Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to Our Business and Industry • A reduction in the number of rounds of golf played or in the number of golf participants could materially adversely affect our business, financial condition and results of operations. • Unfavorable weather conditions may impact the number of playable days and rounds played in a given year. • Changes to the Rules of Golf with respect to equipment could materially adversely affect our business, financial condition and results of operations. • A significant disruption in the operations of our manufacturing, assembly or distribution facilities could materially adversely affect our business, financial condition and results of operations. • Many of our raw materials or components of our products are provided by a sole or limited number of third- party suppliers and manufacturers. • A disruption in the operations of our suppliers could materially adversely affect our business, financial condition and results of operations ~~. • Our business, financial position, results of operations and cash flows have been, and could continue to be, impacted by the COVID- 19 pandemic~~. • We may not successfully manage the frequent introduction of new products or satisfy changing consumer preferences, quality and regulatory standards. • Failure to successfully innovate and offer high- quality products may adversely affect our ability to compete in the market for our products. • We may be involved in lawsuits to protect, defend or enforce our intellectual property rights, which could be expensive, time consuming and unsuccessful. • Our products may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling our products. • We face intense competition in each of our markets and if we are unable to maintain a competitive advantage, loss of market share, sales or profitability may result. • A severe or prolonged economic downturn could adversely affect our customers' financial condition, their levels of business activity and their ability to pay trade obligations. • We depend on retailers and distributors to market and sell our products, and our failure to maintain and further develop our sales channels could materially adversely affect our business, financial condition and results of operations. • Our business operations are subject to seasonal fluctuations, which could result in fluctuations in our operating results and stock price. • Our business and results of operations are subject to fluctuations based on the timing of new product introductions. • We have significant international operations and are exposed to risks associated with doing business globally. • 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 operations, including a breach in cybersecurity, our business, financial condition and results of operations could be materially adversely affected. • Our current senior management team and other key employees are critical to our success and if we are unable to attract and / or retain key employees and hire qualified management, technical and manufacturing personnel, our ability to compete could be harmed. • Our business could be materially adversely affected as a result of the risks associated with acquisitions and investments. Risks Related to Our Indebtedness • A high degree of leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or in our industry, expose us to interest rate risk to the extent of our variable rate debt, and prevent us from meeting our obligations under our indebtedness. • **Servicing our indebtedness requires a significant amount of cash. Our ability to generate sufficient cash depends on many factors, some of which are not within our control. • We may be able to incur significant amounts of debt, which could exacerbate the risks associated with current indebtedness. •** Our credit agreements **and the indentures governing our 7. 375 % Senior Unsecured Notes Due 2028 (the " Notes ")** contain restrictions that limit our flexibility in operating our business. Risks Related to Ownership of Our Common Stock • The interests of Magnus Holdings Co., Ltd. (" Magnus"), which is wholly- owned by Fila Holdings Corp. (" Fila "), and Fila and any of their successors or transferees may conflict with other holders of our common stock. • We are a " controlled company " within the meaning of the rules of the NYSE. As a result, we will qualify for, and may rely upon, exemptions from certain corporate governance requirements that would otherwise provide protection to shareholders of other companies. • If we are unable to maintain effective internal controls over financial reporting, we may not be able to produce timely and accurate financial statements, which could have a material adverse effect on our business and stock price. For a more complete discussion of the material risk facing our business, see below. You should carefully consider each of the following risk factors, as well as the other information in this Annual Report, including our consolidated financial statements and the related notes and " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " Item 7 of Part II, included elsewhere in this report. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially adversely affected. In that event, the market price of our common stock could decline significantly and you could lose all or part of your investment. The risks described below are not the only risks we face. Additional risks we are not presently aware of or that we currently believe are immaterial could also materially adversely affect our business, financial condition and results of operations. We generate substantially all of our sales from the sale of golf - related products, including golf balls, golf clubs, golf shoes, golf gloves, golf gear and golf apparel. The demand for golf - related products in general, and golf balls in particular, is directly related to the number of golf participants and the number of rounds of golf ~~being~~ played by these participants. If golf participation or the number of rounds of golf played declines, sales of our products may be adversely impacted, which could materially adversely affect our business, financial condition and results of operations. Unfavorable weather conditions may impact the number of playable days and rounds played in a given year. Weather conditions in most parts of the world, including our primary geographic markets, generally restrict golf from being played year - round, with many of our on - course retail customers closed during the cold weather months and, to a lesser extent, during the hot weather months. Unfavorable weather conditions in our major markets, such as a particularly long winter, a cold and wet spring, or an extremely hot summer, would impact the number of playable days and rounds played in a given year, which would result in a decrease in the amount spent by golfers and golf retailers on our products, particularly with respect to consumable products such as golf balls and golf gloves. In addition, unfavorable weather conditions and natural disasters can adversely affect the number of custom club fitting and trial events that we can perform during the key selling period. Unusual or severe weather conditions throughout the year, such as storms or droughts or other water shortages, can negatively affect golf rounds played both during the events and afterward, as weather damaged golf courses are repaired and golfers focus on repairing the damage to their homes, businesses and communities. Consequently, sustained adverse weather conditions, especially during the warm weather months, could impact our sales, which could materially adversely affect our business, financial condition and results of operations. Adverse weather conditions may have a greater impact on us than other golf equipment companies as we have a large percentage of consumable products in our product portfolio, and the purchase of consumable products is generally more dependent on the number of rounds played in a given year. Consumer spending habits and macroeconomic factors may affect the number of rounds of golf played and related spending on golf products. Our products are recreational in nature and are therefore discretionary purchases for consumers. Consumers are generally more willing to spend their time and money to play golf and make discretionary purchases of golf products when economic conditions are favorable and when consumers feel confident and prosperous. Discretionary spending on golf and the golf products we sell is affected by consumer spending habits as well as by many macroeconomic factors, including general business conditions, stock market prices and volatility, corporate spending, housing prices, rate of inflation, interest rates, the availability of consumer credit, taxes and consumer confidence in future economic conditions. Consumers may reduce or postpone purchases of our products as a result of shifts in consumer spending habits as well as during periods when economic uncertainty increases, disposable income is lower, or during periods of actual or perceived unfavorable economic conditions. A future significant or prolonged decline in general economic conditions or uncertainties regarding future economic prospects that adversely affects consumer discretionary spending, whether in the United States or in our international markets, could result in reduced sales of our products, which could materially adversely affect our business, financial condition and results of operations. Demographic factors may affect the number of golf participants and related spending on our products. Golf is a recreational activity that requires time and money and different generations and socioeconomic and ethnic groups use their leisure time and discretionary funds in different ways. Golf participation among younger generations and certain socioeconomic and ethnic groups may not prove to be as popular as it is among older" millennials" and the current “ gen - x ” and “ baby boomer ” generations. If golf participation or the number of rounds of golf played declines due to factors such as demographic changes in the United States and our international markets or lack of interest in the sport among young people or certain socioeconomic and ethnic groups, sales of our products could be negatively impacted, which could materially adversely affect our business, financial condition and results of operations. Golf’ s most regulated categories are golf balls and golf clubs. We seek to have our new golf ball and golf club products conform with the Rules of Golf published by the United States Golf Association (the" USGA") and The Royal and Ancient Golf Club of St. Andrews (the" R & A" and, **together** with the USGA, the" Governing Bodies"), because these rules 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 and Mexico, and the R & A publishes rules that are generally followed in most other countries ~~throughout~~ **around** the world. The Rules of Golf as published by the Governing Bodies are virtually the same and are intended to be so pursuant to a Joint Statement of Principles issued in 2001. The Rules of Golf set the ~~guidelines~~ **testing standards** and establish limitations for the design and performance of ~~all~~ golf balls and golf clubs. Many new regulations on golf balls and golf clubs have been introduced in the past 25 years, which we believe ~~was~~ **has been** one of the most active periods for golf equipment regulation in the history of golf. ~~The~~ **Historically, the** Rules of Golf have ~~historically~~ regulated ~~the~~ **golf ball** size, weight ~~and~~ **, spherical symmetry,** initial velocity **and** ~~of golf balls. More recently, the Governing Bodies have specifically focused on regulating the~~ overall distance ~~of a golf ball~~ . The Governing Bodies have also focused on golf club regulations, including limiting **wedge and iron groove size,** the size and spring - like effect of driver faces and club head moment of inertia. In the future, existing Rules of Golf may be altered in ways that adversely affect the sales of our current or future products ~~, including with respect to the Distance Insights Project~~ . On ~~March 16~~ **December 6** , ~~2022~~ **2023** ~~, and as updated in June 2022~~ , the Governing Bodies issued **a Notice of Decision relating to** an ~~Areas~~ **“ Update to the Conformance Testing** of ~~Interest~~ **Golf Balls to the Overall Distance Standard ” (the “ ODS** ~~notice~~ **Notice ”). The ODS Notice announced a change (effective in January 2028) to the Overall Distance Standard (“ ODS ”) testing method that** , **if implemented, will reduce the distance that conforming golf balls will travel when struck by golfers. The ODS Notice provides that recreational players may continue to use golf balls** which ~~is~~ **conform to** the ~~initial step of the established equipment rule making procedures~~ **current ODS testing standard until January 1, 2030** . ~~These~~ -- **The final outcome of the ODS** ~~notices~~ - **Notice** ~~provide research~~ **and the impact of any implementation thereof or any other potential changes to the Rules of Golf are uncertain at this time. On December 6, 2023, the Governing Bodies’ issued a Notice proposing to modify the Rules of Golf conformance testing process for drivers which may result in** ~~and~~ - **an** ~~perspectives on topics~~ **enhanced testing protocol for drivers (the “ Driver Notice ”). The Driver Notice also states** that ~~might lead to equipment rules changes and give golf' s stakeholders~~ the ~~opportunity~~ **Governing Bodies will continue** to ~~provide~~ **explore possible** ~~opinions~~ **options** ~~on~~ **related to distance and** the ~~topics~~ **driver** . The outcome of ~~this~~ **the Driver** ~~notice~~ **Notice** and the impact of any ~~resulting~~ **other** potential changes to the Rules of Golf ~~is~~ **are** uncertain at this time. If a change in rules was adopted and caused one or more of our current or future products to be nonconforming, sales of such products would be impacted and we may not be able to adapt our products promptly to such rule change, which could materially adversely affect our business, financial condition and results of operations. In addition, changes in the Rules of Golf may result in an increase in the costs of materials that would need to be used to develop new products as well as an increase in the costs to design new products that conform to such rules. We rely on our manufacturing facilities in the United States, Thailand **, Vietnam** and China and assembly and distribution facilities in many of our major markets, certain of which constitute our sole **or primary** manufacturing facility for a particular product category, including our joint venture facility in China where the majority of our golf shoes are manufactured and our facility in Thailand where we manufacture the majority of our golf gloves. Because substantially all of our products are manufactured and assembled in and distributed from a few locations, our operations could be interrupted by events beyond our control, including: • power loss or network connectivity or telecommunications failure or downtime; • equipment failure; • human error or accidents; • sabotage or vandalism; • physical or electronic security breaches; • floods, fires, earthquakes, hurricanes, tornadoes, tsunamis or other natural disasters; • political unrest; • labor difficulties, including work stoppages, slowdowns, labor shortages or excessive turnover; • water damage or water shortage; • government orders and regulations; • pandemics and other health and safety issues (including, for example, the COVID- 19 pandemic); and • terrorism. Our manufacturing, assembly and distribution capacity is also dependent on the performance of services by third parties, including vendors, landlords and logistics and transportation providers. If we encounter problems with our manufacturing, assembly and distribution facilities, our ability to meet customer expectations, manage inventory, avoid errors, complete sales and achieve objectives for operating efficiencies could be harmed, which could materially adversely affect our business, financial condition and results of operations. We maintain business interruption insurance, but it may not adequately protect us from the adverse effects that could result from significant disruptions to our manufacturing, assembly and distribution facilities, such as the long - term loss of customers or an erosion of our brand image. ~~During 2022 we experienced supply chain related disruptions that resulted in several significant cost impacts to our distribution and transportation services necessary to delivery our products to our customers. Our parcel and freight carriers implemented freight rate surcharges related to the ability of the carriers to attract and retain the required number of drivers to handle increased shipping volume during the COVID- 19 pandemic. Our 3PL warehouse partners experienced extraordinary levels of labor turnover due to low work force participation and increased competition for warehouse labor that resulted in several unplanned labor rate increases necessary to attract the required work force. Typical supplies for warehouse operations including corrugated cardboard, packaging, and pallets experienced unbudgeted price increases as demand soared and sources of supply struggled to deliver product due to international and domestic capacity constraints in manufacturing and transportation.