company's common stock that would have been allocated to the Company in the merger based on the shares of Topgolf held by the Company) for 100% of the outstanding equity of Topgolf, at an exchange ratio based on an equity value of Topgolf of $1,987.0 million (or $1,748.0 million excluding Topgolf shares that were held by the Company) and a price per share of the Company's common stock fixed at $19.40 per share. The actual purchase consideration upon the closing of the merger of $3,014.2 million (or $2,650.2 million excluding Topgolf shares that were held by the Company) was based on the number of shares of the Company's common stock issued, multiplied by the closing price of $29.52 of the Company's common stock on March 8, 2021. Additionally, the Company converted certain stock options previously held by former equity holders of Topgolf We enter into options to purchase a number of shares of the Company's common stock, and certain outstanding restricted stock awards of Topgolf, into 0.2 million shares of the Company's common stock. As part of the consideration transferred in the merger, the Company included an incremental $33.1 million to the total purchase consideration, which represents the fair value of the vested portion the replacement awards. The unvested portion is being recognized as compensation expense over the remaining vesting period for services rendered in the post-combination period. In addition, the Company converted issued and outstanding warrants to purchase certain preferred shares of Topgolf into a warrant to purchase a number of shares of the Company's common stock. The fair value of the consideration transferred in the merger non-cancelable license agreements primarily related to Toptracer and Swing Suite (see Note 10) of which certain of these warrants totaled $1.6 million. The purchase consideration, together with the fair value of the consideration transferred for outstanding stock awards and warrants totaled $3,048.9 million.

The Company previously held approximately 14.3% of Topgolf's outstanding shares prior to the closing of the merger. Immediately following the closing of the merger, the Company's stockholders agreements are classified as of immediately prior to the merger owned approximately 51.3% of the outstanding shares of the combined company, and former Topgolf stockholders, other than the Company, owned approximately 48.7% of the outstanding shares of the combined company. As a result of the merger, during the year ended December 31, 2021 the Company recognized a gain of $252.5 million sales-type leases. Revenue from sales-type leases (see Note 2) is included in its services revenues within our consolidated statements of operations is as follows (in millions):

	Year Ended December 31,		
	2023	2022	2021
Sales-type lease selling price(1)	$ 30.3	$ 36.3	$ 29.8
Cost of underlying assets	(13.8)	(17.6)	(11.9)
Operating profit	$ 16.5	$ 18.7	$ 17.9
Interest income	$ 6.1	$ 4.5	$ 4.3
Leasing revenue attributable to sales-type leases	$ 36.4	$ 40.8	$ 34.1

(1) Selling price is equal to the present value of lease payments over the non-cancelable term of the licensing agreement.

Leasing receivables related to a fair-value step-up of the Company's former our net investment in Topgolf. sales-type leases are as follows (in millions):

The Company allocated

		December 31,	
	Balance Sheet Location	2023	2022
Leasing receivables, net—short-term	Other current assets	$ 26.9	$ 17.5
Leasing receivables, net—long-term	Other assets, net	65.1	57.5
Total leasing receivables		$ 92.0	$ 75.0

Net maturities of sales-type lease receivables for the purchase price to the net identifiable tangible next five years and intangible assets acquired and liabilities assumed based on their fair values thereafter as of the date of acquisition. Identifiable intangible assets include the Topgolf trade name, developed technology, Topgolf's investment in Full Swing Golf Holdings, Inc. (which investment has subsequently been contributed into an interest in Full Swing Golf Holdings, LLC, or "Full Swing") December 31, 2023, customer relationships and liquor licenses. The excess of the purchase price over the fair value of the net assets and liabilities was allocated to goodwill. The Company determined the fair values after review and consideration of relevant information are as of the acquisition date, including discounted cash flows, quoted market prices and certain estimates made by management. follows (in millions):

The allocation of the purchase price presented below was based on management's estimate of the fair values of the acquired

	Sales-Type Leases
2024	$ 33.5
2025	28.2
2026	21.0
2027	12.4
2028	5.7
Thereafter	2.8
Total future lease payments	103.6
Less: imputed interest	11.6
Total	$ 92.0

Operating Leases, Financing Leases and DLF Obligations

Supplemental balance sheet information related to our operating and financing ROU assets and assumed lease liabilities using valuation techniques including income, cost and market approaches. These valuation techniques incorporate the use of expected future revenues, cash flows and growth rates as well as estimated discount rates. Current and noncurrent DLF assets and liabilities were valued at historical carrying values, which approximated fair value, except obligations is as described below. The trade name follows (in millions):

	Balance Sheet Location	December 31, 2023		December 31, 2022	
Assets					
Operating lease ROU assets, net	Operating lease ROU assets, net	$	1,410.1	$	1,419.1
Financing lease ROU assets, net	Other assets	$	257.4	$	215.7
DLF assets, net	Property, plant & equipment, net	$	917.3	$	813.2
Liabilities					
Current					
Operating lease liabilities, short-term	Operating lease liabilities, short-term	$	86.4	$	76.4
Financing lease liabilities, short-term	Accounts payable and accrued expenses	$	1.4	$	1.7
DLF obligations, short-term	Accounts payable and accrued expenses	$	0.1	$	2.4
Non-current					
Operating lease liabilities, long-term	Operating lease liabilities, long-term	$	1,433.4	$	1,437.5
Financing lease liabilities, long-term	Other long-term liabilities	$	287.9	$	225.9
DLF obligations, long-term	Deemed landlord financing obligations	$	980.0	$	658.0

Leases Under Construction

Our minimum capital commitment for leases under construction, net of reimbursements from third-party real estate financing partners, was valued under approximately $107.0 million as of December 31, 2023. As we are actively involved in the royalty savings income approach method, which is equal to the present value construction of the after-tax royalty savings attributable to owning the trade name as opposed to paying a third party for its use. For this valuation the Company used a royalty rate of 2.5%, which is reflective of royalty rates paid these properties, we recorded $127.5 million in market transactions, and a discount rate of 7.0% to 8.5% on the future cash flows generated by the net after-tax savings. The fair value of the Topgolf hitting bays, Toptracer ball-tracking technology and the WGT digital game was based on a combination of valuation methodologies, including the residual net income approach, royalty savings income approach and the cost approach. The Company utilized the options pricing model and revenue multiples of comparable companies to determine the fair value of the investment in Full Swing. Customer relationships and liquor licenses were valued using the replacement cost method. The Company amortizes the fair value of the finite-lived intangibles, which include technology and customer relationships, over a period ranging between one and ten years. The fair value of operating leases was determined based on current market terms, which resulted in a net unfavorable adjustment to the right-of-use asset. Property, construction costs within property, plant and equipment was valued based on its replacement cost, which resulted and $59.3 million in an estimated step-up construction advances from the landlords in value. The fair value connection with these properties as of December 31, 2023. We determine the lease classification for these properties at the end of the debt assumed was based on a market credit rating, interest rates and repayment construction period. Upon lease commencement, the initial base term of these leases is generally 20 years, with most having options to extend for additional terms which resulted in an overall decrease in value.

During the first quarter of 2022, the Company finalized its fair value determination on the acquired assets and assumed liabilities, specifically up to 20 years. As of December 31, 2023, we had $364.9 million of future lease obligations related to certain four venues subject to non-cancellable leases and certain deferred tax items, and completed its assessment of the purchase price allocation. After assessing the fair value of the net assets acquired and liabilities assumed, the Company recorded goodwill of $1,918.4 million, of which the Company attributed $1,355.0 million to the future revenues and growth potential of the Topgolf business and $563.4 million to the synergies the Company anticipates from leveraging the Topgolf business to expand its golf equipment and apparel businesses. For the operating segment allocation of goodwill see Note 9. As a non-taxable stock acquisition, the value attributable to the acquired intangibles and goodwill are that have been signed but have not tax deductible, and accordingly, the Company recognized a net deferred tax liability of $143.7 million.

During the years ended December 31, 2021 and 2020, the Company recognized transaction costs consisting primarily of advisor, legal, valuation and accounting fees of approximately $20.4 million and $8.5 million, respectively. During the year ended December 31, 2022 the Company did not recognize any transaction costs associated with the merger. yet commenced.

The following table summarizes the fair values components of the assets acquired and liabilities assumed as of the acquisition date based on the purchase price allocation (in millions):

		At March 8, 2021
Assets Acquired		
Cash	$	171.3
Accounts receivable		10.7
Inventories		13.9
Other current assets		52.1
Property and equipment		1,079.6
Operating lease right-of-use assets		1,328.0
Investments		28.8
Other assets		33.7
Intangibles—trade name		994.2
Intangibles—technology, customer relationships and liquor licenses		81.9
Goodwill		1,355.0
Total assets acquired		5,149.2
Liabilities Assumed		
Accounts payable and accrued liabilities	$	95.8
Accrued employee costs		37.1
Construction advances		40.5
Deferred revenue		66.2
Other current liabilities		7.8
Long-term debt		535.1
Deemed landlord financing		303.0
Operating lease liabilities		1,402.3
Other long-term liabilities		32.2
Deferred tax liabilities		143.7
Net assets acquired		2,485.5
Goodwill allocated to other business units		563.4
Total purchase price and consideration transferred in the merger	$	3,048.9

Supplemental Pro-Forma Information (Unaudited)

The following table presents supplemental pro-forma information for the years ended December 31, 2021 and 2020 as if the merger with Topgolf had occurred on January 1, 2020. These amounts have been calculated after applying the Company's accounting policies and are based upon currently available information. For this analysis, the Company assumed that certain gains and costs associated with the merger were recognized as of January 1, 2020, including a gain of $252.5 million recognized on the Company's pre-acquisition investment in Topgolf, acquisition costs of $28.9 million, the amortization of estimated intangible assets and other fair value adjustments, as well as the tax effect on those costs, and a valuation allowance on certain acquired net operating losses and tax credit carryforwards (see Note 12). Pre-acquisition net revenue and net income/(loss) amounts for Topgolf were derived from the books and records of Topgolf prepared prior to the acquisition and are presented for informational purposes only and do not purport to be indicative of the results of future operations or of the results that would have occurred had the acquisition taken place as of the dates noted below. The pro-forma amounts presented below consider the effects of the fair value adjustments recorded on the assets acquired and liabilities assumed throughout the measurement period. Accordingly, the amounts below reflect the impact of those adjustments.

	Year Ended December 31,			
	2021		2020	
	(in millions)			
Net revenues	$	3,276.4	$	2,305.7
Net income (loss)	$	72.3	$	(318.8)

Supplemental Information of Operating Results

The following table presents net revenues and net income attributable to Topgolf lease expense included in the Company's our consolidated statements of operations for the year ended December 31, 2021 periods presented below are as follows (in millions):

	Twelve Months Ended December 31,	
	2021	
Net revenues	$	1,087.6
Net loss	$	(29.6)

	Year Ended December 31,		
	2023	2022	2021
Operating lease costs:			
Amortization of ROU assets	$ 176.1	$ 172.7	$ 146.3
Total operating lease costs	176.1	172.7	146.3
Financing lease costs:			
Amortization of ROU assets	7.8	6.4	3.2
Interest on lease liabilities	15.4	9.3	4.5
Total financing lease costs	23.2	15.7	7.7
DLF obligation costs:			
Depreciation of DLF assets	25.8	14.5	5.7
Interest on DLF obligations	70.0	46.7	28.0
Total DLF obligation costs	95.8	61.2	33.7
Variable lease costs	11.8	10.2	6.5
Total lease costs	$ 306.9	$ 259.8	$ 194.2

Other information related to leases (in millions):

	December 31,		
Supplemental Cash Flows Information	**2023**	**2022**	**2021**
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 156.4	$ 157.0	$ 123.6
Operating cash flows from finance leases	$ 8.5	$ 5.2	$ 2.8
Operating cash flows from DLF obligations	$ 54.6	$ 36.9	$ 17.7
Financing cash flows from finance leases	$ 2.8	$ 2.7	$ 0.8
Financing cash flows from DLF obligations	$ 6.9	$ 4.8	$ —
Lease liabilities arising from new ROU assets:			
Operating leases	$ 83.5	$ 51.9	$ 19.6
Finance leases	$ 27.0	$ 92.0	$ 52.7
DLF obligations(1)	$ 311.3	$ 193.8	$ 171.4

(1) During the course of the construction of our venues, 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 consolidated statement of cash flows. For the year ended December 31, 2023, the amount contributed by these financing partners, in addition to accrued capitalized interest for these contributions was $60.6 million. For the years ended December 31, 2022 and December 31, 2021, the amount contributed by these financing partners, in addition to accrued capitalized interest for these contributions was $30.6 million and $37.7 million, respectively, which were corrected from $163.2 million and $107.1 million, respectively, as previously reported.

	December 31,	
	2023	2022
Weighted average remaining lease term (years):		
Operating leases	15.9	16.6
Finance leases	36.8	36.5
DLF obligations	38.1	38.5
Weighted average discount rate:		
Operating leases	5.8 %	5.6 %
Finance leases	6.3 %	6.1 %
DLF obligations	10.0 %	8.8 %

As of December 31, 2023, our future minimum lease obligations were as follows (in millions):

	Operating Leases	Finance Leases	DLF Obligations(1)	Total
2024	$ 155.6	$ 14.9	$ 72.9	$ 243.4
2025	162.1	17.1	80.7	259.9
2026	156.9	17.4	84.2	258.5

2027	154.3	17.4	85.5	257.2
2028	150.0	15.3	87.7	253.0
Thereafter	1,677.5	739.7	3,978.8	6,396.0
Total future lease payments	2,456.4	821.8	4,389.8	7,668.0
Less: imputed interest	936.6	532.5	3,409.7	4,878.8
Total	$ 1,519.8	$ 289.3	$ 980.1	$ 2,789.2

(1) Future lease payments for DLF Obligations include approximately $44.9 million of reimbursements which we expect to receive from third-party financing partners that were not yet received as of December 31, 2023. Imputed interest includes approximately $175.6 million related to these unfunded DLF Obligations as of December 31, 2023.

Note 7. Financing Arrangements

The Company's Our credit facilities and long-term debt obligations are summarized as follows (in millions, except percentages) millions):

		Maturity Date	Interest Rate	December 31, 2022	December 31, 2021				
		Maturity Date				Maturity Date	Interest Rate	December 31, 2023	December 31, 2022
Short-Term Credit Facilities	**Short-Term Credit Facilities**								
U.S. Asset-Based Revolving Credit Facility[1]		May 17, 2024	5.65%	$ 181.1	$ 9.1				
Japan ABL Facility[2]		January 21, 2025	0.87%	38.2	—				
U.S. Asset-Based Revolving Credit Facility									
U.S. Asset-Based Revolving Credit Facility									
U.S. Asset-Based Revolving Credit Facility									
2022 Japan ABL Credit Facility									
Total Principal Amount	**Total Principal Amount**			$ 219.3	$ 9.1				
Unamortized Debt Issuance Costs	**Unamortized Debt Issuance Costs**			$ 0.9	$ 0.9				
Balance Sheet Location	**Balance Sheet Location**								
Balance Sheet Location									
Balance Sheet Location									
Asset-based credit facilities									
Asset-based credit facilities									
Asset-based credit facilities	Asset-based credit facilities			$ 219.3	$ 9.1				
Prepaid expenses	Prepaid expenses			$ 0.6	$ 0.9				
Other long-term assets	Other long-term assets			$ 0.3	$ —				
		Maturity Date	Interest Rate	December 31, 2022	December 31, 2021				
		Maturity Date							
		Maturity Date							
		Maturity Date					Interest Rate	December 31, 2023	December 31, 2022

Long-Term Debt and Credit Facilities	**Long-Term Debt and Credit Facilities**				
Japan Term Loan		July 31, 2025	0.85%	$ —	$ 13.0
Term Loan B[3]		January 4, 2026	8.88%	432.0	436.8
Topgolf Term Loan		February 8, 2026	10.58%	336.9	340.4
Topgolf Revolving Credit Facility		February 8, 2024	8.08%	110.0	—
2023 Term Loan B					
2023 Term Loan B					
2023 Term Loan B					
Convertible Notes	Convertible Notes	May 1, 2026	2.75%	258.3	258.8
Equipment Notes	Equipment Notes	July 24, 2023 - December 27, 2027	2.36% - 5.93%	27.8	31.1
Mortgage Loans	Mortgage Loans	July 1, 2033 - July 29, 2036	9.75% - 11.31%	45.9	46.4
Financed Tenant Improvements	Financed Tenant Improvements	February 1, 2035	8.00%	3.5	3.7
Term Loan B					
Topgolf Term Loan					
Topgolf Revolving Credit Facility					
Total Principal Amount	**Total Principal Amount**			$ 1,214.4	$ 1,130.2
Less: Unamortized Debt Issuance Costs	Less: Unamortized Debt Issuance Costs			24.3	85.8
Total Debt, net of Unamortized Debt Issuance Costs	**Total Debt, net of Unamortized Debt Issuance Costs**			$ 1,190.1	$ 1,044.4
Balance Sheet Location	**Balance Sheet Location**				
Balance Sheet Location					
Balance Sheet Location					
Other current liabilities					
Other current liabilities					
Other current liabilities	Other current liabilities			$ 13.8	$ 19.1
Long-term debt	Long-term debt			1,176.3	1,025.3
Total Debt, net of Unamortized Debt Issuance Costs					
				$ 1,190.1	$ 1,044.4

(1) Interest rate fluctuates depending on the Company’s availability ratio.

(2) Subject to an effective interest rate equal to the Tokyo Interbank Offered Rate plus 0.80%.

(3) As of December 31, 2022, subject to an interest rate per annum equal to either, at the Company’s option, the London Interbank Offered Rate (“LIBOR”) or the base rate, plus 4.50% or 3.50%, respectively.

