

## Risk Factors Comparison 2025-03-03 to 2024-02-29 Form: 10-K

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Our business, operations and financial condition are subject to various risks and uncertainties. We urge you to carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including those risks set forth under the heading entitled “ Important Notice to Investors Regarding Forward- Looking Statements, ” and in other documents that we file with the Commission, before making any investment decision with respect to our securities. If any of the risks or uncertainties actually occur or develop, our business, financial condition, results of operations and future growth prospects could be adversely affected. Under these circumstances, the trading prices of our securities could decline, and you could lose all or part of your investment in our securities. Risks Related to our Industry and Business Unfavorable economic conditions, including as a result of inflation or otherwise, could have a negative impact on consumer discretionary spending and therefore negatively impact our results of operations, financial condition and cash flows. Our ~~golf-related~~ products and entertainment offerings are recreational in nature and are therefore discretionary purchases for consumers. In addition, our Topgolf venues business is dependent upon consumer and corporate discretionary spending on leisure and entertainment- based offerings. Consumers are generally more willing to make discretionary purchases of golf products and to spend on leisure and out- of- home entertainment during favorable economic conditions and when consumers are feeling confident and prosperous. **As** ~~Our soft goods and apparel products are similarly dependent on consumer discretionary spending and retail traffic patterns. In particular, our outdoor apparel, gear and accessories brands are premium in nature and, therefore, the purchasing patterns of consumers can vary year to year. Our Topgolf venues business offers a~~ **result** ~~leading technology- enabled golf entertainment option for consumers, with an innovative platform that comprises our state- of- the- art open- air golf and entertainment venues. The demand for~~ **our products** ~~these entertainment and recreational activities is highly sensitive to downturns in the economy and the corresponding impact on discretionary consumer spending. Any actual or perceived deterioration or weakness in general, regional or local economic conditions, unemployment levels, the job or housing markets, consumer debt levels or consumer confidence, as well as other adverse economic or market conditions due to inflation or otherwise may lead to customers having less discretionary income to spend on entertainment and recreational activities, and may result in significant fluctuations and spending patterns year to year. Discretionary spending is also affected by many other factors, including general business conditions, interest rates, the availability of consumer credit, taxes and consumer confidence in future economic conditions. Purchases of our products and entertainment offerings could decline during periods when disposable income is lower, or during periods of actual or perceived unfavorable economic conditions. A significant or prolonged decline in general economic conditions, a period of lower discretionary spending or disposable income, or uncertainties regarding future economic prospects that adversely affect consumer discretionary spending, whether in the United States or in our international markets, could result in reduced sales of our products and reduce demand and spending on our entertainment offerings, including Topgolf, which in turn would have a negative impact on our results of operations, financial condition and cash flows . Our revenue growth and profitability are impacted by our same venue sales, which have recently declined, and there are material risks to our ability to increase such sales. We define same venue sales as sales for the comparable venue base, which consists of the number of Company- owned and operated venues with 24 or more full fiscal months of operations as of the year of comparison. Same venue sales is a key performance indicator used within our industry, including by investors and industry analysts, and is indicative of acceptance of our initiatives as well as local economic and consumer trends. The level of same venue sales, which accounted for approximately 72. 4 %, 72. 1 % and 73. 5 % of Topgolf segment revenue for fiscal years 2024, 2023 and 2022, respectively, will affect revenue growth in our business and will continue to be a critical factor affecting our profitability because the profit margin on same venue sales is generally higher than the profit margin on new venue sales as new venues incur preopening expenses and the venue operators become more knowledgeable over time and develop more experience managing the venue. The change in our same venue sales decreased Topgolf segment revenues by \$ 123. 3 million in the 2024 fiscal year and increased Topgolf segment revenues by \$ 9. 2 million and \$ 117. 8 million for fiscal years 2023 and 2022, respectively. Our ability to increase same venue sales depends in part on our ability to successfully implement our initiatives to build sales and continue to operate our business. The success of any such initiative may be affected by a variety of factors, many of which are beyond our control, including perceptions of our brand, competition, our ability to increase prices without adversely impacting traffic counts, our ability to execute our marketing strategies and their effectiveness, and changes in consumer tastes and preferences and discretionary spending, which may occur for a number of reasons outside of our control, including an economic downturn or slower economic growth, weather and changes in government regulations, among others. As a result, there is no guarantee that management initiatives to increase same venue sales will be successful, and it is possible that we will not achieve our target same venue sales growth or that the change in same venue sales could be negative, which may cause a decrease in sales growth and profitability. Additionally, we may fall short of investor and analyst expectations, which could have a negative impact on the price of our common stock. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition .~~ A reduction in the number of rounds of golf played or in the number of golf participants could adversely affect our sales. We are ~~a technology- enabled modern golf company delivering leading golf equipment, apparel and entertainment, with a portfolio of global brands including Callaway Golf, Topgolf, Odyssey, OGIO, TravisMathew and BigShots Golf. We generate a substantial portion of our revenues from the sale of golf- related products, including golf clubs, golf balls and golf accessories. In addition,~~