~~ Our manufacturing, assembly and distribution networks include computer processes, software and automated equipment that may be subject to a number of risks related to cybersecurity, the proper operation of software and hardware, electronic or power interruptions or other system failures. Many of our raw materials or components of our products are provided by a sole or limited number of third - party suppliers and manufacturers. We rely on a sole or limited number of third - party suppliers and manufacturers for many of our raw materials and the components in our golf balls, golf clubs, golf gloves and certain of our other products. We also use specialized sources for certain of the raw materials used to make our golf gloves and other products, and these sources are limited to certain geographical locations. ~~Furthermore, many~~ **Many** of these materials are customized for us and some of our products require specially developed manufacturing techniques and processes which make it difficult to identify and utilize alternative suppliers quickly. If we were to experience any delay or interruption in such supplies, we may not be able to find adequate alternative suppliers at a reasonable cost or without significant disruption to our business. We continue to be exposed to price increases and availability risks with respect to certain materials and components used by us, our suppliers and our manufacturers, including polybutadiene, urethane and ~~Surlyn~~ **ionomers** for the manufacturing of our golf balls, titanium and steel for ~~the assembly of~~ our golf clubs, leather and synthetic fabrics for our golf shoes, golf gloves, golf gear and golf apparel, and resin and other petroleum - based materials for a number of our products. ~~Further supply~~ **Supply** chain disruptions or shortages in raw materials could materially adversely affect our business, financial condition and results of operations. Our ability to continue to select reliable suppliers who provide timely deliveries of quality materials and components will impact our success in meeting customer demand for timely delivery of quality products. If we experience significantly increased demand, or if, for any reason, we need to replace an existing manufacturer or supplier, there can be no assurance that additional supplies of raw materials or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any new supplier or manufacturer would allocate sufficient capacity to us in order to meet our requirements. For example, during 2022 we ~~continued to experience~~ **experienced** supply chain disruptions causing shortages of various raw materials **;** ~~, and these~~ **those supply chain disruptions largely resolved during** ~~issues are expected to continue to a lesser extent in~~ 2023. In addition, should we decide to transition existing manufacturing between third - party manufacturers or should we decide to transition existing in - house manufacturing to third - party manufacturers, the risk of such a problem could increase. Even if we are able to expand existing or find new manufacturing sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Any material delays, interruption or increased costs in the supply of raw materials or components of our products could impact our ability to meet customer demand for our products, which could materially adversely affect our business, financial condition and results of operations. In addition, there can be no assurance that our suppliers and manufacturers will continue to provide raw materials and components that are consistent with our standards and that comply with all applicable laws and regulations. We have occasionally received, and may in the future receive, shipments of supplies or components that fail to conform to our quality control standards. In that event, unless we are able to obtain replacement supplies or components in a timely manner, we risk the loss of sales resulting from the inability to manufacture our products and could incur related increased administrative and shipping costs, and there also could be a negative impact to our brands, any of which could materially adversely affect our business, financial condition and results of operations. While we do not control our suppliers or their labor practices, negative publicity regarding the management of facilities, production methods of or materials used by any of our suppliers could adversely affect our reputation, which could materially adversely affect our business, financial condition and results of operations and may force us to locate alternative suppliers. In addition, our suppliers may not be well capitalized and they may not be able to fulfill their obligations to us or may go out of business. Furthermore, the ability of third - party suppliers to timely deliver raw materials or components may be affected by events beyond their control, such as work stoppages or slowdowns, transportation issues, changes in trade or tariff laws, or significant weather and health conditions. The ~~COVID- 19 pandemic, and the various governmental, industry and consumer actions taken in response thereto, have impacted and could continue to impact our business. These impacts may include volatility in demand for our products; temporary closures of golf courses, and both on- course and off- course retail locations; cancellation of professional golf tour events; changes in consumer behavior in affected regions that impact discretionary spending; disruptions within our supply chain or at our manufacturing facilities; significant changes in economic or political conditions; and related volatility in financial and market conditions. Our financial results and operations continue to be impacted by the macroeconomic environment. Global supply chain issues and the impact of inflation have resulted and, in 2023, are expected to continue to result, in constrained raw material, component and sourced product availability and increased raw material and other input costs, including higher freight expense. We cannot predict the full extent of the impact of the pandemic on the economy, trade, our business and the businesses of our customers and suppliers. While it is impossible to quantify the impact of the COVID- 19 pandemic, business disruptions as a result of the COVID- 19 pandemic could continue to have a material impact on our business, results of operations, financial position and cash flows. The degree to which the COVID- 19 pandemic and related actions ultimately impact our business, financial position, results of operations and cash flows will depend on factors beyond our control. Although we have seen recovery in the geographic regions where we do business, if those regions alter their approach to containment (as did China in late 2022) or fail to fully contain the COVID- 19 pandemic, the spread of the virus continues or new, more virulent strains of the virus emerge, those markets may not recover as quickly or at all. A prolonged decline in general economic conditions or uncertainties regarding future economic prospects as a result of the pandemic could adversely affect consumer confidence and discretionary spending, which in turn could result in further reduced sales of our products and could materially adversely affect our business, financial position, results of operations and cash flows. The~~ cost of raw materials and components could affect our operating results. The materials and components used by us, our suppliers and our manufacturers involve raw materials, including polybutadiene, urethane and ~~Surlyn~~ **ionomers** for the manufacturing of our golf balls, titanium and steel for the manufacture of our golf clubs, leather and synthetic fabrics for the manufacturing of our golf shoes, golf gloves, golf gear and golf apparel, and resin and other petroleum - based materials for a number of our products. ~~In 2022, we continued to experience price increases and availability risks with respect to certain materials and components used by us, our suppliers and our manufacturers, and significant~~ **Significant** price fluctuations or shortages in such raw materials or components, including the costs to transport such materials or components of our products, the uncertainty of currency fluctuations against the U. S. dollar, increases in labor rates, trade duties or tariffs, and / or the introduction of new and expensive raw materials, could materially adversely affect our business, financial condition and results of operations. Our operations are conducted worldwide and our results of operations are subject to currency transaction risk and currency translation risk that could materially adversely affect our business, financial condition and results of operations. For the year ended December 31, ~~2022~~ **2023** , $ 1, ~~042~~ **032** . ~~5~~ **0** million of our net sales were generated **in regions** outside of the United States **. Net sales** by **region** ~~our non - U. S. subsidiaries. Sales by geographic area~~ are included in " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " Item 7 of Part II and " Notes to Consolidated Financial Statements – Note 21 – Segment Information, " Item 8 of Part II, included elsewhere in this report. Substantially all of these net sales ~~generated~~ **from regions** outside of the United States were generated in the applicable local currency, which include, but are not limited to, the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar. In contrast, substantially all of the purchases of inventory, raw materials or components by **entities in these regions** ~~our non - U. S. subsidiaries~~ are made in U. S. dollars. For the year ended December 31, ~~2022~~ **2023** , approximately 85 % of our cost of goods sold incurred by ~~our non -~~ **regions outside the** U. S. ~~subsidiaries~~ was denominated in U. S. dollars. Because **these** ~~our non - U. S.~~ subsidiaries incur substantially all of their cost of goods sold in currencies that are different from the currencies in which they generate substantially all of their sales, we are exposed to transaction risk attributable to fluctuations in such exchange rates, which can impact the gross profit of **these** ~~our non - U. S.~~ subsidiaries. If the U. S. dollar strengthens against the applicable local currency, more local currency will be needed to purchase the same amount of cost of goods sold denominated in U. S. dollars, which could materially adversely affect our business, financial condition and results of operations. We have entered and expect to continue to enter into various foreign exchange forward contracts in an effort to protect against adverse changes in foreign exchange rates and attempt to minimize foreign currency transaction risk. Our hedging activities can reduce, but will not eliminate, the effects of foreign currency transaction risk on our financial results. The extent to which our hedging activities mitigate foreign currency transaction risks varies based upon many factors, including the amount of transactions being hedged. Other factors that could affect the effectiveness of our hedging activities include accuracy of sales forecasts, volatility of currency markets, the availability of hedging instruments and limitations on the duration of such 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 could also reduce the positive impact of a weaker U. S. dollar. We are also exposed to credit risk from the counterparties to our hedging activities and market conditions could cause such counterparties to experience financial difficulties. As a result, our efforts to hedge these exposures could prove unsuccessful and, furthermore, our ability to engage in additional hedging activities may decrease or become more costly. Because our consolidated accounts are reported in U. S. dollars, we are also exposed to currency translation risk when we translate the financial results of our consolidated ~~non - U. S.~~ subsidiaries from their local currency into U. S. dollars. In each of the three years ended December 31, ~~2022~~ **2023** , ~~approximately~~ **nearly** one- half of our net sales and one- third of our total operating expenses (which amounts represent substantially all of the operating expenses incurred by ~~our non -~~ **subsidiaries in regions outside of the** U. S. ~~subsidiaries~~) were denominated in foreign currencies. Fluctuations in foreign currency exchange rates may positively or negatively affect our reported financial results and can significantly affect period - over - period comparisons. A strengthening of the U. S. dollar relative to our foreign currencies could materially adversely affect our business, financial condition and results of operations. The golf equipment and golf wear industries are subject to constantly and rapidly changing consumer demands based, in large part, on performance benefits. Our golf ball and golf club products generally have launch cycles of two years, and our sales in a particular year are affected by when we launch such products. We generally introduce new product offerings and styles in our golf wear and gear businesses each year and at different times during the year. Factors driving these short product launch cycles include the rapid introduction of competitive products and consumer demands for the latest technology, style or fashion. In this marketplace, a substantial portion of our annual sales are generated each year by new products. These marketplace conditions raise a number of issues that we must successfully manage. For example, we must properly anticipate consumer preferences and design products that meet those preferences, while also complying with significant restrictions imposed by the Rules of Golf, or 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, our R & D and supply chain groups face constant pressures to design, develop, source and supply new products — many of which incorporate new or otherwise untested technology, suppliers or inputs — that perform better than their predecessors while maintaining quality control and the authenticity of our brands. Third, for new products to generate equivalent or greater sales 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 ensuring 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 our own inventory. If we do not successfully manage the frequent introduction of new products or satisfy consumer demand, it could adversely affect our business, financial condition and results of operations. Failure to successfully innovate and offer high - quality products may adversely affect our ability to compete in the market for our products. Technical innovation and quality control in the design and manufacturing processes of our products is essential to our commercial success. R & D plays a key role in technical innovation. We rely upon experts in various fields to develop and test cutting edge performance products. If we fail to ~~introduce~~ **continue** technical innovation in our products, consumer demand for our products could decline, and if we experience problems with the quality of our products, we may