Interest Total interest and amortization expense related to the Company’s our credit facilities and long-term debt obligations, and credit facilities, which is included in “Interest Expense, expense, net” in the Consolidated Statement our consolidated statement of Operations, operations, is summarized as follows (in millions):

	Year Ended December 31,		Year Ended December 31,	
	2023	2023	2022	2021
Short-Term Credit Facilities				
U.S. Asset-Based Revolving Credit Facility				
U.S. Asset-Based Revolving Credit Facility				
U.S. Asset-Based Revolving Credit Facility				
2022 Japan ABL Credit Facility				
Total				
Long-Term Debt and Credit Facilities				
Long-Term Debt and Credit Facilities				
Long-Term Debt and Credit Facilities				
2023 Term Loan B				
2023 Term Loan B				
2023 Term Loan B				
Convertible Notes				
Equipment Notes				
Financed Tenant Improvements				
Mortgage Loans				
Term Loan B				
Topgolf Term Loan				

Topgolf Revolving Credit Facility			
Japan Term Loan			
Total			

	Year Ended December 31,		
	2022	2021	2020
Short-Term Credit Facilities			
U.S. Asset-Based Revolving Credit Facility	$ 4.3	$ 1.6	$ 5.1
Japan ABL Facility (1)	0.3	—	0.2
Total	$ 4.6	$ 1.6	$ 5.3
Long-Term Debt and Credit Facilities			
Japan Term Loan	$ —	$ 0.1	$ 0.1
Term Loan B	31.2	24.1	25.6
Topgolf Term Loan	29.9	21.4	—
Topgolf Revolving Credit Facility	4.4	6.2	—
Convertible Notes	7.1	7.1	4.7
Equipment Notes	0.7	0.9	0.5
Mortgage Loans	4.8	4.0	—
Total	$ 78.1	$63.8	$30.9

(1) Includes interest expense incurred on all revolving credit facilities with the Bank of Tokyo-Mitsubishi UFJ

Revolving Credit Facilities and Available Liquidity

In addition to cash on hand and cash generated from operations, the Company relies we rely on its our U.S. Asset-Based Revolving Credit Facility and 2022 Japan ABL Credit Facility and Topgolf Revolving Credit Facility to manage seasonal fluctuations in liquidity. The principal terms of these credit facilities are described further below. liquidity fluctuations. As of December 31, 2022 December 31, 2023, the Company's our available liquidity, which is comprised of cash on hand and amounts available under its our U.S. and Japan facilities, after less outstanding letters of credit and outstanding borrowings, was $415.3 million $742.6 million.

U.S. Asset-Based Revolving Credit Facility

The Company has an Asset-Based Revolving Credit facility In March 2023, we completed a comprehensive debt refinancing plan in order to modify our capital structure, reduce our borrowing costs, and improve our liquidity. As a part of this refinancing plan, we entered into a Fifth Amended and Restated Loan and Security Agreement (the "New ABL Agreement") with Bank of America, N.A. and other lenders, that which provides for a senior secured asset-based revolving credit facility in an aggregate principal amount of up to $400.0 $525.0 million, (the "ABL Facility") which expires on May 17, 2024. On February 15, 2023, the Company amended the ABL Facility, temporarily increasing the maximum consisting of a U.S. facility in an aggregate principal amount of up to $450.0 million. The additional $50.0 $440.0 million, which is a Canadian facility in an aggregate principal amount of up to $5.0 million, a German facility in an aggregate principal amount of up to $60.0 million, and a U.K./Dutch facility in an aggregate principal amount of up to $20.0 million (collectively, the "New ABL Facility"), in each case subject to the borrowing base availability described below, will be available during under the four-month period commencing on February 15, 2023 applicable facility and ending on June 15, 2023. in each case subject to reallocation of such amounts between jurisdictions in accordance with the terms of the New ABL Agreement. Amounts outstanding under the New ABL Facility are secured by a first priority lien on certain assets, including cash (to the extent pledged by the Company) us), certain intellectual property, certain eligible real estate, and inventory and accounts receivable of the Company us and certain of the Company's our subsidiaries in the United States, Germany, Canada, the Netherlands, and the United Kingdom. Kingdom (other than certain excluded subsidiaries) and a second-priority lien on substantially all of our and such subsidiaries' other assets. The New ABL Facility includes customary affirmative and negative covenants, including among other things, restrictions on the incurrence of additional debt, liens, dividends and other restricted payments, asset sales, investments, mergers, acquisitions and affiliate transactions, as well as customary events of default. Amounts borrowed under the New ABL Facility increase and decrease relative to the changes in certain of the assets with which the facility is secured, and may be repaid and borrowed as needed from time to time subject to the conditions in the New ABL Agreement, with the entire outstanding principal amount due and payable on the maturity date.

Restrictions under Under the facility include, among other things, restrictions on the incurrence of additional debt, liens, stock repurchases and other restricted payments, asset sales, investments, mergers, acquisitions and affiliate transactions. Additionally, the Company is New ABL Facility, we are also subject to compliance with a fixed charge coverage ratio covenant of at least 1.0:1.0 during and continuing 30 days after any period certain specified periods in which the Company's our borrowing base availability, as amended, adjusted, falls below 10% 10.0% of the maximum facility amount. aggregate principal amount of the New ABL Facility, as adjusted. As of December 31, 2022 December 31, 2023, the Company's our borrowing base availability was above 10% of the maximum facility principal amount and of the Company was in compliance with the fixed charge coverage ratio. New ABL Facility, as adjusted.

The interest rate applicable to outstanding borrowings under the New ABL Facility may fluctuate as specified in the New ABL Agreement, depending on the Company's our "Availability Ratio," as which is further defined in the loan New ABL Agreement and security agreement, as amended, that governs the ABL Facility, which is expressed as a percentage of (i) the average daily availability under the New ABL Facility to (ii) the sum of the Canadian, the German, U.K./Dutch and the U.S. borrowing bases, as adjusted. Any unused portions of the New ABL Facility are subject to a monthly fee of 0.25% fee per annum. During

Our average borrowings, availability, and interest rate under the year ended December 31, 2022, average outstanding borrowings for the New ABL Facility were $101.9 million, and the Company's trailing 12-month average availability was $253.0 million. Additionally, the Company's trailing 12-month weighted-average as follows (in millions except interest rate applicable to its outstanding borrowings under the ABL Facility was 4.01% as of December 31, 2022. rates):

	Year Ended December 31,		
	2023	2022	2021
Average borrowings	$ 104.9	$ 101.9	$ 20.3
Average availability	$ 354.6	$ 253.0	$ 295.3
Weighted average interest rate	5.88 %	4.01 %	3.04 %

2022 Japan ABL Credit Facility

The Company has We have an Asset-Based Revolving Credit asset-based revolving credit facility with the Bank of Tokyo-Mitsubishi UFJ (the "Japan "2022 Japan ABL Credit Facility") which provides a line of credit to the Company's our Japan subsidiary of up to 6.0 billion 6.0 billion Japanese Yen (or $45.8 million), ($42.6 million), is subject to borrowing base availability under the facility, and is secured by certain assets, including eligible inventory and accounts receivable of the Company's our Japan subsidiary which are subject to certain restrictions and covenants related to certain pledged assets and financial performance metrics.

The interest rate applicable to outstanding borrowings under the 2022 Japan ABL Credit Facility is subject to an effective interest rate equal to the Tokyo Interbank Offered Rate plus 0.80%. As of December 31, 2022 the Company's December 31, 2023, our remaining borrowing base availability under the 2022 Japan ABL Credit Facility was 1.0 billion 2.0 billion Yen (or $7.6 million). ($14.2 million).

Long-Term Debt and Credit Facilities

Japan Term Loan

The Company had a five-year term loan (the "Japan Term Loan") between its Japan subsidiary and Sumitomo Mitsui Banking Corporation for 2.0 billion Yen. The Company repaid the total remaining principal balance of the Japan Term Loan in the amount of 1.5 billion Yen (or $13.0 million as of the repayment date) during the first quarter of 2022.

2023 Term Loan B

The Company has In conjunction with the debt refinancing plan which occurred in March 2023 mentioned above, we entered into a Credit Agreement (the "Credit Agreement") with Bank of America, N.A. as administrative agent, and other the financial institutions party thereto as lenders which provides for a senior secured term loan B facility (the "2023 Term Loan B"). The 2023 Term Loan B (the "Term Loan") provides for a senior secured term loan B facility in an original aggregate principal amount of $480.0 million, $1,250.0 million, which was issued less $9.6 million net of an original issuance discount of $12.5 million. We used a portion of the net proceeds from the 2023 Term Loan B for the repayment of outstanding principal and interest amounts on our prior Term Loan B facility, as well as the repayment of the outstanding principal, interest and fees associated with the prior Topgolf credit facilities, which consisted of a senior secured term loan facility (the "Topgolf Term Loan") and a senior secured revolving credit facility (the "Topgolf Revolving Credit Facility" and, together with the Topgolf Term Loan, collectively, the "Topgolf Credit Facilities"). We accounted for the transactions associated with the Credit Agreement and repayment and retirement of the prior Term Loan B facility and Topgolf Credit Facilities as a debt modification. As a result, during the three months ended March 31, 2023, we recognized a non-cash loss of $10.5 million within other income/expense in our condensed consolidated statement of operations related to the write-off of the unamortized original issuance discounts and other transaction fees. debt issuance costs associated with the prior Term Loan B facility and Topgolf Credit Facilities for lenders who did not participate in the Credit Agreement. Additionally, we recognized $2.3 million of third-party fees and capitalized $11.0 million in debt issuance costs in connection with the Credit Agreement. The $2.3 million of third-party fees were recognized as selling, general and administrative expense in our condensed consolidated statement of operations during the twelve months ended December 31, 2023. The debt issuance costs and original issuance discount are being amortized into interest expense over the term of the Credit Agreement and are included as a reduction to long-term debt in our condensed consolidated balance sheet as of December 31, 2023.

The Credit Agreement allows for the aggregate principal amount of the loan to be increased pursuant to incremental facilities in the form of additional tranches of the 2023 Term Loan or new commitments, up to a maximum incremental amount of $225.0 million, or an unlimited amount subject to compliance with a first lien net leverage ratio of 2.25:1.00. Borrowings under the Term Loan accrue interest B amortizes at a rate per annum equal to at the Company's option, either (i) an alternate base rate determined by the highest 1.00% of the (a) initial aggregate principal amount of the Bank of America prime rate, (b) loan, payable quarterly, commencing with the federal funds effective rate plus 0.50% quarter ending June 30, 2023, (c) with the adjusted one-month LIBOR rate plus 1.00%, remaining outstanding principal amount due and (d) 1.00%, or (ii) an adjusted LIBOR rate (for a period equal to the relevant interest period) of zero or greater, in each case plus an applicable margin (as outlined in each agreement).

payable at maturity. The Credit Agreement 2023 Term Loan B also contains certain customary affirmative and negative covenants, and including, among other things, restrictions applicable to the Company and its restricted subsidiaries, including limitations related on the incurrence of additional debt, liens, investments, mergers, dividends and other restricted payments, asset sales, investments, mergers, acquisitions, and affiliate transactions, as well as customary events of default. The 2023 Term Loan B is not subject to any financial covenants. The 2023 Term Loan B is guaranteed by the Company's certain of our direct and indirect domestic restricted wholly-owned U.S. subsidiaries other (other than certain excluded subsidiaries, subsidiaries), and is secured by substantially all of our assets and the assets of the Company and such each subsidiary guarantors. Principal payments of $1.2 million are due quarterly on the loan with an option for prepayment of any outstanding amounts guarantor, in whole or in part without a premium or penalty. Additionally, the Company utilizes an each case, subject to certain customary exceptions.

The interest rate hedge in order to mitigate the risk of interest rate fluctuations on the loan. For further information on the Company's interest rate hedging contract see Note 18.

Topgolf Credit Facilities

The Company has a term loan facility (the "Topgolf Term Loan"), with JPMorgan Chase Bank, N.A. and other lenders, for an original aggregate principal amount of $350.0 million, and a revolving credit facility (the "Topgolf Revolving Credit Facility") with JPMorgan Chase Bank for a total of $175.0 million (collectively, the "Topgolf Credit Facilities").

Borrowings outstanding borrowings under the Topgolf Credit Facilities accrue interest 2023 Term Loan B are, at our option, a rate per annum equal to at the Company's option, either (i) (a) a term SOFR-based rate ("Term SOFR") plus a 0.10% credit spread adjustment (and subject to a 0% floor), plus an alternate applicable margin of 3.25% or 3.50%, depending on our applicable debt rating (the "Debt Rating"), which is based on our corporate credit rating determined by S&P, and our corporate family rating determined by Moody's, or (b) a base rate determined by reference equal to the highest sum of (a) (i) the greater of (A) the greater of the federal funds rate and the overnight bank funding rate published by the Federal Reserve Bank of New York, plus 0.50%, (B) Term SOFR for a one-month interest period term plus 1.0% (and subject to a 1% floor), (C) the prime rate announced by Bank of JPMorgan Chase Bank, N.A. America from time to time, and (D) 1.0%, (b) the federal funds effective rate plus 0.50%, (c) the adjusted one-month LIBOR rate plus 1.00%, and (d) 1.75%, or (ii) an adjusted LIBOR rate (for a period equal to the relevant interest period) (which shall not be less than 0.75%) applicable margin of 2.25% or 2.50%, in each case plus an depending on our applicable margin. Applicable margins may vary relative to each facility and are subject to specific terms and conditions as outlined under each individual agreement. Debt Rating.

The Topgolf Credit Facilities also contain certain covenants and restrictions, including limitations on the incurrence by Topgolf International, Inc. and its restricted subsidiaries of additional debt, liens, investments, mergers, dividends, and other restricted payments, as well as customary events of default. Additionally, the terms of the Topgolf Credit Facilities require by Topgolf International, Inc. and its restricted subsidiaries to maintain certain leverage ratios on a quarterly basis in addition to the maintenance of certain customary representations, reporting covenants, and reporting obligations. Additionally, the terms of the Topgolf Credit Facilities require the Company to maintain certain leverage ratios on a quarterly basis in addition to the maintenance of certain customary representations, reporting covenants, and reporting obligations.

The Topgolf Credit Facilities are guaranteed by all direct and indirect domestic wholly owned subsidiaries of Topgolf International, Inc. (for the purpose of this description, the "Borrower"), other than certain excluded subsidiaries (such subsidiary guarantors, together with the Borrower, the "Loan Parties"). All obligations under the Topgolf Credit Facilities are, and any future guarantees of those obligations will be, secured by, among other things, and in each case subject to certain exceptions: (1) a first-lien pledge of all of the capital stock or other equity interests held by each Loan Party; and (2) a first-lien pledge of substantially all of the other tangible and intangible assets of each Loan Party. Certain of the Company's Topgolf locations are required to be subject to leasehold mortgages for the benefit of the lenders under the Topgolf Credit Facilities.

Convertible Notes

In Our convertible senior notes issued in May 2020 the Company issued $258.8 million of Convertible Senior Notes, which (the "Convertible Notes") bear interest at a rate of 2.75% per annum on the principal amount, which is payable semi-annually in arrears on May 1 and November 1 of each year, beginning on November 1, 2020. The Convertible Notes mature on May 1, 2026 year.

As of May 6, 2023, unless earlier redeemed or repurchased by we have the Company or converted. The Convertible Notes are structurally subordinated option to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is not a holder thereof) preferred equity, if any, of the Company's subsidiaries.

The Company may settle the Convertible Notes through cash settlement, physical settlement, or combination settlement at its our election, and may redeem all or part of the Convertible Notes, on or after May 6, 2023, subject to certain stipulations. The Convertible Notes are convertible into shares of the Company's our common stock at an initial conversion rate of 56.8 shares per $1,000 principal amount of Convertible Notes, which is equal to an initial conversion price of $17.62 per share. Additionally, all or any portion of the Convertible Notes may be converted at the conversion rate and at the holders' option on or after February 1, 2026 until the close of business on the second trading day immediately prior to the maturity date, and upon the occurrence of certain contingent conversion events. The Convertible Notes are structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is we are not a holder thereof) preferred equity, if any, of the Company's our subsidiaries. The Company used the net proceeds from the Convertible Notes offering for general corporate purposes.

In connection with the issuance of the Convertible Notes and prior to the Company's adoption of ASU 2020-06 on January 1, 2022, which is described further in the Note 3 herein, the Company separated certain amounts attributable to the Convertible Notes into liability and equity components in a manner which reflected the interest cost of a similar nonconvertible debt instrument. As a result of the adoption of ASU 2020-06, bifurcation of these amounts is no longer required, and as such, all associated amounts which were previously separated are now reported as a single liability measured at its amortized cost.

In July 2022, in accordance with the terms of the indenture under which the Convertible Notes were issued, holders of the Company's our Convertible Notes elected to convert $0.5 million of Convertible Notes into 25,602 shares of the Company's our common stock. The Convertible Notes were converted at a conversion rate of 56.8 shares of the Company's our common stock per $1,000 principal amount of Convertible Notes.

Capped Call

In connection with the pricing of the Convertible Notes, on April 29, 2020 the Company we entered into privately negotiated capped call transactions with certain counterparties ("Capped Calls"). The Capped Calls cover the aggregate number of shares of the Company's our common stock that initially underlie the Convertible Notes, and are generally expected to reduce potential dilution and/or offset any cash payments the Company is we are required to make related to any conversion of the Convertible Notes. The Capped Calls each have an exercise price of $17.62 per share, subject to certain adjustments, which correspond to the initial conversion prices of the Convertible Notes, and a cap price of $27.10 $26.96 per share. share as of the date of this filing. Capped Calls are excluded from the calculation of diluted earnings per share, as they would be anti-dilutive under the if-converted method. The initial cost of the Capped Calls was recognized as a reduction to additional paid-in-capital on the Company's Consolidated Balance Sheet. our consolidated balance sheet.

In connection with the conversion of $0.5 million of Convertible Notes in July 2022, the Company and the counterparties entered into a partial termination of the Capped Calls with respect to the Convertible Notes converted, which resulted in the Company receiving 3,499 shares of the Company's common stock from the counterparties.

Equipment Notes

The Company has We have long-term financing agreements (the “Equipment Notes”) with various lenders which it uses we use in order to invest in certain of its our facilities and information technology equipment. The loans are secured by the relative underlying equipment.

Mortgage Loans

The Company has We have three mortgage loans related to its our Topgolf venues. The mortgage loans are secured by the assets of each respective venue and require either monthly (i) principal and interest payments or (ii) interest-only payments until their maturity dates. For loans requiring monthly interest-only payments, the entire unpaid principal balance and any unpaid accrued interest is due on the maturity date. at maturity.

Aggregate Amount of Long-Term Debt Maturities

The following table presents the Company's our combined aggregate amount of maturities and minimum principal repayment obligations for the Company's our long-term debt over the next five years and thereafter as of December 31, 2022 December 31, 2023. Amounts payable under the 2023 Term Loan B below represent minimum principal repayment obligations as of December 31, 2023.

		(in millions)	
2023		$ 17.7	
		(in millions)	*(in millions)*
2024	2024	126.6	
2025	2025	14.4	
2026	2026	1,007.8	
2027	2027	3.0	
2028			
Thereafter	Thereafter	44.9	
		1,214.4	
Total aggregate amount of maturities			
Less: Unamortized Debt Issuance Costs	Less: Unamortized Debt Issuance Costs	24.3	
Total		$ 1,190.1	
Total aggregate amount of maturities, net of Unamortized Debt Issuance Costs			

As of December 31, 2022 December 31, 2023, the Company was we were in compliance with all of its fixed charge coverage ratios and all other financial covenants and reporting requirements under the terms of its short-term and long-term our credit facilities and long-term debt mentioned above, as applicable.