we generate substantial revenues from the sale of golf- related soft goods, including apparel, gear and other golf accessories. The demand for golf- related products in general, and golf balls in particular, as well as the demand for golf- related soft goods, is directly related to the number of golf participants and the number of rounds of golf being played by these participants. Golf participation is impacted by, among other things, the demographics (including age of golfers), dedication levels, weather and economic conditions. If golf participation decreases or the number of rounds of golf played decreases, sales of our products may be adversely affected. In the future, the overall dollar volume of the market for golf- related products may not grow or may decline and sales of our products may be adversely affected. Further, we generate substantial revenue from our Topgolf business. The demand for golf and overall popularity of the sport, including through increased off- course golf participation, is tangentially related to overall guest traffic and spending at each of the Topgolf venues, and therefore, if demand for golf or the overall popularity of the sport decreases, Topgolf sales could be adversely affected. In addition, the demand for golf products, golf entertainment and other soft goods and apparel is directly related to the popularity of magazines, cable channels and other media dedicated to golf, television coverage of golf tournaments and attendance at golf events. We depend on the exposure of our products through advertising and the media or at golf tournaments and events. Any significant reduction in television coverage of, or attendance at, golf tournaments and events or any significant reduction in the popularity of golf magazines or golf television channels, could reduce the visibility of our brand and could adversely affect our sales. We may have limited opportunities for future growth in sales of golf clubs and golf balls. In order for us to significantly grow our sales of golf clubs or golf balls, we must either increase our share of the market for golf clubs or golf balls, develop markets in geographic regions historically underrepresented by our products, or the overall market for golf clubs or golf balls must grow. We already have a significant share of worldwide sales of golf clubs and golf balls and the golf industry is very competitive. As such, gaining incremental market share quickly or at all is difficult. Therefore, opportunities for additional market share may be limited given the challenging and competitive nature of the golf industry, and the overall dollar volume of worldwide sales of golf clubs or golf balls may not grow or may decline. We may face increased labor costs or labor shortages, in particular with respect to our Topgolf venues business and our franchisees and licensees, that could slow growth and adversely affect our business, results of operations and financial condition. Labor is a significant component in the cost of operating our business generally, and a primary component in operating our Topgolf venues business and in our relationships with our Topgolf franchisees and licensees. If we face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates, the impact of pandemics, increases in the federally- mandated or state- mandated minimum wage, changes in exempt and non- exempt status, or other employee benefits costs (including costs associated with health insurance coverage or workers' compensation insurance), our operating expenses could increase and our growth could be adversely affected. In particular, Topgolf has we have a substantial number of Playmakers who are paid wage rates at or based on the applicable federal or state minimum wage, and increases in the applicable minimum wage will increase labor costs. From time to time, legislative proposals are made to increase the minimum wage at the federal or state level. As federal, state or other applicable minimum wage rates increase, we may be required to increase not only the wage rates of minimum wage Playmakers or other employees, but also the wages paid to other hourly employees. It may not be possible to increase prices in order to pass future increased labor costs on to customers, in which case our margins would be negatively affected. With respect to our Topgolf business, reduced margins could make it more difficult to attract new franchisees and licensees and to retain existing franchisee and licensee relationships. If we are able to increase prices to cover increased labor costs, the higher prices could result in lower participation and therefore lower revenues, which may also reduce margins, as well as the fees received from our franchisees and licensees. Furthermore, the successful operation of our business depends upon our ability to attract, motivate and retain a sufficient number of qualified executives, managers and skilled employees. From time to time, there may be a shortage of skilled labor in certain of the communities in which we operate, including where our Topgolf venues are located. Shortages of skilled labor may make it increasingly difficult and expensive to attract, train and retain the services of a satisfactory number of qualified employees, which, with respect to Topgolf, could delay the planned openings of new Company- owned and operated and franchised venues and adversely impact the operations and profitability of existing venues. Furthermore, competition for qualified employees, particularly