incur substantial expense to remedy the problems, any of which could materially adversely affect our business, financial condition and results of operations. Failure to adequately enforce and protect our intellectual property rights could materially adversely affect our business, financial condition and results of operations. We own numerous patents, trademarks, trade secrets, copyrights and other intellectual property and hold licenses to intellectual property owned by others, which in the aggregate are important to our business. We rely on a combination of patent, trademark, copyright and trade secret laws in our core geographic markets and other jurisdictions ~~,~~ to protect the innovations, brands, proprietary trade secrets and know - how related to certain aspects of our business. Certain of our intellectual property rights, such as patents, are time - limited, and the technology underlying our patents can be used by any third party, including competitors, once the applicable patent terms expire. We seek to protect our confidential proprietary information, in part, by entering into confidentiality and invention assignment agreements with our employees, consultants, contractors, suppliers and others. While these agreements are designed to protect our proprietary information, we cannot be certain that such agreements have been entered into with all relevant parties, and we cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. We also seek to preserve the integrity and confidentiality of our proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems, but it is possible that these security measures could be breached. If we are unable to prevent disclosure to third parties of our material proprietary and confidential know - how and trade secrets, our ability to establish or maintain a competitive advantage in our markets may be adversely affected. We selectively and strategically pursue patent and trademark protection in our core geographic markets, but our strategy has been to not perfect certain patent and trademark rights in some countries. For example, we focus primarily on securing patent protection in those countries where the majority of our golf ball and golf club industry production takes place. Accordingly, we may not be able to prevent others, including competitors, from practicing our patented inventions, including by manufacturing and selling competing products, in those countries where we have not obtained patent protection. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting, enforcing and defending our intellectual property outside of the United States. In some foreign countries, where intellectual property laws or law enforcement practices do not protect our intellectual property rights as fully as in the United States, third - party manufacturers may be able to manufacture and sell imitation products and diminish the value of our brands as well as infringe our rights, despite our efforts to prevent such activity. The golf ball and golf club industries, in particular, have been characterized by widespread imitation of popular ball and club designs. We have an active program of monitoring, investigating and enforcing our proprietary rights against companies and individuals who market or manufacture counterfeits and “ knockoff ” products. We assert our rights against infringers of our patents, trademarks, trade dress and copyrights. However, these efforts may be expensive, time - consuming, divert management’ s attention, and ultimately may not be successful in reducing sales of golf products by these infringers. The failure to prevent or limit such infringers or imitators could adversely affect our reputation and sales. Additionally, other golf ball and golf club manufacturers may be able to produce successful golf balls or golf clubs which imitate our designs without infringing any of our patents, trademarks, trade dress or copyrights, which could limit our ability to maintain a competitive advantage in our marketplace. If we fail to obtain enforceable patents, trademarks and trade secrets, fail to maintain our existing patent, trademark and trade secret rights, or fail to prevent substantial unauthorized use of our patents, trademarks and trade secrets, we risk the loss of our intellectual property rights and competitive advantages we have developed, which may result in lost sales. Accordingly, we devote substantial resources to the establishment and protection of our trademarks, patents and trade secrets or know - how, and we continuously evaluate the utility of our existing intellectual property and the new registration of additional trademarks and patents, as appropriate. However, we cannot guarantee that we will have adequate resources to continue to effectively establish, maintain and enforce our intellectual property rights. We also cannot guarantee that any of our pending applications will be approved by the applicable governmental authorities. Moreover, even if the applications will be registered during the registration process, third parties may seek to oppose, limit, or otherwise challenge these applications or registrations. Our success depends in part on our ability to protect our trademarks, patents and trade secrets from unauthorized use by others. To counter infringement or unauthorized use, we may be required to file infringement or misappropriation claims, which can be expensive and time - consuming and could materially adversely affect our business, financial condition and results of operations, even if successful. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe or misappropriate their intellectual property rights or that we have engaged in anti - competitive conduct. Moreover, our involvement in litigation against third parties asserting infringement of our intellectual property rights presents some risk that our intellectual property rights could be challenged and invalidated. In addition, in an infringement proceeding, whether initiated by us or another party, a court may refuse to stop the other party in such infringement proceeding from using the technology or mark at issue on the grounds that our patents do not cover the technology in question or misuse our trade secrets or know - how. An adverse result in any litigation or defense proceedings, including proceedings at the patent and trademark offices, could put one or more of our patents or trademarks at risk of being invalidated, held unenforceable or interpreted narrowly, and could put any of our patent or trademark applications at risk of not being issued as a registered patent or trademark, any of which could materially adversely affect our business, financial condition and results of operations. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential proprietary information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could materially adversely affect the price of our common stock. From time to time, third parties have challenged our patents, trademark rights and branding practices, or asserted intellectual property rights that relate to our products and product features. We cannot assure you that our actions taken to establish and protect our technology and brands will be adequate to prevent others from seeking to block sales of our products or to obtain monetary damages, based on alleged violation of their patents, trademarks or other proprietary rights. We may be required to defend such claims in the future, which, whether or not meritorious, could result in substantial costs and diversion of resources and could materially adversely affect our business, financial condition and results of operations. If we are found to infringe a third party’ s intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing product. Alternatively, we may be required to obtain a license from such a third party in order to use the infringing technology and continue developing, manufacturing or marketing such technology. In such a case, license agreements may require us to pay royalties and other fees that could be significant, or we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non - exclusive, thereby giving our competitors access to the same technologies licensed to us. A finding of infringement could prevent us from commercializing our products or force us to cease some of our business operations, or to redesign or rename some of our products to avoid future infringement liability. In addition, we could be found liable for monetary damages, including treble damages and attorneys’ fees **,** if we are found to have willfully infringed a patent. Claims that we have misappropriated the confidential information or trade secrets of third parties could also materially adversely affect our business, financial condition and results of operations. See also “ — We may be involved in lawsuits to protect, defend or enforce our intellectual property rights, which could be expensive, time consuming and unsuccessful. ” Any of the foregoing could cause us to incur significant costs and prevent us from manufacturing or selling certain of our products. Changes to patent laws could adversely affect our ability to protect our intellectual property. Patent reform legislation may increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. For example, the Leahy - Smith America Invents Act ~~(the" Leahy - Smith Act")~~ , which was adopted in September 2011, includes a number of significant changes to the U. S. patent laws, such as, among other things, changing from a “ first to invent ” to a “ first inventor to file ” system, establishing new procedures for challenging patents and establishing different methods for invalidating patents. Some of these changes or potential changes may not be advantageous to us, and it may become more difficult to obtain adequate patent protection ~~or~~ **,** to enforce our patents against third parties **, or to challenge the validity or enforceability of third parties' patents** . These changes or potential changes could increase the costs and uncertainties surrounding the prosecution of our patent applications and adversely affect our ability to protect our intellectual property which could materially adversely affect our business, financial condition and results of operations. Furthermore, the U. S. Supreme Court and the U. S. Court of Appeals for the Federal Circuit have made, and may in the future make, changes in how the patent laws of the United States are interpreted. Similarly, foreign courts have made, and may in the future make, changes in how the patent laws in their respective jurisdictions are interpreted. We cannot predict future changes in the interpretation of patent laws or changes to patent laws that might be enacted into law by United States and foreign legislative bodies. ~~Those~~ **These** changes may materially affect our patents or patent applications and our ability to obtain and enforce or defend additional patent protection in the future. The markets for golf balls, clubs, gear and wear are highly competitive and there may be low barriers to entry in many of our markets. Pricing pressures, reduced profit margins or loss of market share or failure to grow in any of our markets, due to competition or otherwise, could materially adversely affect our business, financial condition and results of operations. We compete against large - scale global sports equipment and apparel players, Japanese industrials, and more specialized golf equipment and golf wear players, including Callaway, TaylorMade, Ping, SRI Sports Limited, Bridgestone, Nike, Adidas and Under Armour. Many of our competitors have significant competitive strengths, including long operating histories, a large and broad consumer base, established relationships with a broad set of suppliers and customers, an established regional or local presence, strong brand recognition and greater financial, R & D, marketing, distribution and other resources than we do. There are unique aspects to the competitive dynamic in each of our product categories and markets. We are not the market leader with respect to certain categories or in certain markets. Golf Balls. The golf ball business is highly competitive. There are a number of well - established and well - financed competitors. We and our competitors continue to incur significant costs in the areas of R & D, advertising, marketing, tour and other promotional support to be competitive. Golf Clubs. The golf club markets in which we compete are also highly competitive and are served by a number of well - established and well - financed companies with recognized brand names. 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 and create market disruptions. Our competitors in the golf club market have in the past and may continue to introduce their products on an accelerated cycle which could lead to market disruption and impact sales of our products. Golf Gear. The golf gear market is fragmented and served by a number of established competitors **,** as well as a number of smaller competitors **, all of which are pursuing innovative ways to meet consumer needs** . We face significant competition in every region with respect to each of our golf gear product categories. Golf Wear. In the golf wear markets, we compete with a number of well - established and well - financed companies with recognized brand names. These competitors may have a large and broad consumer base, established relationships with a broad set of suppliers and customers, strong brand recognition and significant financial, R & D, marketing, distribution and other resources which may exceed our own. Our competitors may be able to create and maintain brand awareness and market share more quickly and effectively than we can. Our competitors may also be able to increase sales in new and existing markets faster than we do by emphasizing different distribution channels or through other methods, and many of our competitors have substantial resources to devote towards increasing sales. If we are unable to grow or maintain our competitive position in any of our product categories, it could materially adversely affect our business, financial condition and results of operations. We may have limited opportunities for future growth in sales of certain of our products, including golf balls, golf shoes and golf gloves. We already have a significant share of worldwide sales of golf balls, golf shoes and golf gloves and the golf industry is very competitive. As such, our ability to gain incremental market share quickly or at all may be limited given the competitive nature of the golf industry and other challenges to the golf industry. In the future, the overall dollar volume of worldwide sales of golf equipment, wear and gear may not grow or may decline which could materially adversely affect our business, financial condition and results of operations. A severe or prolonged economic downturn could adversely affect our customers’ financial condition, their levels of business activity and their ability to pay trade obligations. We primarily sell our products to golf equipment retailers, such as on - course golf shops, golf specialty stores and other qualified retailers, directly and to foreign distributors. We perform ongoing credit evaluations of our customers’ financial condition and generally require no collateral from these customers. However, a severe or prolonged downturn in the general economy could adversely affect the retail golf equipment market, which in turn would negatively impact the liquidity and cash flows of our customers, including the ability of such customers to obtain credit to finance purchases of our products and to pay their trade obligations. This could result in increased delinquent or uncollectible accounts ~~for~~ **from** our customers as well as a decrease in orders for our products by such customers. A failure by our customers to pay a significant portion of outstanding accounts receivable balances on a timely basis or a decrease in orders from such customers could materially adversely affect our business, financial condition and results of operations. A decrease in corporate spending on our custom logo golf balls could materially adversely affect our business, financial condition and results of operations. Custom imprinted golf balls, a majority of which are