Note 8. Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is computed by dividing net income by the weighted-average number of common shares outstanding for the period.

Diluted earnings (loss) per common share (“Diluted EPS”) takes into account the potential dilution that could occur if outstanding securities were exercised or settled in shares. Dilutive securities that may impact Diluted EPS include shares underlying outstanding stock options, restricted stock units RSUs and performance share units PRSUs granted to employees and non-employee directors (see Note 15), as well as common shares underlying the Convertible Notes (see Note 7). Dilutive securities related to shares underlying outstanding stock options, restricted stock units RSUs and performance share units PRSUs granted to employees and non-employee directors are included in the calculation of diluted earnings (loss) per common share using the treasury stock method. Dilutive securities related to common shares underlying the Convertible Notes are included in the calculation of diluted earnings per common share using the if-converted method (see Note 3).

Basic and diluted weighted-average common shares outstanding are the same in periods when a net loss is reported or in periods when anti-dilution occurs.

The following table summarizes the computation of basic and diluted earnings per share (in millions, except per share data):

	Year Ended December 31,

	2022		2021		2020	
Earnings (loss) per common share—basic						
Net income (loss)	$	157.9	$	322.0	$	(126.9)
Weighted-average common shares outstanding—basic(1)		184.9		169.1		94.2
Earnings (loss) per common share—basic	$	0.85	$	1.90	$	(1.35)
Earnings (loss) per common share—diluted						
Net income (loss)	$	157.9	$	322.0	$	(126.9)
Interest expense(2)		6.4		—		—
Net income (loss) attributable to earnings per common share—diluted	$	164.3	$	322.0	$	(126.9)
Weighted-average common shares outstanding—basic(1)		184.9		169.1		94.2
Convertible Notes weighted-average shares outstanding(2)		14.7		5.9		—
Outstanding options, restricted stock units and performance share units		1.7		1.9		—
Weighted-average common shares outstanding—diluted		201.3		176.9		94.2
Earnings (loss) per common share—diluted	$	0.82	$	1.82	$	(1.35)

(1) In connection with the Topgolf merger, the Company issued 89.8 million shares of its common stock to shareholders of Topgolf, and 0.2 million shares of its common stock for restricted stock awards converted in the merger (see Note 6), of which 73.7 million weighted-average shares were included in the basic and diluted share calculations for the year ended December 31, 2021, based on the number of days the shares were outstanding during the period.

(2) As of January 1, 2022, in connection with the adoption of ASU 2020-06 (see Note 3), the Company uses the if-converted method for calculating the dilutive weighted-average shares outstanding related to the Convertible Notes when calculating earnings (loss) per common share—diluted. Under this method, interest expense related to the Convertible Notes for the respective period is excluded from net income. Prior to the adoption of ASU 2020-06, the Company used the treasury stock method for calculating the dilutive impact from the Convertible Notes.

	Year Ended December 31,					
	2023		2022		2021	
Earnings per common share—basic						
Net income	$	95.0	$	157.9	$	322.0
Weighted-average common shares outstanding—basic		185.0		184.9		169.1
Earnings per common share—basic	$	0.51	$	0.85	$	1.90
Earnings per common share—diluted						
Net income	$	95.0	$	157.9	$	322.0
Interest expense		6.5		6.4		—
Net income attributable to earnings per common share—diluted	$	101.5	$	164.3	$	322.0
Weighted-average common shares outstanding—basic		185.0		184.9		169.1
Weighted-average shares outstanding - Convertible Notes(1)		14.7		14.7		5.9
Outstanding options, restricted stock units and performance share units		1.4		1.7		1.9
Weighted-average common shares outstanding—diluted		201.1		201.3		176.9
Earnings per common share—diluted	$	0.50	$	0.82	$	1.82

(1) For 2021, the Dilutive impact of the Convertible Notes was calculated using the Treasury Stock Method. See Note 3 for further detail.

Anti-Dilutive Options and Restricted Stock Units and Performance Share Units

For the year ended December 31, 2022 December 31, 2023, approximately 1.3 million 2.3 million securities outstanding, comprised of stock options and restricted stock units, were excluded from the calculation of dilutive earnings per common share, as they would be anti-dilutive.

For each of the years ended December 31, 2021 December 31, 2022 and 2020, 2021, approximately 1.3 million and 2.1 million securities outstanding, respectively, comprised of stock options, restricted stock units and performance share units, and common shares underlying the Convertible Notes were excluded from the calculation of diluted earnings (loss) per common share, respectively, as they would be anti-dilutive.

Note 9. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill by operating and reportable segment are as follows (in millions):

	Topgolf	Golf Equipment	Active Lifestyle	Total

		Topgolf	Golf Equipment	Active Lifestyle	Total
Balance at December 31, 2020		**$ —**	**$ 27.0**	**$ 29.6**	**$ 56.6**
Acquisitions		1,340.7	504.6	58.7	1,904.0
Foreign currency translation		—	(0.5)	—	(0.5)
Balance at December 31, 2021	**Balance at December 31, 2021**	**$ 1,340.7**	**$ 531.1**	**$ 88.3**	**$ 1,960.1**
Acquisitions	Acquisitions	14.3	0.2	1.5	16.0
Foreign currency translation and other	Foreign currency translation and other	8.6	(1.0)	—	7.6
Balance at December 31, 2022	**Balance at December 31, 2022**	**$ 1,363.6**	**$ 530.3**	**$ 89.8**	**$ 1,983.7**
Acquisitions					
Foreign currency translation and other					
Balance at December 31, 2023					

Additions to goodwill during the year ended December 31, 2023 are primarily related to the acquisition of BigShots, which is further described in Note 4. Additions to goodwill during the year ended December 31, 2022 are related to purchase accounting adjustments made during the first quarter of 2022 to finalize the fair value on certain leases assumed and deferred taxes associated with the merger with Topgolf (See Note 6). Goodwill as Topgolf. As of December 31, 2022 December 31, 2023, goodwill is presented net of accumulated impairment losses of $148.4 million, which were recorded prior to December 31, 2021 in the Active Lifestyle operating segment.

The estimated fair values of the Company's our reporting units, trade names and trademarks, significantly exceeded their carrying values for the years ended December 31, 2022 December 31, 2023 and 2021. 2022. As such, no impairment losses were recognized during these periods.

During 2020, due to the significant disruptions caused by the COVID-19 pandemic on the Company's operations, the Company performed a qualitative assessment considering the macroeconomic conditions caused by the COVID-19 pandemic and determined that certain indicators of impairment existed. As a result, the Company proceeded to perform a quantitative assessment to test the recoverability of goodwill and indefinite-lived intangible assets for all of its reporting units.

As part of its quantitative assessment of goodwill and indefinite-lived intangible assets for all of its reporting units, the Company prepared valuations of its reporting units using both a market comparable methodology and an income methodology, using estimates and assumptions that it believed were reasonable at the time. The Company compared the results of those valuations with the respective carrying values of the reporting units to determine whether an impairment existed related to goodwill or indefinite-lived intangibles at any of its reporting units. As a result of this assessment, the Company determined that the carrying value of its Jack Wolfskin reporting unit, which is part of the Company's Active Lifestyle operating segment, exceeded the fair value as determined by the Company's quantitative test. As such, during the year ended December 31, 2020, the Company recognized impairment losses of $148.4 million and $25.9 million related to goodwill and the tradename intangible asset associated with its Jack Wolfskin reporting unit, respectively. The estimated fair values of the Company's other reporting units, trade names and trademarks significantly exceeded their carrying values, and therefore no additional impairments were recognized in 2020.

The following sets forth the intangible Intangible assets by major asset class for the periods presented in the table below were (in millions, except useful life years):

	Useful Life (Years)	December 31, 2022 Gross	Accumulated Amortization	Translation Adjustment	Net Book Value
Indefinite-lived:					
Tradename and trademarks	NA	$ 1,441.0	$ —	$ (28.3)	$ 1,412.7
Liquor licenses	NA	8.9	—	—	8.9
Amortizing:					
Patents	2-16	32.2	(31.8)	—	0.4
Customer and distributor relationships and other	1-10	67.4	(35.8)	(4.2)	27.4
Developed technology	10	69.7	(12.2)	(3.2)	54.3
Total intangible assets		$ 1,619.2	$ (79.8)	$ (35.7)	$ 1,503.7

	Useful Life (Years)	December 31, 2021 Gross	Accumulated Amortization	Translation Adjustment	Net Book Value
Indefinite-lived:					
Tradename and trademarks	NA	$ 1,441.0	$ —	$ (15.8)	$ 1,425.2
Liquor licenses	NA	7.7	—	—	7.7
Amortizing:					
Patents	2-16	32.0	(31.7)	—	0.3
Customer and distributor relationships and other	1-10	61.7	(27.4)	(2.3)	32.0
Developed technology	10	69.7	(5.5)	(0.8)	63.4
Total intangible assets		$ 1,612.1	$ (64.6)	$ (18.9)	$ 1,528.6

	Indefinite-lived:		Amortizing:			
	Tradename and Trademarks	Liquor Licenses	Patents	Customer/ Distributor Relationships and Other	Developed Technology	Total
Useful Life (Years)	NA	NA	2 - 16	1 - 10	10	
Gross as of December 31, 2022	$ 1,441.0	$ 8.9	$ 32.2	$ 67.4	$ 69.7	$ 1,619.2
Acquisitions	2.8	0.6	0.1	4.7	—	8.2
Gross as of December 31, 2023	$ 1,443.8	$ 9.5	$ 32.3	$ 72.1	$ 69.7	$ 1,627.4
Accumulated amortization	—	—	(31.9)	(43.1)	(18.9)	(93.9)
Foreign currency translation and other	(22.0)	—	—	(3.5)	(2.5)	(28.0)
Net book value, December 31, 2023	$ 1,421.8	$ 9.5	$ 0.4	$ 25.5	$ 48.3	$ 1,505.5
Gross as of December 31, 2021	$ 1,441.0	$ 7.7	$ 32.0	$ 61.7	$ 69.7	$ 1,612.1
Acquisitions	—	1.2	0.2	5.7	—	7.1
Gross as of December 31, 2022	$ 1,441.0	$ 8.9	$ 32.2	$ 67.4	$ 69.7	$ 1,619.2
Accumulated amortization	—	—	(31.8)	(35.8)	(12.2)	(79.8)
Foreign currency translation and other	(28.3)	—	—	(4.2)	(3.2)	(35.7)
Net book value, December 31, 2022	$ 1,412.7	$ 8.9	$ 0.4	$ 27.4	$ 54.3	$ 1,503.7

There were no impairment losses recognized on the Company's our indefinite-lived intangible assets during the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

The Company We recognized$14.1 million, $15.2 million, and $13.0 million of amortization expense related to intangible assets of $15.2 million, $13.0 million, and $5.1 millionfor the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively, which is recorded in selling, general and administrative expenses in the accompanying consolidated statements of operations. Amortization

As of December 31, 2023, amortization expense related to intangible assets at December 31, 2022 in each of the next five fiscal years and beyond is expected to be incurred as follows (in millions):

2023		$	14.0
2024	2024		11.1
2025	2025		11.1
2026	2026		11.0
2027	2027		10.7
2028			
Thereafter	Thereafter		24.2
Total	Total	$	82.1

Note 10. Investments

Investment in Full Swing

In connection with the merger with Topgolf, the Company acquired We have an ownership interest of less than 20.0% in Full Swing which owns an Golf Holdings, LLC ("Full Swing"), owners of multi-sport indoor golf virtualization and simulation technology that delivers golf ball tracking data and measures ball flight indoors. technology. The investment is accounted for at cost less impairments, and adjusted for observable changes in fair value. As of At both December 31, 2023 and December 31, 2022 and December 31, 2021, the carrying value of the Company's our investment in Full Swing was $9.3 million. This investment, which is included in other assets, net on the Company's our consolidated balance sheets.

On August 1, 2023 we completed the acquisition of the assets of Swing Suite, an indoor golf simulation technology that provides golf ball flight measurements and tracking data, from Full Swing for total cash consideration of $12.5 million, consisting of customer relationships, sales-type leases and licensing agreements.

Investment in Five Iron Golf

The Company has We have an ownership interest of less than 20.0% in preferred shares of The Range NYC, LLC ("Five Iron Golf, Golf"), an urban indoor golf experience company which hosts a golf simulation technology and serves food and beverage. The investment is accounted for at cost less impairments, and is adjusted for observable changes in fair value. During the twelve months ended December 31, 2023, we invested an additional $2.0 million in Five Iron Golf and recognized a $0.4 million fair value step-up in our investment related to an observable market transaction that occurred during the third quarter of 2023. As of each of December 31, 2023 and December 31, 2022 and December 31, 2021, the carrying value of the Company's our investment in Five Iron Golf was $32.4 million and $30.0 million. This investment, respectively, which is included in other assets, net on the Company's our consolidated balance sheets.

Note 11. Selected Financial Data

Selected financial data as of the dates presented below is as follows (in millions, except useful life data):

		December 31, 2022	December 31, 2021		
		December 31, 2023		December 31, 2023	December 31, 2022
Inventories:	**Inventories:**				
Inventories:					
Inventories:					
Finished goods					
Finished goods					
Finished goods	Finished goods	$ 770.1	$ 415.4		
Work in process	Work in process	1.2	1.3		
Raw materials	Raw materials	181.5	111.7		
Food and beverage	Food and beverage	6.4	5.1		
Total inventories					
		$ 959.2	$ 533.5		
		December 31, 2022	December 31, 2021		
Other Current Assets:					
		December 31, 2023			
		December 31, 2023			
		December 31, 2023		December 31, 2022	
Other current assets:					
Credit card receivables					
Credit card receivables					
Credit card receivables	Credit card receivables	$ 40.1	$ 31.2		

Sales return reserve cost recovery asset	Sales return reserve cost recovery asset		25.5	25.9
VAT/Sales tax receivable	VAT/Sales tax receivable		17.2	19.5
Leasing receivables				
Hedging contract receivables				
Other current assets	Other current assets		53.2	42.7
Total other current assets				
			$ 136.0	$ 119.3
			December 31, 2022	December 31, 2021

			December 31, 2023		
			December 31, 2023		
			December 31, 2023		December 31, 2022
Property, plant and equipment, net:	**Property, plant and equipment, net:**	**Estimated Useful Life**			
Land					
Land					
Land	Land		$ 160.4	$ 134.2	
Buildings and leasehold improvements	Buildings and leasehold improvements	10 - 40 years	1,196.7	858.6	
Machinery and equipment	Machinery and equipment	5 - 10 years	248.8	204.3	
Furniture, computer hardware and equipment	Furniture, computer hardware and equipment	3 - 5 years	299.1	211.2	
Internal-use software	Internal-use software	3 - 5 years	109.9	81.6	
Production molds	Production molds	2 - 5 years	9.1	8.0	
Construction-in-process	Construction-in-process		271.6	286.7	
			2,295.6	1,784.6	
Total property, plant, and equipment, gross					
Less: Accumulated depreciation	Less: Accumulated depreciation		486.0	333.2	

Total property, plant, and equipment, net		
	$ 1,809.6	$ 1,451.4

The Company We recorded $225.6 million, $177.6 million, and $142.8 million of total depreciation expense in our consolidated statements of $177.6 million, $142.8 million, and $34.4 million operations for the years ended December 31, 2022 December 31, 2023, 2022, and 2021, and 2020, respectively (in millions). respectively.

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Accounts payable and accrued expenses:					
Accounts payable and accrued expenses:					
Accounts payable					
Accounts payable					
Accounts payable					
Accounts payable					
Accounts payable					
Accounts payable					
Accounts payable					
Accounts payable					
Accounts payable					
Accounts payable		$ 159.1	$ 138.7		
Accrued expenses					
Accrued expenses		160.9	226.8		
Accrued inventory					
Accrued inventory		260.0	125.7		
		$ 580.0	$ 491.2		
Total accounts payable and accrued expenses					

Note 12. Income Taxes

The Company's Our income (loss) before income taxes was subject to taxes in the following jurisdictions for the following periods (in millions):

	Years Ended December 31,			Years Ended December 31,		
	2022	2021	2020	2023	2022	2021
United States						
United States	$ 97.8	$ 295.3	$ 68.9			
Foreign						
Foreign	44.1	55.3	(196.4)			
	$ 141.9	$ 350.6	$ (127.5)			
Total						

The expense provision (benefit) for income taxes is comprised of (in millions):

	Years Ended December 31,

		2022	2021	2020			
	Years Ended December 31,				Years Ended December 31,		
	2023				2023	2022	2021
Current tax provision:	Current tax provision:						
Federal							
Federal							
Federal	Federal	$ 9.8	$ 2.9	$ 1.7			
State	State	5.7	2.3	1.5			
Foreign	Foreign	6.4	14.6	5.3			
		21.9	19.8	8.5			
Deferred tax expense (benefit):							
	20.9						
Deferred tax provision (benefit):							
Federal							
Federal							
Federal	Federal	(42.6)	11.0	8.6			
State	State	7.9	7.2	5.2			
Foreign	Foreign	(3.2)	(9.4)	(22.9)			
		(37.9)	8.8	(9.1)			
	(81.1)						
Income tax (benefit) provision	Income tax (benefit) provision	$ (16.0)	$ 28.6	$ (0.6)			

On March 8, 2021, As described below, the Company acquired Topgolf through a non-taxable stock acquisition most significant item impacting our tax provision in a share exchange. The purchase price 2023 is the release of Topgolf at acquisition was $3,014.2 million. The Company valuation allowances which were recorded a deferred tax liability of $250.0 million related to the acquired intangibles, offset by $118.0 million of other acquired on our U.S. deferred tax assets after consideration of acquired valuation allowances.

As described in Note 6, during the three months ended March 31, 2022, the Company finalized its fair value determination as a result of the acquired assets and assumed liabilities and completed its assessment of the purchase price allocation. Due to finalized valuations of acquired assets and liabilities, the Company recorded an additional goodwill adjustment of $12.2 million, merger with Topgolf. This created a decrease in valuation allowances accrued of $2.8 million, and a discrete income large deferred tax benefit of $15.0 million during the three months ended March 31, 2022. recorded to tax provision in 2023.