in markets where such shortages exist, could require us to pay higher wages, which could result in higher labor costs. In particular, we experience intense competition to attract and retain skilled game developers and content creators, and failure to do so may delay the implementation of our business strategy and growth plans. We Companies in our industry have also historically experienced relatively high turnover rates, which may also result in higher labor and training costs. Accordingly, if we are unable to recruit and retain sufficiently qualified individuals, our business, results of operations, financial condition and growth prospects could be materially and adversely affected. Some, but not all, of our employees are currently covered under collective bargaining agreements. In the future, additional employees, including Playmakers, may elect to be represented by labor unions. If a significant number of additional employees were to become unionized and collective bargaining agreement terms were significantly different from current compensation arrangements, it could adversely affect our business, financial condition or results of operations. In addition, a labor dispute involving some or all employees may harm our reputation, disrupt operations and reduce revenue, and resolution of disputes may increase costs. Further, if we or our franchisees enter into a new market with unionized construction companies, or the construction companies in our or our franchisees' current markets become unionized, construction and build- out costs for new venues in such markets could materially increase. In addition, immigration reform continues to attract significant attention in the public arena and the U. S. Congress. If new immigration legislation is enacted, such laws may contain provisions that could increase our and our U. S. franchisees' and licensees' costs in recruiting, training and retaining employees. Also, although our hiring practices comply with the requirements of federal law in reviewing employees' citizenship or authority to work in the United States, we do not monitor or control the hiring practices of our Topgolf franchisees and licensees, and increased enforcement efforts with respect to existing immigration laws by governmental authorities may disrupt a portion of our workforce or the operations at our venues,

~~or the workforce or operations of licensees, thereby negatively impacting our business.~~ 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 golf and apparel products to retailers 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 market which in turn, would negatively impact the liquidity and cash flows of customers, including the ability of such customers to obtain credit to finance purchases of our products and to pay their trade obligations. A failure by our customers to pay on a timely basis a significant portion of outstanding account receivable balances would adversely impact our results of operations, financial condition and cash flows. We face intense competition in each of our markets and operating segments, and if we are unable to compete effectively, it could have a material adverse effect on our business, results of operations, financial condition and growth prospects. Topgolf. ~~The Our~~ Topgolf business operates primarily in the consumer entertainment industry, which remains highly competitive. Consumers today have a wide variety of options when deciding how to spend their leisure time and discretionary entertainment dollars. ~~Our Topgolf s~~ venues compete for consumers' time and discretionary entertainment dollars against a broad range of other out- of- home entertainment options, as well as increasingly sophisticated forms of home- based entertainment. Other out- of- home entertainment options against which we compete include other dining and entertainment venues, sports activity centers, traditional driving ranges and other establishments offering simulated golf or multi- sport experiences (including Toptracer Range and Swing Suite licensees), arcades and entertainment centers, movie theaters, sporting events, bowling alleys, nightclubs, casinos, bars and restaurants. In many cases, these businesses, or the entities operating them, are larger than us and have significantly greater financial resources and name recognition, longer operating histories, and concepts with which consumers may be more familiar, and are better established in the markets where venues are located or are planned to be located. As a result, these competitors may be able to invest greater resources or implement more aggressive strategies to attract consumers, including with respect to pricing, and, accordingly, may succeed in attracting those who would otherwise come to ~~our Topgolf s~~ venues, causing us to lose market share or sales, or forcing us to reduce our prices to meet the competition. Home- based entertainment options against which ~~our Topgolf s~~ venues compete include internet and video gaming, as well as movies, television and other on- demand content from streaming services. Further, in some cases consumer demand has shifted towards home- based entertainment options and away from out- of- home entertainment, including ~~our venues Topgolf s~~ products and services, including as a result of the impact of the COVID- 19 pandemic, which may result in greater competition from home- based entertainment options in the future. The failure of our ~~Topgolf~~ venues to compete favorably against these other out- of- home and home- based entertainment options could have a material adverse effect on our business, results of operations and financial condition. We also face intense competition across our other Topgolf business lines. In particular, the International ~~and Toptracer business lines~~ ~~line compete~~ ~~competes~~ against other companies to attract and retain qualified franchisees ~~and licensees~~. ~~We WGT and the content we produce through Topgolf Studios also competes for consumer attention and leisure time against the other home- based entertainment alternatives described above, particularly content focused on sports, including golf. From a commercial perspective, we also compete against other