purchased by corporate customers, are estimated to represent, on average, between 25- 30 % of our global net golf ball sales. There has long been a strong connection between the business community and golf, and if corporate spending decreases, it could impact the sales of our custom imprinted golf balls. We primarily sell our products through retailers and distributors and depend on these third parties to market and sell our products to consumers. Any changes to our current mix of retailers and distributors could adversely affect our sales and could negatively affect both our brand image and our reputation. Our sales depend, in part, on retailers adequately displaying our products, including providing attractive space and merchandise displays in their stores, and training their sales personnel to sell our products. If our retailers and distributors are not successful in selling our products, our sales would decrease. Our retailers frequently offer products and services of our competitors in their stores. In addition, our success in growing our presence in existing and expanding into new international markets will depend on our ability to establish relationships with new retailers and distributors. If we do not maintain our relationship with existing retailers and distributors or develop relationships with new retailers and distributors, our ability to sell our products would be negatively impacted. On a consolidated basis, no one customer that sells or distributes our products accounted for more than 10 % of our consolidated net sales in the year ended December 31, ~~2022~~ **2023** . However, our top ten customers accounted for approximately 20 % of our consolidated net sales in the year ended December 31, ~~2022~~ **2023** . Accordingly, the loss of a small number of our large customers, or the reduction in business with one or more of these customers, could materially adversely affect our business, financial condition and results of operations. We do not currently have minimum purchase agreements with these large customers. Consolidation of retailers or concentration of retail market share among a few retailers may increase and concentrate our credit risk, put pressure on our margins and impair our ability to sell products. The sporting goods and off - course golf equipment 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 and correction has occurred in recent years and additional consolidation and correction is possible. These situations may result in a concentration of our credit risk with respect to 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 or receivership protection, it would increase the risk that their outstanding payables to us may not be paid. This consolidation may also result in larger retailers gaining increased leverage which may impact 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 our products, we may be unable to find a sufficient number of other retail outlets for our products to sustain the same level of sales. Any reduction in sales by our retailers could materially adversely affect our business, financial condition and results of operations. Our business depends on strong brands, and if we are not able to maintain and enhance our brands we may be unable to sell our products. Our brands have worldwide recognition and our success depends on our ability to maintain and enhance our brand image and reputation. In particular, we believe that maintaining and enhancing the Titleist, Scotty Cameron, Vokey **Design** , FootJoy and KJUS brands is critical to maintaining and expanding our customer base. 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 is tarnished or receives negative publicity. 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, 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 as compared to other brands. We anticipate that as our business continues to grow our presence in existing and expand into new markets, maintaining and enhancing our brands may become increasingly difficult and expensive. If we are unable to maintain or enhance the image of our brands, it could materially adversely affect our business, financial condition and results of operations. Our business is subject to seasonal fluctuations because golf is played primarily on a seasonal basis in most of the regions where we do business. In general, during the first quarter, we begin selling our products into the golf retail channel for the new golf season. This initial sell - in generally continues into the second quarter. Our second - quarter sales are significantly affected by the amount of sell - through, in particular the amount of higher value discretionary purchases made by customers, which drives the level of reorders of our products sold - in during the first quarter. Our third - quarter sales are generally dependent on reorder business, and are generally less than the second quarter as many retailers begin decreasing their inventory levels in anticipation of the end of the golf season. Our fourth - quarter sales are generally less than the other quarters due to the end of the golf season in many of our key markets, but can also be affected by key product launches, particularly golf clubs. Accordingly, our results of operations are likely to fluctuate significantly from period to period. This seasonality affects sales in each of our reportable segments differently. In general, however, because of this seasonality, a majority of our sales and most of our profitability generally occurs during the first half of the year. Results of operations in any period should not be considered indicative of the results to be expected for any future period. The seasonality of our business could be exacerbated by the adverse effects of unusual or severe weather conditions as well as by severe weather conditions caused or exacerbated by climate change. Our business and results of operations are also subject to fluctuations based on the timing of new product introductions. Our sales can also be affected by the launch timing of new products. Product introductions generally stimulate sales as the golf retail channel takes on inventory of new products. Reorders of these new products then depend on the rate of sell - through. Announcements of new products can often cause our customers to defer purchasing additional golf equipment until our new products are available. Our varying product introduction cycles, which are described under " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Our Results of Operations – Cyclicality, " Item 7 of Part II to this report, may cause our results of operations to fluctuate as each product line has different volumes, prices and margins. We sell and distribute our products directly in many key international markets in Europe, Asia, North America and elsewhere around the world. These activities have resulted and will continue to result in investments in inventory, accounts receivable, employees, corporate infrastructure and facilities. In addition, in the United States **,** there ~~are~~ **is** a limited number of suppliers of certain raw materials and components for our products as well as finished goods that we sell, and we have increasingly become more reliant on suppliers and vendors located outside of the United States. The operation of foreign distribution in 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 resources. We also manufacture certain of our products outside of the United States, including some of our golf balls and substantially all of our golf gloves in Thailand and the majority of our golf shoes through our joint venture in China. The current U. S. presidential administration may support and introduce certain new tax, trade and tariff proposals, modifications to international trade policy and other changes, which may affect U. S. trade relations with other countries. Further, any changes in global or national political movements or trade policies could alter the trade environment and consumer purchasing behavior which, in turn, could have a material effect on our financial condition and results of operations. While the United Kingdom' s exit from the European Union (" Brexit") on December 31, 2020 is now complete, policies and border control procedures continue to evolve and we continue to monitor the impact from related costs and on product transit times into the European Union and United Kingdom. As a result of our international business operations, we are exposed to increased risks inherent in conducting business outside of the United States. In addition to the uncertainty and the foreign currency risks discussed previously under " — Our operations are conducted worldwide and our results of operations are subject to currency transaction risk and currency translation risk that could materially adversely affect our business, financial condition and results of operations, " these risks include: • increased difficulty in protecting our intellectual property rights and trade secrets; • unexpected government action or changes in legal, trade, tax or regulatory requirements; • social, economic or political instability; • the effects of any anti - American sentiments on our brands or sales of our products; • increased difficulty in ensuring compliance by employees, agents and contractors with 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"), and similar anti - bribery and anti - corruption laws, local and international environmental, health and safety laws, and increasingly complex regulations relating to data privacy and the conduct of international commerce; • increased difficulty in controlling and monitoring foreign operations from the United States, including increased difficulty in identifying and recruiting qualified personnel for its foreign operations; and •

increased exposure to interruptions in air carrier or ship services. Any violation of our policies or any applicable laws and regulations by our suppliers or manufacturers could interrupt or otherwise disrupt our sourcing, adversely affect our reputation or damage our brand image. While we do not control these suppliers or manufacturers or their labor practices, negative publicity regarding the management of facilities by, production methods of or materials used by any of our suppliers or manufacturers could adversely affect our reputation and sales and force us to locate alternative suppliers or manufacturing sources, which could materially adversely affect our business, financial condition and results of operations. Failure to comply with laws, regulations and policies, including the FCPA or other applicable anti - corruption legislation, could result in fines and criminal penalties and materially adversely affect our business, financial condition and results of operations. A significant risk resulting from our global operations is compliance with a wide variety of U. S. federal and state and non - U. S. laws, regulations and policies, including laws related to anti - corruption, export and import compliance, anti - trust and money laundering. The FCPA, the United Kingdom Bribery Act of 2010 and similar anti - bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons. There has been an increase in anti - bribery law enforcement activity in recent years, with more frequent and aggressive investigations and enforcement proceedings by both the U. S. Department of Justice and the SEC, increased enforcement activity by non - U. S. regulators, and increases in criminal and civil proceedings brought against companies and individuals. We operate in parts of the world that are recognized as having governmental and commercial corruption and in certain circumstances, strict compliance with anti - bribery laws may conflict with local customs and practices. We cannot assure you that our internal control policies and procedures have protected or will always protect us from improper conduct of our employees or business partners. To the extent that we learn that any of our employees do not adhere to our internal control policies, we are committed to taking appropriate remedial action. **If** ~~In the event that~~ we believe or have reason to believe that our employees or agents have or may have violated applicable laws, including anti - corruption laws, we may be required to investigate or have outside counsel investigate the relevant facts and circumstances, and detecting, investigating and resolving actual or alleged violations can be expensive and require significant time and attention from senior management. Any violation of U. S. federal and state and non - U. S. laws, regulations and policies could result in substantial fines, sanctions, civil and / or criminal penalties, and curtailment of operations in the U. S. or other applicable jurisdictions. In addition, actual or alleged violations could damage our reputation and ability to do business. Any of the foregoing could materially adversely affect our business, financial condition and results of operations. Our business, financial condition and results of operations could be materially adversely affected if professional golfers do not endorse or use our products. We establish relationships with professional golfers in order to use, validate and promote Titleist and FootJoy branded products. We have entered into endorsement arrangements with members of the various worldwide professional golf tours. We believe that professional usage of our products validates the performance and quality of our products and contributes to retail sales. We therefore spend a significant amount of money to secure professional usage of 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 and we may lose the endorsement of these individuals, even prior to the expiration of the applicable contract term. The inducements offered by other companies could result in a decrease in usage of our products by professional golfers or limit our ability to attract other tour professionals. A decline in the level of professional usage of our products, or a significant increase in the cost to attract or retain endorsers, could materially adversely affect our business, financial condition and results of operations. The value of our brands and sales of our products could be diminished if we, the golfers who use our products or the golf industry in general are associated with negative publicity. We sponsor a variety of golfers and feature those golfers in our advertising and marketing materials. We establish these relationships to develop, evaluate and promote our products, as well as establish product authenticity with consumers. Actions taken by golfers or tours associated with our products that harm the reputations of those golfers could also harm our brand image and impact our sales. We may also select golfers who may not perform at expected levels or who are not sufficiently marketable. If we are unable in the future to secure prominent golfers and arrange golfer endorsements of our products on terms we deem to be reasonable, we may be required to modify our marketing platform and to rely more heavily on other forms of marketing and promotion, which may not prove to be as effective or may result in additional costs. If we inaccurately forecast demand for our products, we may manufacture insufficient or excess quantities, which could materially adversely affect our business, financial condition and results of operations. To reduce purchasing costs and ensure supply, we place orders with our suppliers in advance of the time period we expect to deliver our products. In addition, we plan our manufacturing capacity based upon the forecasted demand for our products. Forecasting the demand for our products is very difficult given the number of SKUs we offer and the amount of specification involved in each of our product categories. For example, in our golf shoe business, we offer a large variety of models as well as different styles and sizes for each model. The nature of our business makes it difficult to adjust quickly our manufacturing capacity if actual demand for our products exceeds or is less than forecasted demand. Factors that could affect our ability to accurately forecast demand for our products include, among others: • changes in consumer demand for our products or the products of our competitors; • new product introductions by