Significant components of the Company's our deferred tax assets and liabilities as of December 31, 2022 December 31, 2023 and 2021 2022 are as follows (in millions):

		December 31,			
		2022	2021		
	December 31,			December 31,	
	2023			2023	2022
Deferred tax assets:	Deferred tax assets:				
Operating loss carryforwards					
Operating loss carryforwards					
Operating loss carryforwards	Operating loss carryforwards	$ 135.9	$ 149.9		
Tax credit carryforwards	Tax credit carryforwards	57.3	64.3		
ASC Topic 842 lease liability	ASC Topic 842 lease liability	441.6	396.4		

Deemed landlord financing	Deemed landlord financing	167.5	115.1
Other	Other	90.3	72.7
Total deferred tax assets	Total deferred tax assets	892.6	798.4
Valuation allowance for deferred tax assets	Valuation allowance for deferred tax assets	(100.2)	(120.5)
Deferred tax assets, net of valuation allowance	Deferred tax assets, net of valuation allowance	792.4	677.9
Deferred tax liabilities:	Deferred tax liabilities:		
Deferred tax liabilities:			
Deferred tax liabilities:			
Basis difference related to fixed assets			
Basis difference related to fixed assets			
Basis difference related to fixed assets	Basis difference related to fixed assets	(146.6)	(105.5)
Basis difference related to intangible assets with an indefinite life	Basis difference related to intangible assets with an indefinite life	(332.4)	(331.2)
ASC Topic 842 ROU assets	ASC Topic 842 ROU assets	(414.7)	(375.7)
Other	Other	(0.1)	(7.9)
Total deferred tax liabilities	Total deferred tax liabilities	(893.8)	(820.3)
Net deferred tax assets (liabilities) are shown on the accompanying consolidated balance sheets as follows:	Net deferred tax assets (liabilities) are shown on the accompanying consolidated balance sheets as follows:		
Non-current deferred tax assets	Non-current deferred tax assets	16.1	21.2
Non-current deferred tax assets			
Non-current deferred tax assets			
Non-current deferred tax liabilities	Non-current deferred tax liabilities	(117.5)	(163.6)
Net deferred tax (liabilities)/ assets		$ (101.4)	$ (142.4)
Deferred tax liabilities, net			

The net change in net deferred taxes in 2022 2023 of $41.0 $80.4 million is primarily comprised of the release of valuation allowances on the Company's our U.S. deferred tax assets.

Deferred tax assets and liabilities result from temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are anticipated to be in effect at the time the differences are expected to reverse. The realization of the deferred tax assets, including loss and credit carry forwards, is subject to the Company our generating sufficient taxable income during the periods in which the temporary differences become realizable. In accordance with the applicable accounting rules, the Company maintains we maintain a valuation allowance for a deferred tax asset when it is deemed to be more likely than not that some or all of the deferred tax assets will not be realized. In evaluating whether a valuation allowance is required under such rules, the Company considers we consider all available positive and negative evidence, including prior operating results, the nature and reason for any losses, its our forecast of future taxable income, and the dates on which any deferred tax assets are expected to expire. These assumptions require a significant amount of judgment, including estimates of future taxable income. These estimates are based on the Company's our best judgment at the time made based on current and projected circumstances and conditions.

The Company has evaluated During the first quarter of fiscal year 2021, we established a significant valuation allowance on our U.S. deferred tax assets as we were in a cumulative loss position immediately following the merger with Topgolf. During the second quarter of 2023, pursuant to an analysis of all available positive and negative evidence, we determined that the majority of our U.S. deferred tax assets were more likely than not to be realized and as a result reversed $50.8 million of the Topgolf merger valuation allowance against those deferred tax assets. The remaining valuation allowance on our U.S. deferred tax assets primarily relates to state net operating loss carryforwards and the fact credits that Topgolf's losses exceed the Company's income we estimate may not be able to be utilized in recent years, the Company has determined that future periods. With respect to non-U.S. entities, valuation allowances have been recorded against certain tax attributes for which management believes it is not more likely than not that a portion of its U.S. deferred tax assets they will be realized. The valuation allowance on the Company's U.S. deferred tax assets as of December 31, 2022 and 2021 relate primarily to federal and state deferred tax assets for tax attributes that the Company estimates are not more likely than not to be utilized prior to expiration. However, given the Company's more recent earnings history, management believes that it It is possible that within the next 12 months sufficient positive evidence may become available to allow management us to reach a conclusion that a significant portion of the valuation allowance attributable to non-US entities will no longer be needed. Release of the valuation allowance needed, which would result in the recognition of certain deferred a non-cash tax assets with a potential corresponding decrease to income tax expense for the period the release is recorded. The exact timing and amount of the valuation allowance release would be predicated on continued profitability of the Company combined with the continued profitability management believes the Company can maintain. With respect to non-U.S. entities, there continues to be sufficient positive evidence to conclude that realization of the Company's deferred tax assets is more likely than not under applicable accounting rules, and therefore no significant valuation allowances have been established. benefit.

As of December 31, 2022 December 31, 2023, the Company we had federal and state income tax credit carryforwards of $46.6 million and $29.0 million $33.7 million, respectively, which will expire if unused at various dates beginning on December 31, 2026 December 31, 2028. Such carryforwards expire as follows (in millions):

U.S. foreign tax credit	$	2.0 2.2	2027-2032
U.S. research tax credit	$	8.4	2026-2042 2028-2033
U.S. business tax credits	$	36.2 44.4	2035-2042 2030-2043
State investment business tax credits - indefinite lived	$	2.3 29.4	Do not expire
State research business tax credits - definite lived	$	1.4 4.3	2031-2034 2032-2047

As of December 31, 2022 December 31, 2023, the Company we had federal, Germany, and state United Kingdom net operating loss losses ("NOLs") carryforwards of $389.3 million and interest expense carryforwards of $544.1 million and $17.3 $49.9 million, respectively. Such carryforwards expire as follows (in millions):

U.S. loss carryforwards - definite lived	$	96.8 14.7	2028-2037
U.S. interest expense carryforwards - indefinite lived	$	17.3	Do not expire
U.S. loss carryforwards - indefinite lived	$	215.9 179.2	Do not expire
U.S. interest expense carryforwards	$	49.9	Do not expire
Germany loss carryforwards	$	110.8	Do not expire
State United Kingdom loss carryforwards	$	231.4 84.6	2023-2040 Do not expire

The Company's Our ability to utilize the NOLs and credits to offset future taxable income may be deferred or limited significantly if the Company we were to experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change will occur if there is a cumulative change in ownership of the Company's our stock by "5-percent shareholders" (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period. The Company We determined that an ownership change has occurred for purposes of Section 382 on the date of the Topgolf merger. Topgolf experienced an ownership change in November 2021. As such, all of the Company's our federal NOLs and tax credits are limited to an annual Section 382 limitation on the utilization of its our tax attributes. This change is not expected to have any material effect on the Company's our results of operations or statements of financial position. In addition, Topgolf's NOLs are presently expected to be subject to "separate return limitation year" limitations. Separate return limitation year NOLs can only be used in years that both the consolidated group and the entity that created such NOLs have taxable income, which may limit our ability to utilize Topgolf's NOLs in the future. Therefore, the Company's our ability to utilize Topgolf tax attributes to offset future taxable income may be deferred or limited significantly.

A reconciliation of the effective tax rate on income or loss and the statutory tax rate is as follows:

	Years Ended December 31,		
	2022	2021	2020

	Years Ended December 31,		
	2023	2022	2021

Statutory U.S. tax rate	Statutory U.S. tax rate	21.0 %	21.0 %	21.0 %	Statutory U.S. tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of U.S. tax benefit	State income taxes, net of U.S. tax benefit	7.1 %	2.1 %	(4.1)%	State income taxes, net of U.S. tax benefit	(67.7) %	7.1 %	2.1 %
Foreign income taxed at other than U.S. statutory rate	Foreign income taxed at other than U.S. statutory rate	(8.9)%	(3.3)%	7.0 %	Foreign income taxed at other than U.S. statutory rate	(26.0) %	(8.9) %	(3.3) %
Federal tax credits	Federal tax credits	(8.7)%	(2.0)%	2.8 %	Federal tax credits	(46.6) %	(8.7) %	(2.0) %
Goodwill impairment		— %	— %	(24.5)%				
Revaluation of Company stock attributable to Topgolf merger								
Revaluation of Company stock attributable to Topgolf merger								
Revaluation of Company stock attributable to Topgolf merger	Revaluation of Company stock attributable to Topgolf merger	— %	(15.1)%	— %		— %	— %	(15.1) %
Other non-deductible expenses	Other non-deductible expenses	1.0 %	0.7 %	(1.7)%	Other non-deductible expenses	6.0 %	1.0 %	0.7 %
Non-deductible compensation	Non-deductible compensation	4.5 %	1.4 %	(0.7)%	Non-deductible compensation	17.9 %	4.5 %	1.4 %
U.S. Foreign tax inclusion	U.S. Foreign tax inclusion	1.0 %	0.5 %	(0.4)%	U.S. Foreign tax inclusion	0.4 %	1.0 %	0.5 %
Foreign derived intangible income deduction	Foreign derived intangible income deduction	(3.0)%	(2.1)%	1.1 %	Foreign derived intangible income deduction	(7.5) %	(3.0) %	(2.1) %
Stock compensation excess tax benefits	Stock compensation excess tax benefits	— %	(1.6)%	1.4 %	Stock compensation excess tax benefits	— %	— %	(1.6) %
Impact of uncertain tax positions	Impact of uncertain tax positions	(0.8)%	(2.2)%	(1.6)%	Impact of uncertain tax positions	8.5 %	(0.8) %	(2.2) %
Change in deferred tax valuation allowance	Change in deferred tax valuation allowance	(23.0)%	7.8 %	(0.7)%	Change in deferred tax valuation allowance	(88.5) %	(23.0) %	7.8 %
Withholding tax impacts on foreign subsidiaries					Withholding tax impacts on foreign subsidiaries	5.5 %	— %	— %
Other	Other	(1.5)%	1.0 %	0.8 %	Other	4.3 %	(1.5) %	1.0 %
Effective tax rate	Effective tax rate	(11.3)%	8.2 %	0.4 %	Effective tax rate	(172.7) %	(11.3) %	8.2 %

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

		2022	2021	2020			
	2023				2023	2022	2021
Balance at January 1	**Balance at January 1**	$26.6	$28.3	$26.0			
Additions based on tax positions related to the current year	Additions based on tax positions related to the current year	1.7	1.7	3.1			
Additions for tax positions of prior years	Additions for tax positions of prior years	1.2	0.5	0.5			
Reductions for tax positions of prior years	Reductions for tax positions of prior years	(1.5)	(0.9)	(0.2)			
Settlement of tax audits	Settlement of tax audits	—	(2.7)	—			
Current year acquisitions	Current year acquisitions	—	6.7	—			
Reductions due to lapsed statute of limitations	Reductions due to lapsed statute of limitations	(1.8)	(7.0)	(1.1)			
Balance at December 31	**Balance at December 31**	$26.2	$26.6	$28.3			

As of December 31, 2022 December 31, 2023, the gross liability for income taxes associated with uncertain tax benefits was $26.2 $29.3 million. This liability could be reduced by $5.3 $5.1 million of offsetting tax benefits associated with the correlative effects of potential transfer pricing adjustments, which was recorded as a long-term income tax receivable, as well as $10.3 $8.1 million of deferred taxes. The net amount of $10.6 $16.1 million, if recognized, would affect the Company's our financial statements and favorably affect the Company's our effective income tax rate.

The Company does not We expect changes to the unrecognized tax benefits in benefit liabilities to decrease approximately $3.6 million during the next 12 months to have a material impact on its results of operations or its financial position. months.

The Company recognizes We recognize interest and/or penalties related to income tax matters in income tax expense. The Company provision. We recognized a tax benefit of $0.1 million, $0.3 million, $0.6 million, and $0.4 $0.6 million, for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. As of December 31, 2022 December 31, 2023 and 2021, 2022, the gross amount of accrued interest and penalties included in income taxes payable in the accompanying consolidated balance sheets was were each $2.9 million and $3.2 million, respectively. million.

The Company We or one of its our subsidiaries files income tax returns in the U.S. federal jurisdiction and various U.S. states and foreign jurisdictions. The Company is We are generally no longer subject to income tax examinations by tax authorities in its our major jurisdictions as follows:

Major Tax Jurisdiction	Years No Longer Subject to Audit
U.S. Federal	2010 and prior
Germany	2013 and prior
Japan	2016 2017 and prior
South Korea	2016 2021 and prior
United Kingdom	2018 and prior

As of December 31, 2022 December 31, 2023, the Company we had $180.5 $177.2 million of undistributed foreign earnings and profits. Pursuant to the Tax Act, the Company's our undistributed foreign earnings and profits were deemed repatriated as of December 31, 2017 and subsequent foreign profits are not expected to be subject to U.S. income tax upon repatriation. The Company has We have not provided deferred tax liabilities for foreign withholding taxes and certain state income taxes on the undistributed earnings and profits from certain non-U.S. subsidiaries that will be permanently reinvested outside the United States and expects the net impact of any future repatriations of permanently invested reinvested earnings on the Company's our overall tax liability to be insignificant. For jurisdictions in which the Company is we are not permanently reinvested, the Company has we have estimated and accrued $1.8 $3.3 million for the net impact on the Company's our overall tax liability.

Note 13. Commitments & Contingencies

Legal Matters

The Company is We are subject to routine legal claims, proceedings, and investigations associated with the normal conduct of its our business activities, including commercial disputes and employment matters. The Company We also receives receive from time to time information claiming that products sold by the Company we sell infringe or may infringe patent, trademark, or other intellectual property rights of third parties. One or more such claims of potential infringement could lead to litigation, the need to obtain licenses, the need to alter a product to avoid infringement, a settlement or judgment, or some other action or material loss by the Company, us, which could adversely affect the Company's our overall ability to protect its our product designs and ultimately limit its our future success in the marketplace. Additionally, the Company is we are occasionally subject to non-routine claims, proceedings, or investigations.

The Company

We regularly assesses assess such matters to determine the degree of probability that the Company we will incur a material loss as a result of such matters, as well as the range of possible loss. An estimated loss contingency is accrued in the Company's our financial statements if it is probable the Company we will incur a loss and the amount of the loss can be reasonably estimated. Historically, the claims, proceedings, and investigations brought against the Company, us, individually and in the aggregate, have not had a material adverse effect on the Company's our consolidated results of operations, cash flows or financial position. However, it is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that some of these actions could be decided unfavorably. Consequently, management is unable to estimate the ultimate aggregate amount of monetary loss, amounts covered by insurance, or the financial impact that will result from such matters. In addition, the Company we cannot assure that it we will be able to successfully defend itself ourselves in those matters, or that any amounts accrued in relation to a potential loss are sufficient.

Unconditional Purchase Obligations

During the normal course of its our business, the Company enters we enter into agreements to purchase goods and services, including commitments for endorsement agreements with professional athletes and other endorsers, consulting and service agreements, and intellectual property licensing agreements pursuant to which the Company is we are required to pay royalty fees. fees, and signed lease agreements of which we have not taken possession as of year-end. The amounts listed below approximate the minimum purchase obligations the Company is we are obligated to pay under these agreements. The actual amounts paid under some of the agreements may be higher or lower than these amounts due to the variable nature of these obligations.

As of December 31, 2022 December 31, 2023, the minimum obligation that the Company is we are required to pay under these agreements over the next five years as follows (in millions):

2023		$	47.2
2024	2024		17.5
2025	2025		9.0
2026	2026		8.4
2027	2027		1.8
2028			
		$	83.9
Total minimum obligations			
Total minimum obligations			
Total minimum obligations			

The Company's Our minimum capital commitment related to lease agreements for Topgolf venues under construction, net of amount reimbursed by third-party real estate financing partners, of $48.0 million $107.0 million is not reflected in this total. These commitments are generally outstanding for periods less than a year. See Note 4 6 for further information.

Other Contingent Contractual Obligations

During its our normal course of business, the Company has we have made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These include (i) intellectual property indemnities to the Company's our customers and licensees in connection with the use, sale and/or license of Company our product or trademarks, (ii) indemnities to various lessors in connection with facility leases for certain claims arising from such facilities or leases, (iii) indemnities to vendors and service providers pertaining to the goods and services provided to the Company us or based on the our negligence or willful misconduct of the Company and (iv) indemnities involving the accuracy of representations and warranties in certain contracts. In addition, the Company has we have consulting agreements that provide for payment of nominal fees upon the issuance of patents and/or the commercialization of research results. We The Company has have also issued guarantees in the form of standby letters of credit of $11.6 15.6 million as of December 31, 2022 December 31, 2023.

The duration of these indemnities, commitments and guarantees varies, and in certain cases, may be indefinite. The majority of these indemnities, commitments and guarantees do not provide for any limitation on the maximum amount of future payments the Company we could be obligated to make. Historically, costs incurred to settle claims related to indemnities have not been material to the Company's our financial position, results of operations or cash flows. In addition, the Company believes we believe the likelihood is remote that payments under the commitments and guarantees described above will have a material effect on the Company's our consolidated financial statements. The fair value of indemnities, commitments and guarantees that the Company we issued during the year ended and as of December 31, 2022 December 31, 2023 was not material to the Company's our financial position, results of operations or cash flows.

Note 14. Capital Stock

Common Stock and Preferred Stock

As Holders of December 31, 2022, the Company has authorized capital of 363.0 million shares, $0.01 par value per share, of which 360.0 million shares are designated common stock, and 3.0 million shares are designated preferred stock. Of the preferred stock, 0.2 million shares are designated Series A Junior Participating Preferred Stock and the remaining shares of preferred stock are undesignated as to series, rights, preferences, privileges or restrictions.

The holders of our common stock are entitled to one vote for each share of common stock on all matters submitted to a vote of our shareholders.

Holders of our preferred stock are not entitled to any voting rights on matters submitted to a vote of our shareholders. Of the Company's shareholders. Although to date no authorized shares of our preferred stock, 0.2 million shares are designated as Series A Junior Participating Preferred Stock. Holders of our Series A Junior Participating preferred stock have been issued, if such shares were issued, each share of Series A Junior Participating Preferred Stock would entitle the holder thereof are entitled to 1,000 votes on all matters submitted to a vote of the shareholders of the Company. our shareholders. The holders of Series A Junior Participating Preferred Stock and the holders of common stock shall generally vote together as one class on all matters submitted to a vote of our shareholders. To date, no Series A Junior Participation preferred stock has been issued, therefore there are currently no preferences for the Company's shareholders.

preferred stock.