businesses seeking corporate sponsorships and other commercial partners, such as sports teams, entertainment events and television and digital media outlets, and competes~~ ~~- compete~~ against television and digital content providers seeking advertiser or sponsorship income. Our Topgolf growth strategy and prospects will be materially impaired if we are unable to compete successfully in these aspects of our business. Golf Equipment **& Active Lifestyle**. ~~The~~ ~~We compete against well- known large- scale global~~ golf equipment ~~and apparel manufacturers and retailers, many of whom have significant competitive strengths, including long operating histories, a large and broad consumer base, established customer and supplier relationships, strong brand recognition and greater financial, research and development, distribution, and other resources. There are unique aspects to the competitive dynamic in each of our product categories and 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, which is comprised ~~financial condition and results of operations. With respect to~~ golf equipment sales ~~club and golf ball products, we is highly competitive~~ ~~---- compete with several~~ ~~and is served by a number of well- established and well- financed companies~~ ~~competitors~~ with recognized ~~reputable~~ brand names. The golf ball business, in particular, includes one competitor with an estimated U. S. market share of over 50 %. ~~New~~ With respect to golf club sales, new- product introductions, price reductions, consignment sales, extended payment terms, " closeouts, " including closeouts of products that were recently commercially successful, and significant tour and advertising spending by competitors continue to generate intense market competition. ~~Our~~ Furthermore, downward pressure on pricing in the market for new golf clubs could have a significant adverse effect on our pre- owned golf club business as the gap narrows between the cost of a new club and a pre- owned club. Successful marketing activities, discounted pricing, consignment sales, extended payment terms or new product introductions by competitors could negatively impact our future sales. With respect to golf ball sales, our competitors continue to incur significant costs in the areas of advertising, tour and other promotional support. We believe that to be competitive, we also need to continue to incur significant expenses in tour, advertising and promotional support ~~. In addition, we have invested, and may continue to invest in the future, significant capital into upgrades to our manufacturing and assembly facilities, including our golf ball manufacturing facility in Chicopee, Massachusetts, to remain on the forefront of technological and competitive innovation.~~ Unless there is a change in competitive conditions, these competitive pressures and increased costs will continue to adversely affect the profitability of our golf equipment business. ~~In our~~ Active Lifestyle. ~~Our~~ Active Lifestyle segment ~~includes the TravisMathew golf and lifestyle apparel and accessories business, we~~ the Jack Wolfskin outdoor apparel, gear and accessories business, the Callaway soft goods business and the OGIO business, which consists of golf apparel and accessories (including golf bags and gloves), storage gear for sport and personal use, and royalties from licensing of our trademarks and service marks for various soft goods products. We face significant competition in every region with respect to each of these ~~our~~

product categories **and offerings**. In most cases, we are not the market leader with respect to our apparel, gear and accessory markets, and many of our competitors have significant competitive advantages, including longer operating histories, larger customer bases, greater brand recognition and greater financial resources. Our competitors may be willing to discount prices and accept lower profit margins to compete with us and, as a result, we may lose market share and sales, or be forced to reduce our prices to meet competition. ~~If we are unable to grow or maintain our competitive position in any of our business areas, it could materially adversely affect our business, financial condition and results of operations.~~ Our expanding apparel business, and operation of related retail locations, is subject to various risks and uncertainties, and our growth and strategic plans may not be fully realized. We have been expanding our focus over the last several years to include soft goods and apparel, in addition to our core golf business, primarily through our acquisitions of the OGIO, TravisMathew and Jack Wolfskin brands. Jack Wolfskin is an international, premium outdoor apparel, footwear and equipment brand, and our Jack Wolfskin business designs products targeted at the active outdoor and urban outdoor customer categories. The scale and global scope of Jack Wolfskin involves various risks and uncertainties described throughout this Annual Report on Form 10-K, including in this “Risk Factors” section, as well as the following: • maintaining our market share in our key markets such as Germany, Austria, Switzerland and China in the face of increasing competition and new competitors; • difficulties in developing the Jack Wolfskin brand in North America and other regions; • significant competition from existing premium outdoor apparel companies in target markets; • continually changing consumer preferences; and • difficulties in managing or realizing sustainable profitability from Jack Wolfskin’s large network of global wholesale retail partners, consisting of hundreds of third party owned retail locations. Additionally, as a result of our TravisMathew, Jack Wolfskin, and golf apparel retail businesses in Japan and Korea, we now maintain over 234 retail locations around the world. Our retail operations **are subject to various factors that pose risks and uncertainties and which could adversely impact our financial condition and operating results. We operate retail locations of our TravisMathew, Jack Wolfskin and golf apparel businesses, which** are subject to various factors that pose risks and uncertainties and which could adversely impact our financial