us or our competitors; • failure to accurately forecast consumer acceptance of our products; • failure to anticipate consumer acceptance of new technologies; • inability to realize revenues from booking orders; • negative publicity associated with tours or golfers we endorse; • unanticipated changes in general market conditions or other factors, which may result in cancellations of advance orders or a reduction or increase in the rate of reorders placed by retailers; • weakening of economic conditions or consumer confidence in future economic conditions, which could reduce demand for discretionary items, such as our products; • terrorism or acts of war, or the threat thereof, which could adversely affect consumer confidence and spending or interrupt production and distribution of products and raw materials; • abnormal weather patterns or extreme weather conditions including hurricanes, floods and droughts, among others, which may disrupt economic activity; and • general economic conditions. If actual demand for our products exceeds the forecasted demand, we may not be able to produce sufficient quantities of new products in time to fulfill actual demand, which could limit our sales. Any inventory levels in excess of consumer demand may result in inventory write - downs and / or the sale of excess inventory at discounted prices. We may experience 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. We use United Parcel Service and FedEx Corporation for substantially all ground shipments of products to our U. S. customers. We use ocean shipping services and air carriers for most of our international shipments of products **and** ~~. In addition,~~ many of the components we use to manufacture and assemble our products ~~are shipped to us via ocean shipping and air carrier~~ . If there are changes in trade or tariff laws which result in customs processing delays or any significant interruption in service by such providers or at shipping ports or airports, we may be unable to engage alternative suppliers or to receive or ship goods through alternate sites in order to deliver our products or components in a timely and cost - efficient manner. As a result, we could experience manufacturing delays, increased manufacturing and shipping costs, and lost sales as a result of missed delivery deadlines and product introduction and demand cycles. Any significant interruption in United Parcel Service or FedEx Corporation services, ship services, at shipping ports or air carrier services could materially adversely affect our business, financial condition and results of operations. For example, during 2022, late delivery of inbound products due to West Coast port congestion forced us to upgrade a significant portion of outbound freight to express parcel services in order to meet customer delivery date requirements. This upgrade resulted in unbudgeted increases in average cost per pound shipped. ~~Furthermore~~ **More recently** , **we have experienced difficulties in connection with shipping certain of our products to certain key markets worldwide due to transportation delays caused by carrier diversions from the Red Sea as a result of the ongoing Israel- Hamas conflict, and passage limitations imposed by the Panama Canal Authority in response to the region' s prolonged dry season. If these difficulties continue, or** if the cost of delivery or shipping services were to increase significantly and the additional costs could not be covered by product pricing ~~it~~ **, our business, financial condition and results of operations** could **be** materially adversely ~~affect~~ **affected . We rely on complex information systems for management of our manufacturing, distribution, sales, finance, accounting and other functions. If our information systems fail to perform these functions adequately or if we experience an interruption in our operations, including a breach in cybersecurity,** our business, financial condition and results of operations **could be materially adversely affected** . All of our major operations, including manufacturing, distribution, sales and accounting, are dependent upon complex information systems. Our 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; • hackers, computer viruses, unauthorized access, software bugs or glitches; and • accidental or unlawful acts by authorized personnel, including our employees, contractors and vendors. Any damage or significant disruption in the operation of such systems **, disruptions, delays or deficiencies in the design or implementation of new systems,** or the failure of our information systems to perform as expected would disrupt our business, which may result in decreased sales, increased overhead costs, excess inventory or product shortages which could materially adversely affect our business, financial condition and results of operations. Cybersecurity risks could disrupt our operations and negatively impact our reputation. There are growing risks related to the security, confidentiality ~~,~~ and integrity of personal and corporate information stored and transmitted electronically, consumer identity theft and user privacy due to increasingly diverse and sophisticated threats to network, systems and data security. Potential attacks span a spectrum from attacks by criminal hackers, hacktivists, **and nation- state** or state- sponsored actors, to employee malfeasance and human or technological error **. Cyberattacks against companies like ours have increased in frequency and potential harm over time, and the methods used to gain unauthorized access constantly evolve, making it increasingly difficult to anticipate, prevent, and / or detect incidents successfully in every instance. We are required to expend significant resources in an effort to protect against security incidents and may be required or choose to spend additional resources or modify our business activities, particularly where required by applicable data privacy and security laws or regulations or industry standards** . While we have implemented security measures, our ~~computer~~ **information technology** systems **, as well as those of our vendors, contractors, and other third- party partners who process information on our behalf or have access to our systems,** may be susceptible to **security incidents, disruptions, cyberattacks, ransomware,** electronic or physical ~~computer~~ break - ins, viruses **, phishing attacks** and other ~~disruptions~~ **forms of social engineering, denial- of- service attacks, third- party or employee theft or misuse** and ~~security breaches~~ **other negligent actions** . Any perceived or actual unauthorized or inadvertent disclosure of ~~personally~~ -- **personal** ~~- identifiable~~ **or other confidential** information **, cyberattack** ~~regarding visitors to our websites or otherwise~~ or other breach or theft of the information we control, whether through a breach of our network by an unauthorized party, employee theft, misuse or error or otherwise, could harm our reputation, impair our ability to attract **customers** ~~website visitors~~ , ~~or~~ **result in substantial remediation costs,** subject us to claims or litigation **(including class claims), regulatory enforcement, liability under data protection laws,** and **additional reporting requirements** ~~require us to repair damages suffered by consumers~~ , result in higher insurance premiums and materially adversely affect our business, financial condition and results of operations. Failure to comply with data privacy and security laws and regulations could adversely affect our operating results and business **. Our business involves the receipt, storage, and transmission of confidential information about our customers and others, including sensitive personal information and account and payment card information** . A growing number of federal, state and international data privacy and security laws and regulations have been enacted that govern the collection, use, disclosure, transfer, storage, disposal, and protection of ~~sensitive personal information, such as social security numbers, financial information and other~~ personal information. For example, several U. S. territories and all 50 states now have data breach **notification** laws that require timely notification to **impacted** ~~individual~~ **individuals** ~~victims~~ , and at times regulators, if a company has experienced the unauthorized access or acquisition of ~~sensitive~~ personal data. ~~Other~~ **In addition,** state **comprehensive privacy** laws ~~include~~ **are also expanding in the U. S. For**

example, the California Consumer Privacy Act **, amended by the California Privacy Rights Act** (**together, the** " CCPA "), which gives California residents certain privacy rights in the collection and disclosure of their personal information and requires businesses to make certain disclosures **, limit their use of personal information,** and take certain other acts in furtherance of those rights. ~~Additionally~~ **Failure to comply with the CCPA may result in** , **among** ~~effective starting January 1, 2023, the~~ **other things, significant civil penalties and injunctive relief, or potential statutory or actual damages.** California **has** ~~Privacy Rights Act (the " CPRA ") revised and significantly expanded the scope of the CCPA. The CPRA also creates~~ **created** a ~~new California~~ data protection agency authorized to implement and enforce the CCPA ~~and the CPRA~~ , which could result in increased enforcement. Other states have considered and / or enacted similar privacy laws, including Virginia ~~and~~ **, Connecticut,** Colorado **and Utah** , which passed privacy laws that **went** ~~also go~~ into operation in 2023 **. Similar laws have been passed or are being considered in several other states, as well as at the federal and local levels. The evolving patchwork of differing state and federal privacy and data security laws increases the cost and complexity of operating our business and increases our exposure to liability** . We will continue to monitor and assess the impact of these state laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, ~~allow private class- action litigation~~ and carry significant potential liability for our business. Outside of the U. S., data protection laws, including the E. U. General Data Protection Regulation (the " GDPR "), which also forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (SI 2019 / 419) (" UK GDPR"), also apply to some of our operations. Legal requirements in many countries relating to the collection, storage, processing and transfer of personal data continue to evolve. The **EU and UK** GDPR ~~imposes~~ **impose** , among other things, data protection requirements that include strict obligations and restrictions on the ability to collect, analyze and transfer ~~EU~~ personal data **of individuals within the EU and UK** , a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations. **Companies that must comply with the EU and UK GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to € 20 million (£ 17. 5 million) or 4 % of the annual global revenues of the noncompliant company, whichever is greater.** Other governmental authorities around the world are considering and, in some cases, have enacted, similar privacy and data security laws. Failure to comply with federal, state and international data protection laws and regulations could result in government **investigations and / or** enforcement actions (which could include substantial civil and / or criminal penalties), private litigation and adverse publicity and could negatively affect our business, financial condition and results of operations. **Although** ~~In addition to the risk that~~ we ~~fail~~ **work** to comply with **applicable laws and regulations relating to data privacy and security, these requirements are evolving and may be modified, interpreted, and applied in an inconsistent manner from** one **jurisdiction to another** ~~or more of these laws~~ and ~~regulations,~~ **may conflict with one another or other legal obligations with which** we **must comply.** ~~are likely to incur substantial costs monitoring~~ **Monitoring , preparing for** and **complying** ~~implementing compliance~~ with the array of privacy and security legal regimes to which we are subject **also requires us to devote significant resources, including, without limitation, financial and time- related resources** . Moreover, many of the laws and regulations in this area are relatively new and their interpretations are uncertain and subject to change. Combined with the frequency with which new privacy and security laws are introduced globally, this means that we may be required to make changes to our operations or practices in an effort to comply with them. Such changes may increase our costs and reduce our ~~revenue~~ **net sales** . We may also face inconsistent legal requirements across the various jurisdictions in which we operate, further raising both costs of compliance and likelihood that we will fail to satisfy all of our legal requirements. **Any failure or perceived failure by us or our employees, representatives, contractors, consultants, collaborators, or other third parties to comply with such requirements or adequately address privacy and security concerns, even if unfounded, could result in additional cost and liability to us, damage our reputation, and adversely affect our business and results of operations.** If the technology - based systems that give consumers the ability to shop with us online do not function effectively, our ability to grow our eCommerce business globally could be adversely affected. We are increasingly using websites and social media to interact with consumers and as a means to enhance their experience with our products. We launched our first such initiatives in the U. S. in 2016. Our eCommerce footprint has grown since then, and we now have eCommerce operations in the U. S., Canada, Europe ~~,~~ ~~Japan~~ and ~~Korea~~ **Asia** . In our eCommerce services, we process, store and transmit customer data, including payment card information. We also collect consumer data through certain marketing activities. Failure to prevent or mitigate data loss or other security breaches, including breaches of our vendors' technology and systems, could expose us or consumers to a risk of loss or misuse of such information, result in litigation or potential liability for us and otherwise adversely affect our business, financial condition and results of operations. We would also likely suffer indirect harms such as reputational damage and reticence among other companies to do business with us. **For further information, see " 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 operations, including a breach in cybersecurity, our business, financial condition and results of operations could be materially adversely affected. "** Further, our eCommerce business is subject to general business regulations and laws, as well as regulations and laws specifically governing the Internet, eCommerce and electronic devices. Existing and future laws and regulations, or new interpretations of these laws, may adversely affect our ability to conduct our eCommerce business **. As a merchant that accepts debit and credit cards for payment, we are also subject to the Payment Card Industry Data Security Standard (" PCI DSS "), issued by the PCI Council. PCI DSS contains compliance guidelines and standards with regard to our security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. Our failure to fully comply with PCI DSS could violate payment card association operating rules, federal and state laws and regulations and the terms of our contracts**