Treasury Stock and Stock Repurchases

In May 2022, the Company's On May 26, 2022, our Board of Directors authorized a $100.0 million share repurchase program (the "2022 Repurchase Program") under which the Company is we are authorized to repurchase shares of its our common stock in the open market or in private transactions, subject to the Company's our assessment of market conditions and repurchase opportunities. opportunities, and in accordance with the terms and conditions of our New ABL Facility and other long-term debt facilities. The 2022 Repurchase Program does not require the Company to acquire that a specific number of shares be acquired and will remain in effect until the program is completed or until terminated by the Company's Board of Directors. As During the year ended December 31, 2023, we repurchased 2.9 million shares of December 31, 2022 our common stock at an average price per share of $16.37, for a total cost of $46.3 million, no repurchases have been made excluding commissions, under the 2022 Repurchase Program.

During the first quarter of 2022, the Company completed a share repurchase program (the "2021 Repurchase Program") in which the Company's Board of Directors previously authorized the repurchase of up to $50.0 million of shares of the Company's common stock in the open market or in private transactions. Under the program, the Company repurchased a total of 2.0 million shares of its common stock at a weighted average purchase price per share of $24.80.

Repurchases made under the Company's our repurchase programs are made in accordance with the terms and conditions of the Company's our New ABL Facility and other long-term debt, which limit the amount of stock that can be repurchased.

In addition to the aforementioned repurchase programs, the Company may repurchase program, we treat shares in relation to the settlement withheld for tax purposes on behalf of employee income tax withholding obligations related to the vesting and settlement of employee restricted stock unit awards and performance share unit awards. During the year ended 2022, the Company withheld 0.5 million shares of its common stock to satisfy the Company's payroll tax withholding obligations our employees in connection with the vesting and settlement of employee RSUs and PRSUs as common stock repurchases because they reduce the number of shares that would have been issued to the employee upon vesting. These withheld shares of common stock are not considered to be repurchases under the share repurchase program. During the years ended December 31, 2023, 2022, and 2021 we withheld 0.4 million, 0.5 million, and 0.4 million shares of our common stock to satisfy employee payroll tax withholding obligations of $9.3 million, $10.9 million, and $13.5 million, respectively, related to the vesting and settlement of restricted stock unit awards and performance share unit awards, for a total cost of $10.9 million. awards.

The Company's repurchases Repurchases of shares of its our own common stock are recorded at cost and result in are a reduction of shareholders' equity.

Note 15. Stock Plans and Share-Based Compensation

Equity Compensation Plans and Replacement Awards

As of December 31, 2022 December 31, 2023, the Company we had three two shareholder approved stock plans under which shares were available for equity-based awards; the Callaway Golf Company Amended and Restated 2004 Incentive Plan the 2013 Non-Employee Directors Stock (the "2004 Incentive Plan (the "2013 Directors Plan") and the Callaway Golf Company 2022 Incentive Plan (the "2022 Incentive Plan"). The Company We also had one non-shareholder approved stock plan, the 2021 Employment Inducement Plan (the "2021 Inducement Plan"), which was adopted in connection with the Company's our merger with Topgolf on March 8, 2021. The 2021 Inducement Plan has substantially the same terms as the Company's our 2004 Incentive Plan, with the exception that awards can only be made to new employees in connection with their commencement of employment and incentive stock options cannot be granted under the 2021 Inducement Plan. Upon the effective date of the 2022 Incentive Plan, the Company we ceased granting awards under the 2004 Incentive Plan, the 2013 Directors Plan and the 2021 Inducement Plan and, except for shares subject to awards under those plans on the effective date of the 2022 Incentive Plan, any shares remaining for future issuance under such Plans were canceled.

The 2004 Incentive Plan permitted the granting of stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share units and other equity-based awards to the Company's our officers, employees, consultants and certain other non-employees who provide services to the Company. us. All grants under the 2004 Incentive Plan were discretionary, although no participant may receive awards in any one year in excess of 2.0 million shares. No new awards may be granted under the 2004 Incentive Plan.

The 2013 Directors Plan permitted the granting of stock options, restricted stock awards and restricted stock units to eligible directors serving on the Company's Board of Directors. Directors generally received a one-time grant upon their initial appointment to the Company's Board of Directors and an annual grant thereafter upon being re-elected at each annual meeting of shareholders, not to exceed 50 thousand shares within any calendar year. No new awards may be granted under the 2013 Directors Plan.

The 2021 Inducement Plan was adopted in connection with the Company's our merger with Topgolf on March 8, 2021. The plan permitted the granting of stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share units and other equity-based awards to the Company's our officers, employees, consultants and certain other non-employees who provide services to the Company. us. No new awards may be granted under the 2021 Inducement Plan.

The 2022 Incentive Plan permits the granting of stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share units and other equity-based awards to the Company's our officers, employees, consultants, eligible directors serving on the Company's our Board of Directors and certain other non-employees who provide services to the Company. us. All grants under the 2022 Incentive Plan are discretionary. Directors may receive a one-time grant upon their initial appointment to the Company's our Board of Directors and may receive an annual grant thereafter upon being re-elected at each annual meeting of shareholders. The maximum number of shares issuable over the term of the 2022 Incentive Plan is 16.0 million shares, plus any shares underlying awards made under the 2004 Incentive Plan to the extent such awards lapse, expire, terminate or are canceled.

In connection with the merger with Topgolf which was completed on March 8, 2021, the Company converted stock options previously held by former equity holders of Topgolf immediately prior to the merger into 3.2 million options to purchase shares of the Company's common stock, and certain outstanding restricted stock awards of Topgolf into 0.2 million shares of the Company's common stock (collectively, the "replacement awards"). The Company also we assumed two equity compensation plans and a stock option agreement between Topgolf and a third party (collectively, the "Topgolf Equity Compensation Plans and Option Agreement") in connection with the merger. The total purchase consideration transferred in the merger by the Company included $33.1 million in consideration related to the replacement awards issued in connection with the merger, which represents the fair value of the vested portion of the replacement awards. No additional awards may be granted by the Company under the assumed Topgolf Equity Compensation Plans and Option Agreement.

The following table presents shares authorized, available for future grant and outstanding under each of the Company's our plans as of December 31, 2022 December 31, 2023 (in millions):

	Authorized	Available(1)	Outstanding(2)
Authorized	Authorized	Available(1)	Outstanding(2)
2004 Incentive Plan 2004 Incentive Plan	33.0	—	2.9
2013 Directors Plan	1.0	—	—
2004 Incentive Plan			
2004 Incentive Plan			
2021 Inducement Plan			
2021 Inducement Plan			
2021 Inducement Plan 2021 Inducement Plan	1.3	—	0.5
2022 Incentive Plan 2022 Incentive Plan	16.0	16.1	0.1
Topgolf Equity Compensation Plans and Option Agreement Topgolf Equity Compensation Plans and Option Agreement	3.4	—	1.9
Total Total	54.7	16.1	5.4

(1) Includes shares subject to a full award value under the 2022 Incentive Plan's fungible share ratio.

(2) Excludes 0.1 million of issued restricted stock awards which are not outstanding.

(1) Includes shares subject to a full award value under the 2022 Incentive Plan's fungible share ratio.

(1) Includes shares subject to a full award value under the 2022 Incentive Plan's fungible share ratio.

(2) Excludes 0.8 million of issued restricted stock awards which are not outstanding.

(2) Excludes 0.8 million of issued restricted stock awards which are not outstanding.

Stock Options

There were no stock options granted in 2022 2023 or 2020. 2022. In 2021, the Company we granted 3.2 million stock options related to the replacement awards that were issued in connection with the Company's our merger with Topgolf on March 8, 2021, which Topgolf. These awards had a weighted average grant-date fair value of $25.93 per share and a total acquisition date fair value of $5.3 million. As of December 31, 2022, 1.9 million of these stock options were outstanding, of which 1.7 million were fully vested. During the years ended December 31, 2022 and 2021, the Company recognized $1.4 million and $2.6 million in compensation expense related to its stock option grants, respectively. The Company did not recognize any compensation expense related to stock option grants during the year ended December 31, 2020.

The following table summarizes the Company's our stock option activities for the year ended December 31, 2022 December 31, 2023 (in millions, except per share amounts and contractual term):

Options	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value

Outstanding at January 1, 2022	2.0	$ 26.60		
Granted	—	$ —		
Exercised	(0.1)	$ 11.87		
Forfeited	—	$ —		
Expired	—	$ —		
Outstanding at December 31, 2022	1.9	$ 26.97	3.72	$ 1.9
Vested and expected to vest in the future at December 31, 2022	1.9	$ 26.96	3.72	$ 1.9
Exercisable at December 31, 2022	1.7	$ 26.30	3.44	$ 1.9

Options	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2023	1.9	$ 26.97		
Granted	—	$ —		
Exercised	(0.3)	$ 15.11		
Forfeited(1)	—	$ 35.14		
Expired	(0.5)	$ 29.93		
Outstanding at December 31, 2023	1.1	$ 28.44	3.18	$ 0.1
Vested and expected to vest in the future at December 31, 2023	1.1	$ 28.44	3.18	$ 0.1
Exercisable at December 31, 2023	1.0	$ 28.20	3.07	$ 0.1

(1) A nominal number of stock options were forfeited during the year ended December 31, 2023.

The following table summarizes information related to outstanding stock options as of December 31, 2022 December 31, 2023 (in millions, except option price and remaining life amounts):

Range of Option Prices	Range of Option Prices	Options Outstanding	Weighted Average Weighted Average Remaining Life (Years)	Exercise Price
	$6.52 to $35.14	1.9	3.72	$26.97

	Range of Option Prices	Options Outstanding	Weighted Average Remaining Life (Years)	Exercise Price
$6.91 to $35.14	$6.91 to $35.14	1.1	3.18	$28.44

As of December 31, 2022 December 31, 2023, there was $0.5 million less than $0.1 million of unamortized compensation expense related to stock options granted to employees under the Company's our share-based payment plans.

The total following table summarizes information related to intrinsic value for options exercised during the years ended December 31, 2022, 2021 and 2020 was $0.6 million, $26.3 million and $0.6 million, respectively. Cash cash received from the exercise of stock options related to option exercises for the years ended December 31, 2022, 2021 and 2020 was $0.7 million, $22.3 million and $0.2 million, respectively. periods presented below (in millions):

	Year Ended December 31, 2023	2022	2021
Intrinsic value for options exercised	$ 1.7	$ 0.6	$ 26.3
Cash received from exercise of options	$ 4.2	$ 0.7	$ 22.3

The fair value of the stock options granted in connection with the merger was based on the Black-Scholes option-pricing model. The model uses various assumptions including an expected term, stock price volatility, risk-free interest rate, and dividend yield. Assumptions related to the expected term and stock price volatility were based on historical exercise patterns and historical fluctuations in volatility relative to the Company's stock price, respectively. Assumptions related to the risk-free interest rate and dividend yield were based on the yield-curve of a zero-coupon U.S. treasury bond on the date the grants were made with a maturity equal to the expected term of the grant, and an assumed dividend yield based on the Company's expectation to not pay dividends for the foreseeable future, respectively. The table below summarizes the range and the weighted averages of the fair value assumptions used in the Black-Scholes valuation as of March 8, 2021.

Assumptions:	Range	Weighted Averages
Expected term (in years)	0.3 - 7.1	3.7
Volatility	43.0% - 85.4%	55.1%
Risk-free interest rate	0.1% -1.3%	0.6%
Dividend yield	—	—

RSUs, RSAs, and PRSUs

Restricted Stock Units and Restricted Stock Awards

The following table represents activity for restricted stock units, restricted stock awards, and performance based awards for the year ended December 31, 2022 December 31, 2023 (in millions, except fair value amounts):

	RSUs		RSAs		PRSUs	
	Units	Weighted-Average Grant-Date Fair Value	Units	Weighted-Average Grant-Date Fair Value	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2023	1.4	$ 25.47	0.1	$ 29.52	2.1	$ 30.24
Granted	0.8	$ 22.78	0.8	$ 19.60	0.6	$ 36.58
Vested	(0.7)	$ 25.21	(0.1)	$ 29.52	(0.4)	$ 20.74
Target Award Adjustment(1)	—	$ —	—	$ —	0.1	$ 19.85
Forfeited(2)	(0.1)	$ 25.09	—	$ 29.52	(0.1)	$ 32.44
Unvested at December 31, 2023	1.4	$ 24.13	0.8	$ 19.83	2.3	$ 32.71

(1) Represents incremental shares earned by participants at a performance achievement in excess of 100% for awards previously granted.

(2) A nominal number of RSAs were forfeited during the year ended December 31, 2023.

Restricted Stock Units	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	1.6	$ 25.79
Granted	0.6	$ 22.81
Vested	(0.7)	$ 23.97
Forfeited	(0.1)	$ 23.40
Expired	—	—
Unvested at December 31, 2022	1.4	$ 25.47

For the years ended December 31, 2022, 2021 The following table summarizes fair value of awards vested and 2020, the weighted average grant-date grant date fair value per share of restricted stock units awards granted was $22.81, $29.60 and $17.84, respectively. The total fair value of restricted stock units vested during the years ended December 31, 2022, 2021 and 2020 was $17.2 million, $6.5 million and $6.0 million, respectively. periods presented below (in millions, except for per share amounts):

During the years ended December 31, 2022, 2021 and 2020, the Company recognized $17.6 million, $14.0 million and $6.4 million of compensation expense related to restricted stock units, respectively.

	Years Ended December 31,		
	2023	2022	2021
RSUs:			
Total fair value of RSUs vested	$ 17.3	$ 17.2	$ 6.5
Per share weighted average grant date fair value of RSU grants	$ 22.78	$ 22.81	$ 29.60
RSAs:			
Total fair value of RSAs vested	$ 1.3	$ 2.1	$ 0.8
Per share weighted average grant date fair value of RSA grants(1)	$ 19.60	$ —	$ 28.74
PRSUs:			
Total fair value of PRSUs vested	$ 7.8	$ 6.9	$ 8.2
Per share weighted average grant date fair value of PRSU grants	$ 36.58	$ 34.68	$ 30.35

(1) There were no RSAs granted during the year ended December 31, 2022.

The following table represents activity related to restricted stock summarizes the unamortized compensation expense, net of estimated forfeitures, of awards granted under our share-based plans as part of the replacement awards for the year ended December 31, 2022 December 31, 2023, as well as their related weighted-average remaining recognition period (in millions, except fair value amounts) for periods):

Restricted Stock Awards	Units		Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	0.2	$	29.52
Granted	—		—
Vested	(0.1)	$	29.52
Forfeited	—		—
Expired	—		—
Unvested at December 31, 2022	0.1	$	29.52

There were no restricted stock awards granted during the years ended December 31, 2022 and 2020. The weighted average grant-date fair value of the restricted stock awards granted as part of the replacement awards was $28.74, with an acquisition date fair value of $4.8 million. During the years ended December 31, 2022 and 2021, the Company recognized $1.3 million and $2.4 million of compensation expense related to the restricted stock awards granted as part of the replacement awards, respectively. The Company did not recognize any compensation expense related to restricted stock awards during the year ended December 31, 2020. The total fair value of the restricted stock awards granted as part of the replacement awards that vested during the year ended December 31, 2022 was $2.1 million.

As of December 31, 2022, there was $20.9 million of total unamortized compensation expense related to unvested restricted stock units and restricted stock awards granted to employees under the Company's share-based payment plans, which includes $0.6 million of unrecognized compensation expense related restricted awards granted as part of the replacement awards. The unamortized compensation expense related to restricted stock units and restricted stock awards is expected to be recognized over a weighted-average period of 1.5 years and 0.7 years, respectively.

Performance Based Awards

During the years ended December 31, 2022, 2021 and 2020, the Company granted 0.5 million shares, 1.4 million shares and 0.3 million shares, respectively of PRSU awards which had various underlying performance metrics, including APTI, EBITDA, and rTSR, at a weighted average grant-date fair value per share of $34.68, $30.35 and $19.66, respectively.

PRSUs granted by the Company cliff-vest after three years, except for certain one-time grants to the Company's Chief Executive Officer and Chief Financial Officer in connection with the Topgolf merger, of which 50% will vest three years after the grant date and the remaining 50% will vest four years after the grant date.

The number of shares that may ultimately be issued upon vesting of PRSU awards is based on the achievement of the respective metrics for each award, which may range from 0% to 200%. As of December 31, 2022, all performance-based restricted stock units were within the probable range of achievement.

The following table represents the activity for performance based awards during the year ended December 31, 2022 (in millions, except fair value amounts):

Performance Share Units	Units		Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2022	2.0	$	27.00
Granted	0.5	$	34.68
Target Award Adjustment(1)	0.1	$	16.60
Vested	(0.4)	$	16.28
Forfeited	(0.1)	$	28.42
Unvested at December 31, 2022	2.1	$	30.24

(1) Represents incremental shares earned by participants at a performance achievement in excess of 100% for awards previously granted.

The total fair value of all performance based awards vested during the years ended December 31, 2022, 2021 and 2020 was $6.9 million, $8.2 million and $7.2 million, respectively.

During the years ended December 31, 2022, 2021 and 2020, the Company recognized $26.7 million, $19.7 million and $4.5 million of compensation expense related to performance based awards, respectively. At December 31, 2022, the combined unamortized compensation expense related to all performance-based awards was $35.3 million, which is expected to be recognized over a weighted-average period of 1.42 years.

		December 31, 2023
RSUs:		
Unamortized compensation expense for RSUs	$	16.2
Weighted-average remaining recognition period (in years)		1.4
PRSUs:		
Unamortized compensation expense for PRSUs	$	25.0
Weighted-average remaining recognition period (in years)		1.0

Share-Based Compensation Expense

The table below summarizes amounts recognized for share-based compensation related to grants by award-type, net of RSUs, PRSUs and stock options estimated forfeitures, in the Company's our consolidated statement of operations for the periods presented (in millions):

	Years Ended December 31,		
	2022	2021	2020
Cost of products	$ 1.6	$ 1.2	$ 0.8
Selling, general and administrative expenses	44.0	36.5	9.3
Research and development expenses	1.1	1.0	0.8
Other venue expenses	0.3	—	—
Total cost of share-based compensation included in income, before income tax	47.0	38.7	10.9
Income tax benefit	11.3	8.9	2.5
Total cost of employee share-based compensation, after tax	$ 35.7	$ 29.8	$ 8.4

	Years Ended December 31,		
	2023	2022	2021
Stock options	$ 0.4	$ 1.4	$ 2.6
Restricted stock units	18.9	17.6	14.0
Restricted stock awards	0.6	1.3	2.4
Performance based restricted share unit awards	26.8	26.7	19.7
Total share-based compensation expense, before tax	46.7	47.0	38.7
Income tax benefit	(11.2)	(11.3)	(8.9)
Total share-based compensation expense, after tax	$ 35.5	$ 35.7	$ 29.8

The table below summarizes amounts recognized for share-based compensation, net of estimated forfeitures, in our consolidated statement of operations for the periods presented (in millions):

	Years Ended December 31,		
	2023	2022	2021
Cost of products	$ 1.9	$ 1.6	$ 1.2
Selling, general and administrative expenses	39.8	44.0	36.5
Research and development expenses	1.6	1.1	1.0
Other venue expenses	3.4	0.3	—
Total share-based compensation expense, before tax	46.7	47.0	38.7
Income tax benefit	(11.2)	(11.3)	(8.9)
Total share-based compensation expense, after tax	$ 35.5	$ 35.7	$ 29.8

Note 16. Employee Benefit Plans

The Company has We have two voluntary deferred compensation plans under Section 401(k) of the Internal Revenue Code (the "Callaway Golf "Topgolf Callaway Brands Corp. 401(k) Plan" and the "Topgolf 401(k) Plan") for employees who satisfy the age and service requirements under each respective plan.

Topgolf Callaway Golf Brands Corp. 401(k) Plan

Under the Topgolf Callaway Golf Brands Corp. 401(k) Plan, each participant may elect to contribute up to 75% of annual compensation, up to the maximum allowable limit permitted by the IRS. Under the plan, the Company contributes annually an amount equal to 50% of the participant's contributions, up to 6% of the participant's eligible annual compensation, for a maximum annual employer matching contribution of 3%. The portion of the participant's account attributable to elective deferral contributions and rollover contributions made by the participant are 100% vested upon contribution and are not able to be forfeited. Employer contributions vest at a rate of 50% per year, and are fully vested after two years of service. Beginning April 13, 2020, in light of the business and financial uncertainties created by the COVID-19 pandemic, the Company suspended its portion of the employer matching contribution, except for employees who are unionized and are covered under a collective bargaining agreement. The matching contribution was reinstated on January 1, 2021. During the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, Company our matching contributions under the plan were $4.1 million $4.8 million, $3.3 million $4.1 million and $1.1 million $3.3 million, respectively.

Topgolf 401(k) Plan

Under the Topgolf 401(k) Plan, employees of Topgolf may elect to contribute up to 80% of annual compensation, up to the maximum allowable limit permitted by the IRS. Under the plan, the Company Topgolf contributes annually an amount equal to 50% of the participant's contribution, up to 6% of the employees eligible compensation, for a maximum annual employer matching contribution of 3%. The portion of the participant's account attributable to elective deferral contributions and rollover contributions made by the participant are 100% vested upon contribution and are not able to be forfeited. Employer contributions vest at a rate of 25% per year, and are fully vested after four years of service.

In January 2022, the Company we amended the Topgolf 401(k) Plan (as amended, the "2022 Topgolf 401(k) Plan"). Under the 2022 Topgolf 401(k) Plan, the Company contributes we contribute annually an amount equal to 100% of the participant's first 3% of contributions, and an amount equal to 50% of the participant's contributions between 3% and 5% of eligible compensation, for a maximum contribution of 4%. The portion of the participant's account attributable to elective deferral contributions and rollover contributions made by the participant are 100% vested and are not able to be forfeited. Employer contributions under the plan are immediately 100% vested upon contribution and are not able to be forfeited. During the years ended December 31, 2022 December 31, 2023, 2022 and 2021, Company our matching contributions under the plan were $9.5 million, $7.2 million, and $2.7 million, respectively.

Note 17. Fair Value of Financial Instruments

Fair Value Measurements

The Company measures its We measure our financial assets and liabilities at fair value on a recurring basis using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Authoritative guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and

Level 3: Fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The carrying amounts of cash and cash equivalents, accounts receivables, accounts payable and accrued expenses, revolving credit facilities, and other current liabilities approximate fair value due to their short-term nature, and are therefore categorized within Level 1 of the fair value hierarchy. Our money market funds, which are included in cash and cash equivalents on our consolidated balance sheets, accrue dividends which are reinvested in the fund and are reflected in their carrying value. As of December 31, 2023, the carrying value of our money market fund was $196.5 million. We did not have any money market funds as of December 31, 2022.

Hedging instruments are re-measured on a recurring basis using broker quotes, daily market foreign currency rates, and interest rate curves as applicable, (see Note 18) and are therefore categorized within Level 2 of the fair value hierarchy.

The following table summarizes the valuation of the Company's our foreign currency forward contracts and interest rate hedge agreements (see Note 18) that are measured at fair value on a recurring basis, and are classified within Level 2 of the fair value hierarchy as of December 31, 2022 and December 31, 2021 the periods presented (in millions):

	Fair Value
	Fair Value
	Fair Value
December 31, 2023	
December 31, 2023	
December 31, 2023	
Foreign currency forward contracts—asset position	
Foreign currency forward contracts—asset position	
Foreign currency forward contracts—asset position	
Foreign currency forward contracts—liability position	
Foreign currency forward contracts—liability position	
Foreign currency forward contracts—liability position	
Interest rate hedge agreements—asset position	
Interest rate hedge agreements—asset position	
Interest rate hedge agreements—asset position	
Interest rate hedge agreements—liability position	
Interest rate hedge agreements—liability position	
Interest rate hedge agreements—liability position	

	Fair Value	Level 2
Total		
Total		
Total		
December 31, 2022		
December 31, 2022		
December 31, 2022 **December 31, 2022**		
Foreign currency forward contracts—asset position Foreign currency forward contracts—asset position	$ 0.2	$ 0.2
Foreign currency forward contracts—asset position		
Foreign currency forward contracts—asset position		
Foreign currency forward contracts—liability position		
Foreign currency forward contracts—liability position		
Foreign currency forward contracts—liability position Foreign currency forward contracts—liability position	(5.4)	(5.4)
Interest rate hedge agreements—asset position Interest rate hedge agreements—asset position	7.2	7.2
Interest rate hedge agreements—liability position	—	—
	$ 2.0	$ 2.0
December 31, 2021		
Foreign currency forward contracts—asset position	$ 0.3	$ 0.3
Foreign currency forward contracts—liability position	(0.2)	(0.2)
Interest rate hedge agreements—liability position	(8.7)	(8.7)
	$ (8.6)	$ (8.6)
Interest rate hedge agreements—asset position		
Interest rate hedge agreements—asset position		
Total		
Total		
Total		

There were no transfers of financial instruments between the levels of the fair value hierarchy during the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

Disclosures about the Fair Value of Financial Instruments

Fair The table below presents information about the fair value of information was our financial liabilities whose value were derived using Level 2 inputs of the fair value hierarchy, and included quoted prices for similar instruments in active markets, quantitative pricing models, observable market borrowing rates, as well as other observable inputs and applicable valuation techniques. The table below presents information about the fair value of the Company's financial liabilities, and is provided for comparative purposes only, relative to the carrying values of the Company's our financial instruments recognized in the consolidated balance sheets as of December 31, 2022 and consolidated balance sheets as of December 31, 2021 for the periods presented (in millions):

		December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value				
	Carrying Value					Carrying Value	Fair Value	Carrying Value	Fair Value
U.S. Asset-Based Revolving Credit Facility	U.S. Asset-Based Revolving Credit Facility	$ 181.1	$ 181.1	$ 9.1	$ 9.1				
2022 Japan ABL Facility		$ 38.2	$ 38.2	$ —	$ —				
Japan Term Loan		$ —	$ —	$ 13.0	$ 12.2				
Term Loan		$ 432.0	$ 431.1	$ 436.8	$ 437.5				
Topgolf Term Loan		$ 336.9	$ 337.1	$ 340.4	$ 346.1				

Topgolf Revolving Credit Facility		$ 110.0	$ 110.0	$ —	$ —
2022 Japan ABL Credit Facility					
2023 Term Loan B					
Convertible Notes	Convertible Notes	$ 258.3	$ 337.7	$ 258.8	$ 444.4
Equipment Notes	Equipment Notes	$ 27.8	$ 23.6	$ 31.1	$ 30.2
Mortgage Loans	Mortgage Loans	$ 45.9	$ 55.3	$ 46.4	$ 52.3
Term Loan B					
Topgolf Term Loan					
Topgolf Revolving Credit Facility					

Non-recurring Fair Value Measurements

The Company measuresWe measure certain assets at fair value on a non-recurring basis at least annually or more frequently if it is determined that impairment indicators are present. These assets include long-lived assets, goodwill, non-amortizing intangible assets and investments, that which are written down to fair value when they are classified as held for sale or determined to be impaired. During the year ended December 31, 2023, we recognized an $11.7 million impairment loss related to the abandonment of our Shankstars online digital game, which was included within research and development costs on our consolidated statements of operations. During the year ended December 31, 2022, the Company we recognized $5.5 million of total impairment losses, of $5.5 million, of which $4.8 million $4.8 million was related to the impairment of property, plant and equipment at an underperforming premerger Topgolf concept location. location, and was included in other venue expenses in our consolidated statements of operations during the year ended December 31, 2022. The fair value of the location was determined using the cost approach for similar assets, considering which considers the highest and best use of these assets. The impairment was included in other venue expenses in the Company's consolidated statements of operations during the year ended December 31, 2022, assets, and was categorized within Level 3 of the fair value hierarchy. The Company We did not recognize any impairments during the year ended December 31, 2021.

In the second quarter of 2020, the Company considered the macroeconomic conditions related to the COVID-19 pandemic and its potential impact to sales and operating income, and determined that there were indicators of impairment and proceeded with a quantitative assessment of goodwill for all reporting units. As a result of the assessment, the Company determined that the fair value of one of its reporting units was less than its carrying value, and therefore recognized a goodwill impairment loss of $148.4 million during 2020. In addition, the Company recognized an impairment loss of $25.9 million on one of its trade names (See Note 9). The goodwill and trade name impairments were categorized within Level 3 of the fair value hierarchy.

Note 18. Derivatives and Hedging

During its normal course of business, the Company and its subsidiaries are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates. The Company uses designated cash flow hedges and non-designated hedges in the form of foreign currency forward contracts as part of its strategy to manage the exposure to fluctuations in foreign currency exchange rates and to mitigate the impact of foreign currency translation on transactions that are denominated primarily in Japanese Yen, British Pounds, Euros, Canadian Dollars, Australian Dollars and Korean Won. The Company also uses interest rate swap contracts to mitigate the impact of variable interest rates on its long-term debt.

Foreign currency forward contracts and interest rate swap contracts are used only to meet the Company's objectives of minimizing variability in its operating results arising from foreign exchange rate movements and changes in interest rates. The Company does not enter into foreign currency forward contracts and interest rate swap contracts for speculative purposes. The Company utilizes counterparties for its derivative instruments that it believes are creditworthy at the time the transactions are entered into and closely monitors the credit ratings of these counterparties.

The following table summarizes the fair value of the Company's our derivative instruments as well as the location of the asset and/or liability on the consolidated balance sheets as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022 (in millions):

		Fair Value of Asset Derivatives	
		December 31,	
	Balance Sheet Location	**2022**	**2021**
Derivatives designated as cash flow hedging instruments:			
Foreign currency forward contracts	Other current assets	$ 0.1	$ 0.1

Interest rate swap contracts	Other current assets	4.4	—
Interest rate swap contracts	Other assets, net	2.8	—
Total		$ 7.3	$ 0.1
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	0.1	0.2
Total asset position		$ 7.4	$ 0.3

			Fair Value of Liability Derivatives	
			December 31,	
		Balance Sheet Location	2022	2021
			Fair Value of Asset Derivatives	
			December 31,	
	Balance Sheet Location			
Derivatives designated as cash flow hedging instruments:	**Derivatives designated as cash flow hedging instruments:**			
Foreign currency forward contracts				
Foreign currency forward contracts				
Foreign currency forward contracts	Foreign currency forward contracts	Accounts payable and accrued expenses	$ 2.6	$ —
Interest rate swap contracts	Interest rate swap contracts	Accounts payable and accrued expenses	—	4.1
Interest rate swap contracts	Interest rate swap contracts	Other long-term liabilities	—	4.6
			2.6	8.7
Total				
Derivatives not designated as hedging instruments:	**Derivatives not designated as hedging instruments:**			
Foreign currency forward contracts	Foreign currency forward contracts	Accounts payable and accrued expenses	2.8	0.2
Total liability position			$ 5.4	$ 8.9
Foreign currency forward contracts				
Foreign currency forward contracts				
Total asset position				
Total asset position				

Balance Sheet Location	2023	2022	Fair Value of Asset Derivatives
			December 31,

Total asset position

The Company's

	Balance Sheet Location	Fair Value of Liability Derivatives December 31, 2023	2022
Derivatives designated as cash flow hedging instruments:			
Foreign currency forward contracts	Accounts payable and accrued expenses	$ —	$ 2.6
Interest rate swap contracts	Other long-term liabilities	2.6	—
		2.6	2.6
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Accounts payable and accrued expenses	4.5	2.8
Total liability position		$ 7.1	$ 5.4

Our derivative instruments are subject to a master netting agreement with each respective counterparty bank and are therefore net settled at their respective maturity date. Although the Company has we have the legal right of offset under the master netting agreements, the Company has we have elected not to present these contracts on a net settlement amount basis, and therefore presents these contracts on a gross basis on the accompanying consolidated balance sheets as of December 31, 2022 December 31, 2023 and 2021. 2022. Gains and losses related to our derivative instruments are presented as an adjustment to reconcile net income to net cash provided by or used in operating activities in the consolidated statements of cash flows.

Cash Flow Hedging Instruments

Foreign Currency Forward Contracts

The Company uses As of December 31, 2023, there were no notional amounts on our foreign currency derivatives contracts designated as qualifying cash flow hedging instruments, including foreign currency forward contracts to help mitigate the Company's foreign currency exposure from intercompany sales of inventory and intercompany expense reimbursements to its foreign subsidiaries. These contracts generally mature within 12 months to 15 months from inception. instruments. As of December 31, 2022 and December 31, 2021, the notional amounts of the Company's our foreign currency forward contracts designated as cash flow hedging instruments were was approximately $100.0 million and $3.3 million, respectively. .

During the year ended December 31, 2022 December 31, 2023, the Company we recorded net gains of $2.0 million $8.6 million in accumulated other comprehensive loss related to foreign currency forward contracts, and released net gains of $4.8 million $5.9 million in cost of products for the underlying sales that were recognized. Additionally, for the year ended December 31, 2022 December 31, 2023, $2.8 million of net gains related to the amortization of forward points of $0.4 million were released from other comprehensive income and recognized in cost of products. goods sold. Based on the current valuation, the Company expects we expect to reclassify net losses of $2.4 million $0.4 million related to foreign currency forward contracts from accumulated other comprehensive income into earnings during the next 12 months.

For the years ended December 31, 2021 December 31, 2022 and 2020, the Company 2021, we recognized net gains of $2.0 million and $2.4 million in accumulated other comprehensive loss related to forward currency forward contracts. For the years ended December 31, 2022 and $0.8 million 2021, we released net gains of $4.8 million and $1.7 million, respectively, in into cost of goods sold related to foreign currency forward contracts.

Interest Rate Swap Contract and Cross-Currency Debt Swap Contracts

The Company uses an We used interest rate swap swaps in order to mitigate the risk of changes in interest rates associated with the Company's our variable-rate Term Loan B, which was replaced by our 2023 Term Loan B as a part of our debt modification in March 2023 (see Note 7). As part of this modification, we entered into a termination agreement to unwind our existing interest rate swaps, and as a result, we received proceeds of $5.6 million. As of December 31, 2023, we have a deferred gain of $3.2 million recognized in other comprehensive income related to these proceeds, which will be amortized into interest expense over the remaining term of the contract.

In April 2023, we entered into interest rate swaps designated as cash flow hedges in order to mitigate the risk of interest rate fluctuations associated with our 2023 Term Loan B. Over the life of the 2023 Term Loan the Company B, we will receive variable interest payments from the counterparty lenders in exchange for fixed interest rate payments, which are made by the Company at 2.54% on the Term Loan, a weighted average rate of 3.36% across our interest rate swap contracts without exchange of the underlying notional amount. As amount, which was $400.0 million as of December 31, 2022 and 2021, notional amounts outstanding under the interest rate hedge contract were $192.3 million and $194.3 million, respectively. During 2020, the Company unwound a cross-currency debt swap related to a euro-denominated intercompany loan and discontinued the hedge as forecasted transaction in connection with this loan was no longer probable of occurring. As a result, the Company released net gains of $11.1 million from accumulated other comprehensive income into other income (expense) December 31, 2023.

During the years ended December 31, 2022, 2021, and 2020, the Company recorded net gains in accumulated other comprehensive income of $14.2 million and $4.4 million, and a net loss of $12.9 million, respectively, related to the remeasurement of the Our interest rate swap contract. Of these amounts, net losses contracts that were unwound as a part of $1.6 million, $4.8 million, and $3.9 million were released from accumulated other comprehensive loss and recognized in interest expense during the years ended our debt modification discussed above had a combined notional amount of $192.3 million at December 31, 2022, 2021 and 2020, respectively. Based on the current valuation as of December 31, 2022, the Company expects to reclassify a net gain of $4.4 million related to the interest rate swap contract from accumulated other comprehensive loss into earnings during the next 12 months.

During the year ended December 31, 2020, the Company recorded a net remeasurement gain of $15.1 million in accumulated other comprehensive loss in connection with the cross-currency debt swap, and released net gains of $18.5 million from accumulated other comprehensive loss into earnings as follows:

- $11.1 million related to the discontinuation of the cross-currency swap contract recognized in other income;
- $5.7 million related to foreign currency recognized in other income; and

- $1.7 million recognized in interest expense..