with payment processors and merchant banks . Any failure on our part to provide private, secure, attractive, effective, reliable, user - friendly eCommerce platforms that offer a wide assortment of merchandise with rapid delivery options and that continually meet the changing expectations of online shoppers could place us at a competitive disadvantage, result in the loss of eCommerce and other sales, harm our reputation with consumers, have an adverse impact on the growth of our eCommerce business globally and could materially adversely affect our business, financial condition and results of operations. Risks specific to our eCommerce business also include diversion of sales from our trade partners' brick and mortar stores, difficulty in recreating the in - store experience through direct channels and liability for online content. Our failure to successfully respond to these risks might adversely affect sales in our eCommerce business, as well as damage our reputation and brands. Goodwill and identifiable intangible assets represent a significant portion of our total assets and any impairment of these assets could negatively impact our results of operations and shareholders' equity. Our goodwill and identifiable intangible assets, which consist of goodwill from acquisitions, trademarks, patents, completed technology, customer relationships, licensing fees, and other intangible assets, represented ~~34~~ **35** % of our total assets as of December 31, ~~2022~~ **2023** . Accounting rules require the evaluation of 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 significant adverse change in customer demand or business climate that could affect the value of an asset; general economic conditions, such as increasing Treasury rates or unexpected changes in gross domestic product growth; a change in our market shares; budget - to - actual performance and consistency of operations margins and capital expenditures; a product recall or an adverse action or assessment by a regulator; or changes in management or key personnel. Goodwill and identifiable intangible assets are deemed impaired when their carrying value exceeds their fair value. If a significant amount of our goodwill and identifiable intangible assets were deemed to be impaired, our business, financial condition and results of operations could be materially adversely affected. Our ability to maintain our competitive position is dependent to a large degree on the efforts and skills of our senior management team and our other key employees. Our executives are experienced and highly qualified with strong reputations and relationships in the golf industry, and we believe that our management team enables us to pursue our strategic goals. Our other key sales, marketing, brand building, R & D, manufacturing, intellectual property protection and support personnel are also critical to the success of our business. The loss of the services of any of our senior management team or other key employees could disrupt our operations and delay the development and introduction of our products which could materially adversely affect our business, financial condition and results of operations. We do not have employment agreements with any of the members of our senior management team, except for David Maher, our President and CEO **, and Sean Sullivan, our Executive Vice President and CFO** . In addition, we do not have " key person " life insurance policies covering any of our officers or other key employees. Our future success depends upon our ability to attract and retain our executive officers and other key sales, marketing, brand building, R & D, manufacturing, intellectual property protection and support personnel and any failure to do so could materially adversely affect our business, financial condition and results of operations. Additionally, we compete with many mature and prosperous companies that have far greater financial resources than we do and thus can offer current or perspective employees more lucrative compensation packages than we can. Sales of our products by unauthorized retailers or distributors could adversely affect our authorized distribution channels and harm our reputation. Some of our products find their way to unauthorized outlets or distribution channels. This " gray market " for our products can undermine authorized retailers and foreign wholesale distributors who promote and support our products, and can injure the image of our company in the minds of our customers and consumers. While we have taken some lawful steps to limit commerce of our products in the " gray market " in both the United States and abroad, we have not been successful in halting such commerce. We may not be successful in our efforts to grow our presence in existing international markets and expand into additional international markets. We intend to grow our presence in and continue to expand into select international markets where there are the necessary and sufficient conditions in place to support such expansion. These growth and expansion plans will require significant management attention and resources and may be unsuccessful. In addition, to achieve satisfactory performance in international locations, it may be necessary to locate physical facilities, such as regional offices, in ~~the~~ **these** foreign ~~market~~ **markets** and to hire employees who are familiar with such foreign markets while also being qualified to market our products. We may not be successful in growing our presence in or expanding into any such international markets or in generating sales from such foreign operations. We have historically grown our business by expanding into additional international markets, but such growth does not always work out as anticipated and there is no assurance that we will be successful in the existing international markets where we are currently seeking to grow our presence, including China, or the new international markets we plan to enter. Our business, financial condition and results of operations could be materially adversely affected if we do not achieve the international growth that we anticipate. We are exposed to a number of different tax uncertainties, including potential changes in tax laws, unanticipated tax liabilities and limitations on utilization of tax attributes after any change of control, which could materially adversely affect our business, financial condition and results of operations. We are subject to income taxes in the **United States** ~~U. S.~~ (federal and state) and numerous foreign jurisdictions. Tax laws, regulations, and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political, and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. Changes to or promulgation of new tax laws, interpretive regulations, other tax or accounting guidance could significantly impact how we are taxed on both U. S. and foreign earnings. Transactions that we have arranged in light of current tax rules could have adverse consequences if those tax rules change, and the imposition of any new or increased tariffs, duties and taxes could materially adversely affect our business, financial condition and results of operations. Our effective tax rates in the future could be adversely affected by a number of factors, including changes in the expected geographic mix of earnings in countries with differing statutory tax rates, changes in the valuation and realizability of deferred tax assets and liabilities, changes to or issuance of new tax laws, interpretive regulations, notices or other administrative practices, principles, or guidance, changes to or issuance of new accounting guidance, changes in foreign currency exchange rates, entry into new businesses and geographies, changes to our existing businesses and operations, acquisitions (including integrations) and investments and how they are financed, changes in our stock price, and the outcome of income tax audits in various jurisdictions around the world. Finally, foreign governments may enact tax laws in response to the U. S. Tax Cuts and Jobs Act of 2017 (the " 2017 Tax Act ") that could result in further changes to global taxation and materially affect our financial position and results of operations. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the" Code"), if a corporation undergoes an " ownership change, " the corporation' s ability to use its pre - change net operating loss **(" NOL")** carryforwards and other pre - change tax attributes, such as foreign tax credits and research tax credits, to offset its post - change income and taxes may be limited. In general, an " ownership change " generally occurs if there is a cumulative change in our ownership by " 5 - percent shareholders " that exceeds 50 percentage points over a rolling three - year period. Similar rules apply under state tax laws. We may experience an ownership change from future transactions in our stock, some of which may be outside our control. As a result, if we earn net taxable income, our ability to use pre - change **NOL** ~~net operating loss~~ carryforwards or other pre - change tax attributes to offset U. S. federal and state taxable income and taxes may be subject to incremental limitations. We are engaged in a number of intercompany transactions across multiple tax jurisdictions. Although we believe that these transactions reflect the accurate economic allocation of profit and that the proper transfer pricing documentation is in place, the profit allocation and transfer pricing terms and conditions may be scrutinized by local tax authorities during an audit and any resulting changes may impact our mix of earnings in countries with differing statutory tax rates. We are also subject to the audit or examination of our tax returns by the IRS and other tax authorities whereby tax authorities could impose additional tariffs, duties, taxes, penalties and interest on us. The determination of our worldwide provision for income taxes and other tax liabilities requires complex computations and significant judgments, and there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable and our tax provisions are adequate, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions and accruals. The results of audits or related disputes could have an adverse effect on our financial statements and our financial results for the period or periods for which the applicable final determinations are made. Portions of our operations are subject to a reduced tax rate or are free of tax under various tax holidays and rulings that expire in whole or in part from time to time. These tax holidays and rulings may be extended when certain conditions are met, or terminated if certain conditions are not met. If the tax holidays and rulings are not extended, or if we fail to satisfy the conditions of the reduced tax rate, then our effective tax rate would increase in the future. Changes to the overall international tax environment, as well as changes to some of the tax laws of the foreign jurisdictions in which we operate, are expected as a result of the Base Erosion and Profit Shifting project (" BEPS "), undertaken by the Organisation for Economic Co ~~-~~ **-** operation and Development (" OECD "). The OECD, which represents a coalition of member countries that encompass many of the jurisdictions in which we operate, has promulgated recommended changes to numerous long standing international tax principles through its BEPS project **, including the Pillar II global minimum tax regime. Certain countries in which we operate have enacted legislation consistent with the OECD Pillar II model rules and have introduced a 15 % global minimum tax rate for large multinational corporations, effective beginning in 2024. We are included in the consolidated financial statements of a global ultimate parent, are monitoring legislative developments, and are continuing to evaluate the potential impact of Pillar II on our consolidated financial statements. We do not expect the impact of Pillar II to be material** . It is expected that jurisdictions in which we do business may continue to react to the BEPS initiative by enacting **further** tax legislation, and our business could be materially impacted. Our transfer pricing arrangements and principles are reviewed annually; changes may need to be incorporated as the BEPS principles are fully implemented on a global basis. Our insurance policies may not provide adequate levels of coverage against all claims and we may incur losses that are not covered by our insurance. We maintain insurance of the type and in amounts that we believe is commercially reasonable and that is available to businesses in our industry. We carry various types of insurance, including general liability, auto liability, workers' compensation, cyber and excess umbrella, from highly rated insurance carriers on all of our properties. We believe that the policy specifications and insured limits are adequate for foreseeable losses with terms and conditions that are reasonable and customary for similar businesses and are within industry standards. Nevertheless, market forces beyond our control could limit the scope of the insurance coverage that we can obtain in the future or restrict our ability to buy insurance coverage at reasonable rates. We cannot predict the level of the premiums that 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 we carry may not be sufficient to compensate us for the losses we incur or any costs for which we are responsible. In addition, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. For example, we maintain business interruption insurance, but there can be no assurance that the coverage for a severe or prolonged business interruption would be adequate and the deductibles for such insurance may be high. These losses, if they occur, could materially adversely affect our business, financial condition and results of operations. We are subject to product liability, warranty and recall claims, and our insurance coverage may not cover such claims. Our products expose us to warranty claims and product liability claims if products we manufacture, sell or design actually or allegedly fail to perform as expected, or the use of those products results, or is alleged to result, in personal injury, death or property damage. Further, we or one or more of our suppliers might not adhere to product safety requirements or quality control standards, and products may be shipped to retail partners before the issue is identified. If this occurs, we may have to recall our products to address performance, compliance or other safety related issues. The financial costs we may incur in connection with these recalls typically would include the cost of the product being replaced or repaired and associated labor and administrative costs and, if applicable, governmental fines and / or penalties. Product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the performance, quality, safety or reliability of our products. Substantial costs incurred or lost sales caused by future product recalls could materially adversely affect our business, financial condition and results of operations. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers for the same reasons as expressed above. Product recalls, withdrawals, repairs or replacements may also increase the amount of competition that we face. There is no assurance that we can successfully defend or settle all product liability cases. 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. 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 such insurance will not increase, or that this insurance will ultimately prove to be adequate under our various policies. Furthermore, future rate increases might make insurance uneconomical for us to maintain. These potential insurance problems or any adverse outcome in any liability suit could create increased expenses which could harm our business. We are unable to predict the nature of product liability claims that may be made against us in the future with respect to injuries, diseases or other illnesses resulting from the use of our products or the materials incorporated in our products. Our actual product warranty obligations could materially differ from historical rates, which would oblige us to revise our estimated warranty liability accordingly. Adverse determinations of material product liability and warranty claims made against us could materially adversely affect our business, financial condition and results of operations and could harm the reputation of our brands. We may be subject to litigation and other regulatory proceedings which may result in the expense of time and resources and could materially adversely affect our business, financial condition and results of operations. From time to time, we are involved in lawsuits and regulatory actions relating to our business, including those relating to intellectual property, antitrust, data protection, commercial and employment matters. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the likelihood of such lawsuits or regulatory proceedings occurring or the ultimate outcome of any such proceedings. An unfavorable outcome could materially adversely affect our business, financial condition and results of operations. In addition, any such proceeding, regardless of its merits, could divert management' s attention from our operations and result in substantial legal fees. We are subject to environmental, health and safety laws and regulations, which could subject us to liabilities, increase our costs or restrict our operations in the future. Our properties and operations are subject to a number of environmental, health and safety laws and regulations in each of the jurisdictions in which 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. 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. We may also be subject to liability for environmental investigations and cleanups, including at properties that we currently or previously owned or operated, even if such contamination was not caused by us, and we may face claims alleging harm to health or property or natural resource damages arising out of contamination or exposure to hazardous substances. We may also be subject to similar liabilities and claims in connection with locations at which hazardous substances or wastes we have generated have been stored, treated, otherwise managed, or disposed. We use certain substances and generate certain wastes that may be deemed hazardous or toxic under environmental laws, and we from time to time have incurred, and in the future may incur, costs related to cleaning up contamination resulting from historic uses of certain of our current or former properties or our treatment, storage or disposal of wastes at facilities owned by others. The costs of investigation, remediation or removal of such materials may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use, transfer or obtain financing regarding our property. Liability in many situations may be imposed not only without regard to fault, but may also be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire amount. Environmental conditions at or related to our 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 our business, financial condition and results of operations. We may require additional capital in the future and we cannot give any assurance that such capital will be available at all or available on terms acceptable to us and, if it is available, additional capital raised by us may dilute holders of our common stock. We may need to raise additional funds through public or private debt **(for example, our Notes offering in 2023)** or equity financings in order to: • fund ongoing operations; • take advantage of opportunities, including expansion of our business or the acquisition of complementary products, technologies or businesses; • develop new products; or • respond to competitive pressures. Any additional capital raised through the sale of equity or securities convertible into equity will dilute the percentage ownership of holders of our common stock. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business. Furthermore, additional financings may not be available on terms favorable to us, or at all, especially during periods of adverse economic conditions, which could make it more difficult or impossible for us to obtain funding for the operation of our business, for making additional investments in product development and for repaying outstanding indebtedness. Our failure to obtain additional funding could prevent us from making expenditures that may be required to grow our business or maintain our operations. Our growth initiatives require significant capital investments and there can be no assurance that we will realize a positive return on these investments. Initiatives to upgrade our **facilities and** business processes and **to** invest in technological improvements to 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 our inability to realize returns on our capital investments. If we have insufficient sales or are unable to realize the full potential of our capital investments, we may not realize a positive return on our investment, which could impact our margins and have a significant adverse effect on our results of operations, financial condition and cash flows. We have made acquisitions and investments in the past and may pursue further acquisitions and investments in the future. These transactions are accompanied by risks. For instance, an acquisition could have a negative effect on our financial and strategic position and reputation or the acquired business could fail to further our strategic goals. We may not be able to successfully integrate acquired businesses into ours, and therefore we may not be able to realize the intended benefits from an acquisition. We may have a lack of experience in new markets or products brought on by the acquisition and we may have an initial dependence on unfamiliar supply or distribution partners. All of these and other potential risks may serve as a diversion of our management' s attention from other business concerns, and any of these factors could have a material adverse effect on our business. If our estimates or judgments relating to our critical accounting estimates prove to be incorrect, our financial condition and results of operations could be adversely affected. The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed under " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " Item 7 of Part II, included elsewhere in this report. 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 our consolidated financial statements include those related to impairment of goodwill, pension and other post - retirement benefits, provisions for income taxes and valuation allowances for deferred tax assets. Our financial condition and results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our common stock. Terrorist activities and international political instability may decrease demand for our products and disrupt our business. Terrorist activities and armed conflicts could have an adverse effect upon the United States or worldwide economy and could cause decreased demand for our products. If such events disrupt domestic or international air, ground or sea shipments, or the operation of our suppliers or our manufacturing facilities, our ability to obtain the materials necessary to manufacture products and to deliver customer orders would be harmed, which could materially adversely affect our business, financial condition and results of operations. Such events can negatively impact tourism, which could adversely affect our 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 our global operations. Our business could be harmed by the occurrence of natural disasters or pandemic diseases. The occurrence of a natural disaster, such as an earthquake, tsunami, fire, flood or hurricane, or the outbreak of a pandemic disease, **such as** ~~including, for example,~~ the COVID- 19 pandemic ~~beginning in 2020~~, could materially adversely affect our business, financial condition and results of operations. A natural disaster or a pandemic disease could adversely affect both the demand for our products as well as the supply of the raw materials or components used to make our products. Demand for golf products also could be negatively affected if consumers in the affected regions restrict their recreational activities and discretionary spending and as tourism to those areas declines. If our suppliers experience a significant disruption in their business as a result of a natural disaster or pandemic disease, our ability to obtain the necessary raw materials or components to make products could be materially 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 our global operations. As of December 31, ~~2022~~ **2023**, we had $ ~~567~~ **707**. ~~8~~ **2** million of indebtedness. As of December 31, ~~2022~~ **2023**, we had available borrowings under our revolving credit facility of $ ~~416~~ **616**. ~~8~~ **7** million after giving effect to $ ~~6~~ **8**. ~~9~~ **1** million of outstanding letters of credit and we had available borrowings remaining under our local credit facilities of $ ~~25~~ **35**. 6 million. As of December 31, ~~2022~~ **2023**, we had ~~no~~ **$ 100. 0 million of** outstanding interest rate swap contracts to hedge the interest rate risk on our variable rate debt. A high degree of leverage could have important consequences for us, including: • requiring us to utilize a substantial portion of our cash flows from operations to make payments on our indebtedness, reducing the availability of our cash flows to fund working capital, capital expenditures, product development, acquisitions, general corporate and other purposes; • increasing our vulnerability to adverse economic, industry, or competitive developments; • exposing us to the risk of increased interest rates because **many** ~~substantially all~~ of our borrowings are at variable rates of interest; • making it more difficult for us to satisfy our obligations with respect to our indebtedness ~~,~~ and any failure to comply with the obligations of any of our debt instruments, including financial maintenance covenants and restrictive covenants, could result in an event of default under the agreements governing our **other** indebtedness **(if not cured or waived)**; • restricting us from making strategic acquisitions or causing us to make non - strategic divestitures; • limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions, and general corporate or other purposes; and • limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting ~~. Servicing our indebtedness will require a significant amount of cash. Our ability to generate sufficient cash depends on many factors, some of which are not within our control~~. Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. To a certain extent, this is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If we are unable to generate sufficient cash flows to service our debt and meet our other commitments, we may need to restructure or refinance all or a portion of our debt, sell material assets or operations, or raise additional debt or equity capital. We may not be able to effect any of these actions on a timely basis, on commercially reasonable terms, or at all, and these actions may not be sufficient to meet our capital requirements. In addition, any refinancing of our indebtedness could be at a higher interest rate, and the terms of our existing or future debt arrangements may restrict us from effecting any of these alternatives. **Any decline in the ratings of our corporate credit or the Notes or any indications from the rating agencies that their ratings on our corporate credit or the Notes are under surveillance or review with**

possible negative implications could increase our cost of financing and limit our ability to access the capital markets to meet liquidity needs. Our failure to make the required interest and principal payments on our indebtedness ~~would~~ **could** result in an event of default under the ~~agreement~~ **agreements** governing ~~such~~ **our other** indebtedness, which may result in the acceleration of some or all of our outstanding indebtedness **. In the absence of sufficient resources to service our debt and meet our other commitments, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our Second Amended Credit Facility and the indenture that governs the Notes will restrict our ability to dispose of assets and use the proceeds from any such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from such dispositions and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations** . We and our subsidiaries may be able to incur significant amounts of debt, which could exacerbate the risks associated with our current indebtedness. We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the **credit agreement governing our Second Amended Credit Facility, the indenture governing the Notes and the** agreements governing our **other** indebtedness **each** contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. The **Indenture that governs the Notes and the credit** ~~agreements~~ - **agreement** governing our ~~outstanding indebtedness~~ **Second Amended Credit Facility contain restrictions that limit our flexibility in operating our business. The Indenture that governs the Notes and the credit agreement governing our Second Amended Credit Facility each** contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit the ability of our subsidiaries to, among other things: • incur ~~, assume, or permit to exist~~ additional indebtedness ~~or~~ **and** ~~guarantees~~ - **guarantee indebtedness; • issue certain preferred stock or similar equity securities; • pay dividends or make other distributions in respect of, or repurchase or redeem, our capital stock; • prepay, redeem or repurchase certain debt; • make investments and loans; • sell assets** ; • incur liens; • **enter into** ~~make investments and loans; • pay dividends, make payments on, or redeem or repurchase capital stock or make prepayments, repurchases or redemptions of certain indebtedness; • engage in mergers, liquidations, dissolutions, asset sales, and other non- ordinary course dispositions (including sale leaseback~~ transactions **with affiliates** ~~); • amend or otherwise alter terms of certain indebtedness or certain other agreements~~ ; • enter into agreements ~~limiting~~ **restricting our** ~~subsidiary~~ **subsidiaries ' ability to pay dividends** ~~distributions or containing negative pledge clauses~~ ; **and** • ~~engage in certain transactions with affiliates; • alter~~ **consolidate, merge or sell all or substantially all of our assets. As a result of** ~~the~~ **these and** ~~nature of the~~ **other covenants and restrictions, we are and will be limited in how we conduct our** business **, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. In addition, we may be required to maintain specified financial maintenance ratios and satisfy other financial condition tests. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you** that we ~~conduct; • change our fiscal year or accounting practices; or • enter into a transaction or series of transactions~~ **will be able to maintain compliance with these covenants in the future and, if we fail to do so,** that ~~constitutes a change of control. The~~ **we will be able to obtain waivers from the lenders and / or amend the** covenants ~~contained in the credit agreement governing our credit facility (which we refer to in this report as " our credit agreement ") also restrict the ability of Acushnet Holdings Corp. to engage in certain mergers or consolidations or engage in any activities other than permitted activities~~ . A breach of any of these covenants, among others, could result in a default under one or more of these agreements, including as a result of cross default provisions, ~~and~~ **which** , **if not** ~~in the case of our credit facility, following any applicable cure~~ **cured** ~~period~~ **or waived** , **could result in our being required to repay these borrowings before their maturity. If we are unable to repay outstanding borrowings when due, the lenders under our Second Amended Credit Facility have the right to proceed against the collateral granted to them to secure the debt. If lenders under the Second Amended Credit Facility accelerate the debt thereunder, then the obligations under the Notes could be accelerated. We cannot provide assurance that, if the indebtedness under our Second Amended Credit Facility and the Notes were to be accelerated, our assets** would **be sufficient** ~~permit the lenders thereunder~~ to ~~, among~~ **repay in full that indebtedness and our** other ~~things~~ **indebtedness. If not cured or waived** , ~~declare the principal, accrued interest~~ **such acceleration could have a material adverse effect on our business** and **our prospects** ~~other obligations thereunder to be immediately due and payable and declare the commitment of each lender thereunder to make loans and issue letters of credit to be terminated~~ . We may utilize derivative financial instruments to reduce our exposure to market risks from changes in interest rates on our variable rate indebtedness and we may be exposed to risks related to counterparty credit worthiness or non - performance of these instruments. We may enter into pay - fixed interest rate swaps to limit our exposure to changes in variable interest rates. Such instruments may result in economic losses should interest rates decline to a point lower than our fixed rate commitments. We may be exposed to credit - related losses, which could impact the results of operations in the event of fluctuations in the fair value of the interest rate swaps due to a change in the credit worthiness or non - performance by the counterparties to the interest rate swaps. The interests of Magnus and Fila and any of their successors or transferees may conflict with other holders of our common stock. As of December 31, ~~2022~~ **2023** , Magnus, which is wholly - owned by Fila, beneficially owned approximately ~~53~~ **52** . ~~4~~ **2** % of our outstanding common stock. Fila is able to control the election and removal of our directors and thereby effectively determine, among other things, the payment of dividends, our corporate and management policies, including potential mergers or acquisitions or asset sales, amendment of our amended and restated certificate of incorporation or amended and restated bylaws, and other significant corporate transactions for so long as Magnus retains significant ownership of us. So long as Fila owns Magnus and Magnus continues to own a significant amount of our voting power, even if such amount is less than 50 %, Fila will continue to be able to strongly influence or effectively control our decisions. The interests of Fila and Magnus may not coincide with the interests of other holders of our common stock. By controlling the election and removal of our directors, Fila is able to effectively determine the payment of dividends on our common stock. Magnus may cause us to pay dividends on our common stock at times or in amounts that may not be in the best interest of us or other holders of our common stock. For example, it may be in the interest of Magnus and Fila to cause the payment of dividends on our common stock in order to satisfy obligations under loan agreements they may enter into from time to time. See "- We cannot assure you that we will pay dividends on our common stock, and our indebtedness and other factors could limit our ability to pay dividends on our common stock. " In the ordinary course of its business activities, Fila and its affiliates may engage in activities where their interests conflict with our interests or those of our shareholders. Except as may be limited by applicable law, Fila and its affiliates do not have any duty to refrain from competing directly with us or engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Fila and its affiliates also may pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. In addition, Fila and its affiliates may have an interest in us pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you. In addition, the concentration of our ownership held by Magnus may delay, deter or prevent possible changes in control of the company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of us, which may reduce the value of an investment in our common stock. Magnus may also transfer a substantial amount of our common stock, including a controlling interest in Acushnet, to third parties. The interests of any such transferees may not coincide with the interests of other holders of our common stock. In the past, Magnus and Fila have entered into loan agreements, some of which have included pledges of our common stock to their lenders. Magnus and Fila may agree to amend any existing loan agreements or enter into replacement or additional loan agreements in the future. Although we have been informed by Magnus that the loan agreement that it entered into in September 2017 has been refinanced such that the shares of our common stock held by Magnus are no longer pledged as collateral, such agreement and any future loan agreements by Magnus and Fila could provide for pledges of shares of our common stock or Fila' s interests in Magnus. Magnus has informed us in the past that the shares of our common stock held by it were its only assets. Any transfer by Fila or Magnus as a result of its obligations to third parties or otherwise could have a significant impact on our shareholding structure and our corporate governance and could materially decrease the market price of shares of our common stock. In addition, the perception that such a transfer could occur could materially depress the market price of shares of our common stock. Such transfers of our common stock may also result in a change of control under certain agreements that we enter into from time to time, which could result in a default under such agreements. Under our credit agreement, for example, it is a change of control if any person (other than certain permitted parties, including Fila) becomes the beneficial owner of 35 % or more of our outstanding common stock. As a result, if a third party were to acquire beneficial ownership of 35 % or more of our outstanding common stock, it would result in a change of control under our credit agreement, which is an event of default under our credit agreement. In addition, a change of control under our outstanding equity award agreements and other employment arrangements may result in the vesting of outstanding equity awards and the acceleration of benefits or other payments under certain employment arrangements. A change of control may also result in a default or other negative consequence under our other outstanding agreements or instruments. Under the corporate governance standards of the NYSE rules, a company of which more than 50 % of the voting power is held by an individual, group, or another company is a " controlled company " and may elect not to comply with certain corporate governance requirements, including: • the requirement that a majority of our board of directors consist of " independent directors " as defined under the rules of the NYSE; • the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities; • the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities; • the requirement for an annual performance evaluation of the compensation and nominating and corporate governance committees; • the compensation committee be explicitly charged with hiring and overseeing compensation consultants, legal counsel, and other committee advisors; and • the compensation committee be required to consider, when engaging compensation consultants, legal counsel, or other advisors, certain independence factors, including factors that examine the relationship between the consultant or advisor' s employer and us. Magnus, which is wholly - owned by Fila, controls ~~37~~ **33** , ~~104~~ **110** , ~~008~~ **486** shares, or approximately ~~53~~ **52** . ~~4~~ **2** %, of our outstanding common stock as of December 31, ~~2022. On January 23,~~ 2023 ~~, we purchased an additional 2, 168, 528 shares of our common stock from Magnus, bringing Fila' s ownership of our outstanding common stock to approximately 52. 1 %~~ . As a result, we qualify as a " controlled company " within the meaning of the corporate governance standards of the NYSE. Consequently, we are not required to comply with certain of the NYSE corporate governance requirements, such as the requirement to have a majority of independent directors on our Board of Directors, or the requirement to have a compensation committee and nominating and corporate governance committee comprised of independent directors. We may rely on one or more of the exemptions going forward. Accordingly, you may not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of the NYSE. The market price of shares of our common stock may be volatile, which could cause the value of your investment to decline. The market price of our common stock may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our results of operations could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly results of operations, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business or the golf industry, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about our industry in or individual scandals, and in response the market price of shares of our common stock could decrease significantly. In the past few years, stock markets have experienced significant price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company' s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management' s attention and resources. Our share repurchase program could be suspended or terminated, may not enhance long- term stockholder value, and may increase the volatility of the price of our stock and diminish our cash reserves. During ~~2022~~ **2023** , our Board of Directors authorized us to repurchase up to an additional $ 250. 0 million of our issued and outstanding common stock, bringing the total authorization up to $ ~~450~~ **700** . 0 million. On February ~~9~~ **15** , ~~2023~~ **2024** , our Board of Directors authorized us to repurchase up to an additional $ ~~250~~ **300** . 0 million of our issued and outstanding common stock, bringing the total authorization up to $ ~~700~~ **1** . 0 ~~million~~ **billion** since the share repurchase program was established in 2018. Our repurchase program does not have an expiration date and does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. Decisions regarding the repurchase of shares will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, covenants associated with certain of our debt service obligations, associated taxes, legal requirements and regulatory constraints. Our share repurchase program could affect the price of our stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our stock. We cannot guarantee that we will repurchase shares in the future or conduct share repurchase programs. If we fail to maintain effective internal controls over financial reporting or if we identify material weaknesses in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial statements which could cause the market price of our common stock to decline, and we could become subject to sanctions or investigations by the stock exchange upon which our common stock is listed, the SEC or other regulatory authorities, and we could be delayed in delivering financial statements, which could result in a default under the agreements governing our indebtedness. We intend to pay cash dividends on our common stock, subject to the discretion of our board of directors and our compliance with applicable law, and depending on, among other things, our results of operations, capital requirements, financial condition, contractual restrictions, restrictions in our debt agreements and in any equity securities, business prospects and other factors that our board of directors may deem relevant. Because we are a holding company and have no direct operations, we expect to pay dividends, if any, only from funds we receive from our subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur. Certain of our existing agreements governing indebtedness, including our credit agreement, restrict our ability to pay dividends on our common stock. We expect that any future agreements governing indebtedness will contain similar restrictions. For more information, see" Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities – Dividend Policy ", Item 5 of Part II to this report, and" Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources ", Item 7 of Part II to this report. Our dividend policy entails certain risks and limitations, particularly with respect to our liquidity. By paying cash dividends rather than investing that cash in our business or repaying debt, we risk, among other things, slowing the pace of our growth and having insufficient cash to fund our operations or unanticipated capital expenditures or limiting our ability to incur additional borrowings. Although we expect to pay dividends according to our dividend policy, we may not pay dividends according to our policy, or at all, if, among other things, we do not have the cash necessary to pay our intended dividends. The declaration and payment of dividends will be determined at the discretion of our board of directors, acting in compliance with applicable law and contractual restrictions. However, the composition of our board of directors is determined by Magnus, which is wholly - owned by Fila, which controls a majority of the voting power of all outstanding shares of our common stock. Accordingly, the decision to declare and pay dividends on our common stock in the future, as well as the amount of each such dividend payment, may also depend on the amounts Magnus needs to fund potential interest payments under any future equity or debt financing. Acushnet Holdings Corp. is a holding company with no operations of its own and, as such, it depends on its subsidiaries for cash to fund all of its operations and expenses, including future dividend payments, if any. Our operations are conducted almost entirely through our subsidiaries and our ability to generate cash to make future dividend payments, if any, is highly dependent on the earnings and the receipt of funds from our subsidiaries via dividends or intercompany loans, which may be restricted as a result of the laws of the jurisdiction of organization of our subsidiaries, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur. You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise. As of December 31, ~~2022~~ **2023** , we had ~~423~~ **436** , ~~678~~ **570** , ~~477~~ **757** shares of common stock authorized but unissued. Our amended and restated certificate of incorporation authorizes us to issue these shares of common stock and securities convertible into, exchangeable for, or exercisable into our common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. We have 5, ~~962~~ **476** , ~~075~~ **366** shares available for issuance under our 2015 Incentive Plan. Any shares of common stock that we issue, under our 2015 Incentive Plan or other equity incentive plans that we may adopt in the future, dilute the percentage ownership held by our existing shareholders. Future sales, or the perception of future sales, by us or our existing shareholders in the public market could cause the market price for our common stock to decline. The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, including sales by us or our shareholders, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities. Anti - takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the merger or acquisition of Acushnet more difficult without the approval of our board of directors. Among other things: • although we do not have a stockholder rights plan, these provisions would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock; • these provisions require advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; • these provisions prohibit stockholder action by written consent; • these provisions provide for the removal of directors only upon affirmative vote of holders of at least 66⅔ % of the shares of common stock entitled to vote generally in the election of directors if Magnus and its affiliates hold less than 50 % of our outstanding shares of common stock; and • these provisions require the amendment of certain provisions only by the affirmative vote of at least 66⅔ % of the shares of common stock entitled to vote generally in the election of directors if Magnus and its affiliates hold less than 50 % of our outstanding shares of common stock. Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our shareholders may find beneficial. These anti - takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of Acushnet, including actions that our shareholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and to cause us to take other corporate actions you desire. If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business or industry. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business or industry, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.