The following tables summarize the net effect of all cash flow hedges on the consolidated financial statements for the years ended December 31, 2022, 2021, and 2020 periods presented (in millions):

Derivatives designated as cash flow hedging instruments	Gain (Loss) Recognized in Other Comprehensive Income Year Ended December 31, 2022	 2021	 2020
Foreign currency forward contracts	$ 2.0	$ 2.4	$ 0.8
Cross-currency debt swap contracts	—	—	15.1
Interest rate swap agreements	14.2	4.4	(12.9)
	$ 16.2	$ 6.8	$ 3.0

Derivatives designated as cash flow hedging instruments	Gain (Loss) Recognized in Other Comprehensive Income Year Ended December 31, 2023	 2022	 2021
Interest rate swap contracts			
Interest rate swap contracts			
Interest rate swap contracts			
Total			

	Gain (Loss) Reclassified from Other Comprehensive Income into Earnings Year Ended December 31,		

	Gain (Loss) Reclassified from Other Comprehensive Income into Earnings Year Ended December 31,		

Derivatives designated as cash flow hedging instruments	Derivatives designated as cash flow hedging instruments	2022	2021	2020	Derivatives designated as cash flow hedging instruments	2023	2022	2021
Foreign currency forward contracts	Foreign currency forward contracts	$4.8	$ 1.7	$ 1.1				
Cross-currency debt swap contracts		—	—	18.5				
Interest rate swap agreements		(1.6)	(4.8)	(3.9)				
		$3.2	$(3.1)	$15.7				
Interest rate swap contracts								
Interest rate swap contracts								
Interest rate swap contracts								
Total								

Based on the current valuation as of December 31, 2023, we expect to reclassify a net gain of $5.2 million related to the interest rate swap contracts from accumulated other comprehensive loss into earnings during the next 12 months.

Foreign Currency Forward Contracts Not Designated as Hedging Instruments

The Company uses We use foreign currency forward contracts that are not designated as qualifying cash flow hedging instruments to mitigate the our exposure to fluctuations in foreign currency exchange rates due to the remeasurement of certain balance sheet payables and receivables denominated in foreign currencies, as well as gains and losses resulting from the translation of the operating results of the Company's our international subsidiaries into U.S. dollars for financial reporting purposes. These contracts generally mature within 12 months from inception. As of December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the notional amounts of the Company's our foreign currency forward contracts used to mitigate the exposures discussed above were approximately $162.9 million $209.4 million, $67.8 million $162.9 million, and $81.6 million $67.8 million, respectively. The Company estimates We estimate the fair values of foreign currency forward contracts based on pricing models using current market rates, and records record all derivatives on its our consolidated balance sheet at fair value, with changes in fair value recorded in the our consolidated statements of operations. Foreign currency forward contracts are classified under Level 2 of the fair value hierarchy (see Note 17).

The following table summarizes the location of net gains and losses for each type of our derivative contracts recognized in the consolidated statements of operations that were recognized during for the years ended December 31, 2022, 2021 and 2020, in addition to the derivative contract type periods presented (in millions):

Derivatives not designated as hedging instruments	Derivatives not designated as hedging instruments	Location of Net Gain Recognized in Income on Derivative Instruments	Amount of Net Gain Recognized in Income on Derivative Instruments / Amount of Net Gain Recognized in Income on Derivative Instruments Years Ended December 31, 2022	2021	2020	Derivatives not designated as hedging instruments	Location of Net Gain Recognized in Income on Derivative Instruments	Amount of Net Gain Recognized in Income on Derivative Instruments Years Ended December 31, 2023	2022	2021
Foreign currency forward contracts	Foreign currency forward contracts	Other income, net	$44.5	$14.4	$2.2					

During the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, the Company we recognized net foreign currency transactional losses of $6.4 million, $18.3 million, and $6.4 million, and a net foreign currency transactional gain of $9.0 million, respectively, in its our consolidated statements of operations.

Note 19. Accumulated Other Comprehensive Income (Loss) Loss

The following table details the amounts reclassified from accumulated other comprehensive income (loss) loss and foreign currency translation adjustments for the years ended December 31, 2022, 2021 and 2020 periods presented below (in millions):

	Derivative Instruments	Foreign Currency Translation	Total
Accumulated other comprehensive loss, January 1, 2020, after tax	$ (4.2)	$ (18.2)	$ (22.4)
Change in derivative instruments	3.0	—	3.0
Net losses reclassified to cost of goods sold	(1.0)	—	(1.0)
Net gains reclassified to other income (expense)	(16.8)		(16.8)
Net losses reclassified to interest expense	2.1		2.1
Income tax benefit on derivative instruments	2.9	—	2.9
Foreign currency translation adjustments	—	25.7	25.7
Accumulated other comprehensive loss, December 31, 2020, after tax	(14.0)	7.5	(6.5)
Accumulated other comprehensive loss, January 1, 2021, after tax			
Change in derivative instruments	6.9	—	6.9
Net gains reclassified to cost of goods sold	(1.7)	—	(1.7)
Net losses reclassified to interest expense	4.8	—	4.8
Income tax provision on derivative instruments	(1.6)	—	(1.6)
Foreign currency translation adjustments	—	(29.2)	(29.2)
Accumulated other comprehensive loss, December 31, 2021, after tax	(5.6)	(21.7)	(27.3)
Change in derivative instruments	16.2	—	16.2
Net gains reclassified to cost of goods sold	(4.8)	—	(4.8)

Net losses reclassified to interest expense	Net losses reclassified to interest expense	1.6	—	1.6
Net losses reclassified to interest expense				
Net losses reclassified to interest expense				
Income tax provision on derivative instruments	Income tax provision on derivative instruments	(2.5)	—	(2.5)
Foreign currency translation adjustments	Foreign currency translation adjustments	—	(44.7)	(44.7)
Accumulated other comprehensive loss, December 31, 2022, after tax	Accumulated other comprehensive loss, December 31, 2022, after tax	$ 4.9	$ (66.4)	$ (61.5)
Change in derivative instruments				
Net gains reclassified to cost of goods sold				
Net gains reclassified to interest expense				
Net gains reclassified to interest expense				
Net gains reclassified to interest expense				
Income tax provision on derivative instruments				
Foreign currency translation adjustments				
Accumulated other comprehensive loss, December 31, 2023, after tax				

Note 20. Segment Information

The Company has We have three operating and reportable segments:

- Topgolf, which is primarily comprised of service revenues and expenses from its our Company-operated Topgolf venues, Toptracer ball-flight tracking technology, and WGT digital golf game;
- Golf Equipment, which is comprised of product revenues and expenses that encompass golf club and golf ball products, including Callaway Golf-branded woods, hybrids, irons, wedges, Odyssey putters, including Toulon Design putters by Odyssey, packaged sets, Callaway Golf and Strata-branded golf balls and sales of pre-owned golf clubs; and
- Active Lifestyle, which is comprised of product revenues and expenses for the Jack Wolfskin outdoor apparel, gear and accessories business, the TravisMathew golf and lifestyle apparel and accessories business, the Callaway soft goods business and the OGIO business, which consists of golf apparel and accessories (including golf bags and gloves) bags), and storage gear for sport and personal use. This segment also includes royalties from licensing of the Company's our trademarks and service marks

for various soft goods products. During the second quarter of 2022, the Company we changed the name of its our Apparel, Gear, and Other operating segment to Active Lifestyle. The segment name change had no impact on the composition of the Company's our segments or on previously reported financial position, results of operations, cash flow or segment operating results.

There were no significant significant intersegment transactions during the years ended December 31, 2022December 31, 2023, 2021, 2022, or 2020. 2021.

The following table contains information utilized by management to evaluate its our operating segments for the periods presented below (in millions):

	Years Ended December 31,		
	2022	2021	2020
Net revenues:			
Topgolf(1)	$ 1,549.0	$ 1,087.6	$ —
Golf Equipment	1,406.6	1,229.2	982.7
Active Lifestyle	1,040.1	816.6	606.8
Total net revenues	$ 3,995.7	$ 3,133.4	$ 1,589.5
Income (loss) before income taxes:			
Topgolf(1)	$ 76.8	$ 58.2	$ —
Golf Equipment	251.4	203.9	148.6
Active Lifestyle	77.4	68.5	0.7
Total segment operating income	405.6	330.6	149.3
Reconciling Items(2)	(148.8)	(125.9)	(254.8)
Total operating income (loss)	256.8	204.7	(105.5)
Gain on Topgolf investment(3)	—	252.5	—
Interest expense, net	(142.8)	(115.6)	(46.9)
Other income, net	27.9	9.0	24.9
Total income (loss) before income taxes	$ 141.9	$ 350.6	$ (127.5)

	December 31,	
	2022	2021
Identifiable assets:		
Topgolf(1)	$ 5,302.0	$ 4,910.0
Golf Equipment	1,340.0	1,107.6
Active Lifestyle	1,034.0	840.5
Reconciling items(2)	914.4	889.7
Total identifiable assets	$ 8,590.4	$ 7,747.8
Additions to long-lived assets:		
Topgolf(1)	$ 490.4	$ 286.8
Golf Equipment	13.8	30.7
Active Lifestyle	22.4	21.0
Total additions to long-lived assets	$ 526.6	$ 338.5
Depreciation and amortization:		
Topgolf(1)	$ 143.8	$ 114.6
Golf Equipment	20.7	14.1
Active Lifestyle	28.3	27.1
Total depreciation and amortization	$ 192.8	$ 155.8

(1) On March 8, 2021, the Company completed the merger with Topgolf and has included the results of operations, identifiable assets, additions to long-lived assets, and depreciation and amortization of Topgolf in its consolidated statements of operations and statements of financial position from that date forward.

(2) Reconciling items include 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. The amount for 2022 also includes costs associated with the one-time implementation of new ERP systems installed at acquired companies, legal and credit agency fees related to a postponed debt refinancing, and impairment losses related to an underperforming premerger Topgolf concept location in addition to the suspension of business operations in Russia. The amount for 2021 also includes transaction, transition and other non-recurring costs associated with the merger with Topgolf and costs associated with the implementation of new IT systems for Jack Wolfskin.

(3) The gain on Topgolf investment is related to the fair value step-up on the Company's investment in Topgolf (see Note 6).

	Years Ended December 31,		
	2023	2022	2021
Net revenues:			
Topgolf(1)	$ 1,761.0	$ 1,549.0	$ 1,087.6
Golf Equipment	1,387.5	1,406.6	1,229.2
Active Lifestyle	1,136.3	1,040.1	816.6
Total net revenues	$ 4,284.8	$ 3,995.7	$ 3,133.4
Income before income taxes:			
Topgolf(1)	$ 108.8	$ 76.8	$ 58.2
Golf Equipment	193.3	251.4	203.9
Active Lifestyle	117.0	77.4	68.5
Total segment operating income	419.1	405.6	330.6
Reconciling Items(2)	(181.4)	(148.8)	(125.9)
Total operating income	237.7	256.8	204.7
Gain on Topgolf investment(3)	—	—	252.5
Interest expense, net	(210.2)	(142.8)	(115.6)
Other income, net	7.3	27.9	9.0
Total income before income taxes	$ 34.8	$ 141.9	$ 350.6

(1) On March 8, 2021, the Company completed the merger with Topgolf and has included the results of operations of Topgolf in its consolidated statements of operations and statements of financial position from that date forward.

(2) Reconciling items in 2023 include corporate general and administrative expenses not utilized by management in determining segment profitability, including reorganization charges of $12.3 million incurred during the twelve months ended December 31, 2023 to reorganize our IT functions and improve the organizational structure in our Active Lifestyle and Topgolf Segments. As of December 31, 2023, our total liability in accrued employee costs and benefits related to the reorganization was $4.0 million. Reconciling items in 2023 and 2022 also include the amortization and depreciation of acquired intangible assets, purchase accounting adjustments related to acquisitions, non-recurring costs associated with the integration of new IT systems stemming from acquisitions, and costs related to a 2023 cybersecurity incident. In addition, reconciling items in 2022 and 2021 include legal and credit agency fees related to the postponement of our debt refinancing, and charges related to the suspension of our Jack Wolfskin retail business in Russia due to the Russia-Ukraine war and the closure of a pre-merger Topgolf concept location. The amount for 2021 also includes transaction, transition and other non-recurring costs associated with the merger with Topgolf and costs associated with the implementation of new IT systems for Jack Wolfskin.

(3) The gain on Topgolf investment is related to the fair value step-up on the Company's investment in Topgolf (see Note 4).

	December 31,	
	2023	2022
Inventory:		
Topgolf	$ 50.2	$ 38.2
Golf Equipment	454.2	567.2
Active Lifestyle	290.0	353.8
Total inventory	$ 794.4	$ 959.2
Property, Plant, & Equipment, net:		
Topgolf	$ 1,963.0	$ 1,612.4
Golf Equipment	102.5	106.5
Active Lifestyle	91.0	90.7
Total property, plant, & equipment, net	$ 2,156.5	$ 1,809.6
Goodwill & Intangibles, net:		
Topgolf	$ 2,427.6	$ 2,421.3
Golf Equipment	621.5	620.6
Active Lifestyle	445.1	445.5

Total goodwill & intangibles, net	$ 3,494.2	$ 3,487.4
Additions to long-lived assets:		
Topgolf	$ 503.1	$ 490.4
Golf Equipment	8.1	13.8
Active Lifestyle	20.2	22.4
Corporate	57.7	36.3
Total additions to long-lived assets	$ 589.1	$ 562.9
Depreciation and amortization:		
Topgolf	$ 183.9	$ 143.8
Golf Equipment	19.7	20.7
Active Lifestyle	36.1	28.3
Total depreciation and amortization	$ 239.7	$ 192.8

The Company markets its We market our products in the United States and internationally, with its our principal international markets being Asia and Europe. The tables below contain information about the geographical areas in which the Company operates. we operate. Net revenues are attributed to the location to which the product was shipped. Long-lived assets are based on location of domicile.

	2022	2021	2020
		(in millions)	
2023	2023	2022	2021
(in millions)			*(in millions)*
Net Revenues:			
United States			
United States			
United States	$ 2,798.0	$ 2,067.1	$ 778.6
Europe	537.4	499.5	373.0
Asia	545.4	465.5	212.1
Rest of World	114.9	101.3	225.8
Total Net Revenues	$ 3,995.7	$ 3,133.4	$ 1,589.5
Long-Lived Assets[(1)]			
Long-Lived Assets			
Long-Lived Assets			
Long-Lived Assets			
United States			
United States			
United States	$ 1,729.0	$ 1,383.6	$ 116.5
Europe	58.8	48.9	17.1
Asia	18.8	7.2	6.0
Rest of World	3.0	11.7	6.9
Total Long-Lived Assets	$ 1,809.6	$ 1,451.4	$ 146.5

(1) In 2021, the Company re-evaluated its definition of long-lived assets to include property, plant and equipment. As a result, the information presented for 2020 was recast to conform with the current year presentation.

Exhibit 4.2

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Topgolf Callaway Brands Corp. ("we," "us," "our" or the "Company") has one class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended: our common stock.

Description of Common Stock

The following summary of the terms of our common stock is based upon our certificate of incorporation and bylaws. The summary is not meant to be complete and is qualified in its entirety by reference to our certificate of incorporation and bylaws, copies of which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our certificate of incorporation, our bylaws and the applicable provisions of the Delaware General Corporation Law for additional information.

General

As of December 31, 2022 December 31, 2023, our authorized capital stock consisted of 360,000,000 shares of common stock, $0.01 par value, and 3,000,000 shares of preferred stock, $0.01 par value. Of the preferred stock, 240,000 shares are designated Series A Junior Participating Preferred Stock ("Series A Preferred"). The remaining shares of preferred stock are undesignated as to series, rights, preferences, privileges or restrictions. Our certificate of incorporation does not authorize any other classes of capital stock.

Voting Rights

We have one existing class of common stock. Holders of shares of our existing common stock are entitled to one vote per share on all matters to be voted upon by our stockholders. Although no shares of Series A Preferred stock have been issued, if such shares were issued, each share of Series A Preferred would entitle the holder thereof to 1,000 votes on all matters to be voted upon by our stockholders. The holders of any shares of Series A Preferred and the holders of our common stock generally vote together as one class on all matters to be voted upon by our stockholders.

Dividends

The holders of shares of our existing common stock are entitled to receive ratably dividends as may be declared from time to time by our board of directors out of funds legally available for dividend payments, subject to any dividend preferences of any holders of any other series of common stock and preferred stock.

Liquidation

In the event of our liquidation, dissolution or winding up, after full payment of all debts and other liabilities and liquidation preferences of any other series of common stock and any preferred stock, the holders of shares of our existing common stock are entitled to share ratably in all remaining assets.

Rights and Preferences

Our existing common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the shares of our existing common stock.

Fully Paid and Nonassessable

All issued and outstanding shares of common stock are fully paid and nonassessable.

Listing

Our common stock is listed under the symbol "MODG" on the New York Stock Exchange.

Transfer Agent and Registrar

ComputerShare Trust Company, N.A. is the Transfer Agent and Registrar for our common stock.

Preferred Stock

Our board of directors has the authority, without stockholder approval, to issue up to 3,000,000 shares of preferred stock, including 240,000 shares of Series A Preferred, in one or more series and, subject to the Delaware General Corporation Law, may:

- fix or alter the designations, powers and preferences, and relative participating, optional or other rights, if any, of any series of preferred stock, and qualifications, limitations or restrictions thereof, including without limitation, dividend rights (and whether dividends are cumulative);
- fix the conversion rights, if any, and voting rights (including the number of votes, if any, per share, as well as the number of members, if any, of our board of directors or the percentage of members, if any, of our board of directors each class or series of preferred stock may be entitled to elect);
- fix the rights and terms of redemption (including sinking fund provisions, if any), redemption price and liquidation preferences of any wholly unissued series of preferred stock;
- fix the number of shares constituting any series; and
- increase (but not above the total number of authorized shares of the class) or decrease (but not below the total number of such series then outstanding) the number of shares of any series of preferred stock subsequent to the issuance of shares of such series.

Our board of directors has no power to alter the rights of any outstanding shares of our preferred stock. Our board may issue shares of preferred stock with voting and conversion rights that could negatively affect the voting power or other rights of our common stock, and the board has the ability to take that action without stockholder approval.

Possible Anti-Takeover Effects of Delaware Law and Relevant Provisions of Our Certificate of Incorporation and Bylaws

Provisions of Delaware law and our certificate of incorporation and bylaws may make more difficult the acquisition of the Company by tender offer, a proxy contest or otherwise or the removal of our officers and directors. For example:

- As discussed above, our certificate of incorporation permits our board of directors to issue a new series of preferred stock with terms that may make an acquisition by a third person more difficult or less attractive.
- Our bylaws provide time limitations on stockholders who desire to present nominations for election to our board of directors or propose matters that can be acted upon at stockholders' meetings, and require the stockholder to provide additional information about the stockholder (including such stockholder's ownership of the Company's securities) and any relationships and interests in material agreements such stockholder has with or involving our company, and additional information about the candidate the stockholder proposes for election to our board of directors.
- Our bylaws provide that special meetings of stockholders can be called only by a majority of our board of directors then in office, or by (i) the chairman of the board or by the president, and (ii) the board of directors, pursuant to a resolution approved by a majority of the entire board of directors or (iii) the secretary following his or her receipt of one or more written demands from stockholders of record who hold, in the aggregate, at least twenty-five percent of the voting power of the Company's outstanding shares, as of a record date fixed in accordance with the bylaws, subject to certain other requirements set forth in the bylaws. Our bylaws further provide that the board of directors may postpone, recess, reschedule or cancel any previously scheduled special meeting of stockholders.
- Our certificate of incorporation and bylaws permit shareholders to act by written consent, but such consent must be unanimous in the case of election of directors.

Limitation of Liability; Indemnification

Our certificate of incorporation contains certain provisions permitted under the Delaware General Corporation Law relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty to the fullest extent permitted by the Delaware General Corporation Law. Our bylaws also provide that we must indemnify our directors and officers to the fullest extent permitted by Delaware law and also provide that we must pay expenses, as incurred, to our directors and officers in connection with a legal proceeding to the fullest extent permitted by Delaware law, subject to very limited exceptions.

Exhibit 21.1

Subsidiaries	State or Country of Incorporation or Organization
Callaway Golf South Pacific Pty Ltd.	Australia
Callaway Golf Sales Company	California
Callaway Golf International Sales Company	California
Callaway Golf Canada Ltd.	Canada
Callaway Golf (Shanghai) Trading Co., Ltd.	China
Callaway Golf (Dongguan) Technology Service Co., Ltd.	China
Callaway Golf Ball Operations, Inc.	Delaware
uPlay, Inc.	Delaware
Callaway Golf (Germany) GmbH	Germany
Callaway Golf India Private Ltd.	India
Callaway Digital Technologies Private Limited	India
Callaway Golf Kabushiki Kaisha	Japan
Callaway Golf Korea Ltd.	Korea
Callaway de Mexico, S.A. de C.V.	Mexico
Callaway Golf Interactive, Inc.	Texas
Callaway Golf Europe Ltd.	United Kingdom
Callaway Golf European Holding Company Ltd.	United Kingdom
travisMathew, LLC	California
Ogio International, Inc.	Utah
Callaway Golf (Barbados) SRL	Barbados
Callaway HK Ben 1 Limited	Hong Kong
Callaway HK Ben 2 Limited	Hong Kong
Callaway HK OpCo Limited	Hong Kong
Callaway HK HoldCo Limited	Hong Kong
CÔNG TY TNHH CALLAWAY GOLF VIỆT NAM (Callaway (Callaway Golf Vietnam Company Limited)	Vietnam
Callaway Golf EU B.V.	Netherlands
Modern Golf Company	Delaware
Callaway Germany Holdco GmbH	Germany
Jack Wolfskin North America, Inc.	Delaware
JACK WOLFSKIN Ausrüstung für Draussen GmbH & Co. KGaA	Germany
JW STARGAZER Holding GmbH	Germany
SKYRAGER GmbH	Germany
JACK WOLFSKIN Retail GmbH	Germany
ООО ДЖЕК ВОЛЬФСКИН РУС (OOO JACK WOLFSKIN RUS)	Russian
Jack Wolfskin Trading (Shanghai) Co. Ltd.	China
JACK WOLFSKIN UK Ltd.	United Kingdom
JACK WOLFSKIN Italia Srl	Italy
JACK WOLFSKIN France Retail Sarl	France
JACK WOLFSKIN Austria GmbH	Austria
JACK WOLFSKIN Netherlands B.V.	Netherlands
JACK WOLFSKIN Belgien BV	Belgium
JACK WOLFSKIN Switzerland AG	Switzerland
JACK WOLFSKIN Poland sp. z o.o.	Poland
Topgolf UK Holdings Limited Partnership	United Kingdom
Golf Entertainment International Limited	United Kingdom
BayDrive Group Limited	United Kingdom

Subsidiaries	State or Country of Incorporation or Organization
TopGolf Group Limited	United Kingdom
Topgolf Limited	United Kingdom
World Golf Systems Group Limited	United Kingdom
Topshot Systems Limited	United Kingdom
TopGolf Systems Limited	United Kingdom
TopGolf Sweden AB	Sweden
Topgolf Australia PTY Limited	Australia
TG-VR Australia Joint Venture	Australia
Village Golf Australia PTY Limited	Australia
Topgolf Mexico Holdings Ltd	United Kingdom
TG-VE Mexico Joint Venture, S. DE. R. L. DE C.V	Mexico
TG-VE Nominees, S. DE. R. L. DE C.V	Mexico
Topgolf Canada Holdings Ltd	United Kingdom
Topgolf Japan G. K.	Japan
WGDR Investments and Trading Limited	United Kingdom
Topgolf International Inc.	Delaware
TG Holdings I, LLC	Delaware
Top Golf USA Inc.	Delaware
Topgolf Payroll Services, LLC	Delaware
Topgolf Media, LLC	Delaware
Topgolf Pro, LLC	Virginia
Topgolf Cares, Inc. (501 c 3)	Texas
World Golf Tour, LLC	Delaware
TG Lounge Holdings, LLC	Delaware
TG Flex Holdings, LLC	Delaware
TG Lounge Management LLC	Delaware
TG Lounge JV LLC	Delaware
Topgolf ELP Holdings, LLC	Delaware
TopGolf Topgolf USA SDS, LLC	Delaware
Topgolf USA CS, LLC	Delaware
Topgolf USA Albuquerque, LLC	Delaware
TopGolf USA Kingstowne, LLC	Virginia
TopGolf USA Allen, LLC	Texas
TopGolf USA Allen Holdings, LLC	Texas
TopGolf USA Allen II, LLC	Texas
TopGolf USA Alpharetta, LLC	Delaware
TopGolf USA Alpharetta Holdings, LLC	Delaware
TopGolf USA Alpharetta II, LLC	Delaware
Topgolf USA ANA, LLC	Delaware
Topgolf USA BF, LLC	Delaware
TopGolf USA Atlanta, LLC	Delaware
TopGolf USA Atlanta Holdings, LLC	Delaware
TopGolf USA Atlanta II, LLC	Delaware
Topgolf USA Auburn Hills, LLC	Delaware
Topgolf USA AG, LLC	Delaware
TopGolf USA Austin, LLC	Texas
TopGolf USA Austin Holdings, LLC	Texas
TopGolf USA Austin II, LLC	Texas
Topgolf USA Baltimore, LLC	Delaware
Topgolf USA Baton Rouge, LLC	Delaware

Subsidiaries	State or Country of Incorporation or Organization
Topgolf USA Baton Rouge, LLC	Delaware
Topgolf USA Birmingham, LLC	Delaware
Topgolf USA BO, LLC	Delaware
Topgolf USA Brooklyn Center, LLC	Delaware
Topgolf USA Burlingame, LLC	Delaware
Topgolf USA Camarillo, Dublin, LLC	Delaware
Topgolf USA Canton, LLC	Delaware
Topgolf USA Carlsbad, LLC	Delaware
TopGolf USA Centennial, LLC	Delaware
Topgolf USA Charleston, LLC	Delaware
TopGolf USA Charlotte, LLC	Delaware
Topgolf USA North Charlotte, LLC	Delaware
Topgolf USA CERT, LLC	Delaware
TopGolf USA Hoffman Estates, LLC	Delaware
Top Golf USA Salt Creek, LLC	Illinois
TopGolf USA West Chester, LLC	Delaware
Topgolf USA CL, LLC	Delaware
Topgolf USA COL, LLC	Delaware
TopGolf USA Columbus, LLC	Delaware
TopGolf USA Park Lane Ranch, LLC	Texas
TopGolf USA Park Lane Ranch Holdings, LLC	Texas
TopGolf USA Park Lane Ranch II, LLC	Texas
Topgolf USA DB, LLC	Delaware
TG USA Deep Ellum, LLC	Delaware
TG USA Deep Ellum II, LLC	Delaware
TG USA Deep Ellum Holdings, LLC	Delaware
Topgolf USA DVW, LLC	Delaware
Topgolf USA RD, LLC	Delaware
TopGolf USA Edison, LLC	Delaware
Topgolf USA El Paso, LLC	Delaware
Topgolf USA El Paso Holdings, LLC	Texas
Topgolf USA El Paso II, LLC	Texas
TopGolf USA El Segundo, LLC	Delaware
Topgolf USA Ft. Myers, LLC	Delaware
TopGolf USA Ft. Worth, LLC	Texas
TopGolf USA Ft. Worth Holdings, LLC	Texas
TopGolf USA Ft. Worth II, LLC	Texas
Topgolf USA Germantown, LLC	Delaware
TopGolf USA Gilbert, LLC	Delaware
Topgolf USA Glendale, LLC	Delaware
Topgolf USA Greenville, LLC	Delaware
Topgolf USA Holtsville, LLC	Delaware
Topgolf USA Hawaii, LLC	Delaware
TopGolf USA Granite Park, LLC	Texas
TopGolf USA Granite Park Holdings, LLC	Texas
TopGolf USA Granite Park II, LLC	Texas
TopGolf USA Spring, LLC	Texas
TopGolf USA Spring Holdings, LLC	Texas
TopGolf USA Spring II, LLC	Texas
TopGolf USA Webster, LLC	Texas
TopGolf USA Webster Holdings, LLC	Texas

Subsidiaries	State or Country of Incorporation or Organization
TopGolf USA Webster, LLC	Texas
TopGolf USA Webster Holdings, LLC	Texas
TopGolf USA Webster II, LLC	Texas
Topgolf USA Huntsville, LLC	Delaware
Topgolf USA Fishers, LLC	Delaware
TopGolf USA Jacksonville, LLC	Delaware
TG USA Kirkland, LLC	Delaware
Topgolf USA FKX, LLC	Delaware
Topgolf USA LM, LLC	Delaware
TopGolf USA Las Vegas, LLC	Delaware
TopGolf USA Las Vegas Holdings, LLC	Delaware
Topgolf USA LS, LLC	Delaware
Topgolf USA LB, LLC	Delaware
TopGolf USA Dulles, LLC	Delaware
Topgolf USA KY1, LLC	Delaware
Topgolf USA May, LLC	Delaware
Topgolf USA Miami Gardens, LLC	Delaware
Topgolf USA Doral, LLC	Delaware
Topgolf USA MB, LLC	Delaware
TopGolf USA Mt. Laurel, LLC	Delaware
Topgolf USA Myrtle Beach, LLC	Delaware
TopGolf USA Naperville, LLC	Delaware
TopGolf USA Nashville, LLC	Delaware
TopGolf USA National Harbor, LLC	Delaware
Topgolf USA NHP, LLC	Delaware
Topgolf USA New Orleans, LLC	Delaware
Topgolf USA NPB, LLC	Delaware
TopGolf USA OKC, LLC	Delaware
Topgolf USA Omaha, LLC	Delaware
Topgolf USA SBD, LLC	Delaware
TopGolf USA Orlando, LLC	Delaware
TopGolf USA Overland Park, LLC	Kansas
Topgolf USA Pharr, LLC	Delaware
Topgolf USA Pharr II, LLC	Delaware
Topgolf USA Pharr Holdings, LLC	Delaware
Topgolf USA NEP, LLC	Delaware
Topgolf USA Pittsburgh, LLC	Delaware
Topgolf USA PPB, LLC	Delaware
TopGolf USA Hillsboro, LLC	Delaware
Topgolf USA CP, LLC	Delaware
TopGolf USA Raleigh, LLC	Delaware
Topgolf USA Richmond, LLC	Delaware
Topgolf USA RG, LLC	Delaware
TopGolf USA Roseville, LLC	Delaware
TopGolf USA Midvale, LLC	Delaware
Topgolf USA VY, LLC	Delaware
TopGolf USA San Antonio, LLC	Texas
TopGolf USA San Antonio Holdings, LLC	Texas
TopGolf USA San Antonio II, LLC	Texas
Topgolf USA SDP, LLC	Delaware
Topgolf USA KP, LLC	Delaware

Subsidiaries	State or Country of Incorporation or Organization
TopGolf USA San Antonio II, LLC	Texas
Topgolf USA SDP, LLC	Delaware
Topgolf USA KP, LLC	Delaware
Topgolf USA Pin High, LLC	Delaware
Topgolf USA Schaumburg, LLC	Delaware
TopGolf USA Riverwalk, LLC	Delaware
Topgolf USA RE, LLC	Delaware
Topgolf USA Chesterfield, LLC	Delaware
Topgolf USA STL, LLC	Delaware
TopGolf USA Brandon, LLC	Delaware
Topgolf USA Pete, LLC	Delaware
TopGolf USA Colony, LLC	Texas
TopGolf USA Colony Holdings, LLC	Texas
TopGolf USA Colony II, LLC	Texas
Topgolf USA Thornton, LLC	Delaware
Topgolf USA Tucson, LLC	Delaware
TopGolf USA Virginia Beach, LLC	Delaware
Topgolf USA WC, LLC	Delaware
Topgolf USA WC II, LLC	Delaware
Topgolf USA WC Holdings, LLC	Delaware
Topgolf USA WCH, LLC	Delaware
Topgolf USA Woburn, LLC	Delaware
Topgolf USA YK, LLC	Delaware
Topgolf USA GB, LLC	Delaware
Topgolf USA MP, LLC	Delaware
Topgolf USA MA, LLC	Delaware
Topgolf USA PS, LLC	Delaware
Topgolf USA LR, LLC	Delaware
Topgolf USA GP, LLC	Delaware
Topgolf USA LF, LLC	Delaware
Topgolf USA JM, LLC	Delaware
Topgolf USA WB, LLC	Delaware
Topgolf USA RCH, LLC	Delaware
Topgolf USA DM, LLC	Delaware
RSVP Holdings I, LLC	Delaware
Topgolf USA NBR, LLC	Delaware
Topgolf USA CD, LLC	Delaware
Topgolf USA Akron, LLC	Delaware
Topgolf USA AP, LLC	Delaware
Topgolf USA TP, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-161849, 333-146321, 333-188622, 333-223534, 333-253985 and 333-265207 on Form S-8, Registration Statement No. 333-259537 on Form S-3 ASR and Registration Statement No. 333-250903 on Form S-4 of our reports dated February 28, 2023 February 28, 2024, relating to the financial statements of Topgolf Callaway Brands Corp. (the “Company”), and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

/s/ Deloitte & Touche LLP
Costa Mesa, California
February 28, 2023 2024

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Exhibit 24.1

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Erik J Anderson**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 24, 2023 February 14, 2024.

/s/ Erik J Anderson
Erik J Anderson

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Samuel H. Armacost**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023.

/s/ Samuel H. Armacost

Samuel H. Armacost

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Scott H. Baxter**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023.

/s/ Scott H. Baxter

Scott H. Baxter

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Thomas G. Dundon**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023.

/s/ Thomas G. Dundon

Thomas G. Dundon

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Laura J. Flanagan**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 24, 2023 February 12, 2024.

/s/ Laura J. Flanagan

Laura J. Flanagan

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Russell L. Fleischer**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023 February 12, 2024.

/s/ Russell L. Fleischer

Russell L. Fleischer

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Bavan M. Holloway**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023 February 12, 2024.

/s/ Bavan M. Holloway

Bavan M. Holloway

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **John F. Lundgren**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023 February 12, 2024.

/s/ John F. Lundgren

John F. Lundgren

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Scott M. Marimow**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023 February 12, 2024.

/s/ Scott M. Marimow

Scott M. Marimow

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Adebayo O. Ogunlesi**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 24, 2023 February 12, 2024.

/s/ Adebayo O. Ogunlesi

Adebayo O. Ogunlesi

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Varsha R. Rao**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023 February 12, 2024.

/s/ Varsha R. Rao

Varsha R. Rao

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Linda B. Segre**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023 February 12, 2024.

/s/ Linda B. Segre

Linda B. Segre

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **Anthony S. Thornley**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 22, 2023 February 14, 2024.

/s/ Anthony S. Thornley

Anthony S. Thornley

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that I, **C. Matthew Turney**, a member of the Board of Directors of Topgolf Callaway Brands Corp, a Delaware corporation (the "Company"), with its principal executive offices in Carlsbad, California, do hereby constitute, designate and appoint each of Oliver G. Brewer III and Brian P. Lynch, each of whom are officers of the Company, as my true and lawful attorneys-in-fact, each with power of substitution, with full power to act without the other and on behalf of and as attorney for me, for the purpose of executing and filing with the Securities and Exchange Commission the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and any and all amendments thereto, and to do all such other acts and execute all such other instruments which said attorney may deem necessary or desirable in connection therewith.

I have executed this Limited Power of Attorney effective as of February 13, 2024.

/s/ C. Matthew Turney

C. Matthew Turney

Exhibit 31.1

CERTIFICATION

I, Oliver G. Brewer III, certify that:

1. I have reviewed this annual report on Form 10-K of Topgolf Callaway Brands Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ OLIVER G. BREWER III

Oliver G. Brewer III
President and Chief Executive Officer

Dated: February 28, 2023 February 28, 2024

Exhibit 31.2

CERTIFICATION

I, Brian P. Lynch, certify that:

1. I have reviewed this annual report on Form 10-K of Topgolf Callaway Brands Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRIAN P. LYNCH

Brian P. Lynch
Executive Vice President and Chief Financial Officer

Dated: February 28, 2023 February 28, 2024

Exhibit 32.1

CERTIFICATION PURSUANT
TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Topgolf Callaway Brands Corp., a Delaware corporation (the "Company"), does hereby certify with respect to the Annual Report of the Company on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission (the "10-K Report"), that:

(1) the 10-K Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the 10-K Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The undersigned have executed this Certification effective as of February 28, 2023 February 28, 2024.

/s/ OLIVER G. BREWER III

Oliver G. Brewer III
President and Chief Executive Officer

/s/ BRIAN P. LYNCH

Brian P. Lynch
Executive Vice President and Chief Financial Officer

Exhibit 97.1

TOPGOLF CALLAWAY BRANDS CORP. POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Topgolf Callaway Brands Corp. (the "***Company***") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "***Policy***"), effective as of August 30, 2023 (the "***Effective Date***"). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board of Directors of the Company (the "***Board***") may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the "***Other Recovery Arrangements***"). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"***Applicable Rules***" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the

Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“***Committee***” means the committee of the Board responsible for executive compensation decisions comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

“***Erroneously Awarded Compensation***” means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“***Exchange Act***” means the Securities Exchange Act of 1934, as amended.

“***Financial Reporting Measure***” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equityholder return.

“***GAAP***” means United States generally accepted accounting principles.

“***IFRS***” means international financial reporting standards as adopted by the International Accounting Standards Board.

“***Impracticable***” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company’s home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“***Incentive-Based Compensation***” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that

compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“***Officer***” means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“***Restatement***” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“***Three-Year Period***” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement.The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence.However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.