condition and operating results. Such factors include, but are not limited to, macro- economic factors that could have an adverse effect on retail activity generally; our ability to successfully manage retail operations and a disparate retail workforce across various jurisdictions; our ability to successfully open and maintain new retail stores in new markets; governmental restrictions or public safety measures ~~put in place as a result of the COVID-19 pandemic or other pandemics~~, resulting in such retail stores operating in a more limited capacity and with fewer in- person customers; to manage costs associated with retail store operations and fluctuations in the value of retail inventory; to manage relationships with existing retail partners; and to obtain and renew leases in quality retail locations at a reasonable cost and on reasonable and customary terms. ~~The~~ **If we fail to realize the expected benefits from our expansion into soft goods and apparel or are unsuccessful in our operation of our retail locations, our growth and strategic plans may not be fully realized, and our business, financial condition and results of operations could be adversely affected.** Our Topgolf growth strategy **for our Topgolf business** depends in part on our ~~and our franchisees’~~ ability to open new venues in existing and new markets. A key element of ~~the our Topgolf~~ growth strategy **for our Topgolf business** is to open additional venues in locations that we believe will provide attractive unit economics and returns on investment. We plan to open additional new Topgolf venues across flexible venue formats in the years to come. In November 2023, we also purchased certain assets from affiliates of Invited, Inc. related to its BigShots Golf business. The acquisition included four BigShots-branded domestic venues, as well as certain other development rights for other potential venues, among other assets. In addition, we have signed development agreements with various partners to open additional franchised Topgolf venues in countries across the world. Our ~~and our franchisees’~~ ability to open new venues on a timely and cost- effective basis, or at all, is dependent on a number of factors, many of which are beyond our control, including our ~~and our franchisees’~~ ability to: • identify and successfully compete against other potential lessees or purchasers to secure quality locations; • reach acceptable agreements regarding the lease or purchase of locations; • secure acceptable financing arrangements; • comply with applicable zoning, licensing, land use and environmental regulations; • overcome litigation or other opposition efforts brought by special interest groups; • raise or have available an adequate amount of money for construction and opening costs; • respond to unforeseen construction, engineering, environmental or other problems; • avoid or mitigate the impact of inclement weather, natural disasters and other calamities; • respond to infectious diseases, health epidemics and pandemics ~~(including the COVID-19 pandemic)~~; • timely hire, train and retain the skilled management and other Playmakers necessary to meet staffing needs; • obtain, in a timely manner and for acceptable cost, required licenses, permits and regulatory approvals, including liquor licenses, and respond effectively to any changes in local, state or federal law and regulations that adversely affect costs or ability to open new venues; • **obtain building materials, including steel, and construction labor on a cost- effective basis;** and • efficiently manage the amount of time and money used to build and open each new venue. **We may elect to open new venues in or near markets in which we already have venues, which could adversely affect the sales at our existing venues. Existing venues may make it more difficult to build our consumer base at a new venue in the same market. We generally do not open new venues that we believe will materially affect sales at our existing venues, but we may selectively open venues in and around areas of existing venues if we believe a new venue will more effectively serve our customers. Sales cannibalization between our venues may become significant in the future as we continue to expand our operations and could affect our sales growth, which could, in turn, materially adversely affect our business, financial condition or results of operations.** In addition, we have relied, and expect to continue to rely, primarily on the services of a single design / build contractor for the construction of ~~Topgolf our~~ venues. For venues in certain locations, our reliance on this contractor may result in additional costs or delay. Though we believe we would be able to find one or more replacements if we were to lose our relationship with this contractor or if their services otherwise became unavailable, there can be no guarantee that we would be able to do so without incurring additional costs and delay, or that the terms of arrangements with any such replacement would not be less favorable to us. There can be no guarantee that a sufficient number of suitable ~~Topgolf~~ venue sites will be available in desirable areas or on terms that are

acceptable to us in order to achieve our growth plan, or that we will be successful in addressing the other risks inherent in our business that will allow us to open new Topgolf venues in a timely and cost-effective manner or at all. If we are unable to open new Topgolf venues, or if venue openings are significantly delayed or face other obstacles, our revenues could be adversely affected and our business negatively impacted. New Topgolf venues, once opened, may not be profitable or may close, which would adversely affect our Topgolf business as well as our financial condition and results of operations and ability to execute our growth strategy. Even if we and our franchisees succeed in opening new Topgolf venues on a timely and cost-effective basis, there can be no guarantee that the profitability of these venues will be in line with that of existing venues or the performance targets we have set. New venues may even operate at a loss or close after a short operating period, which could have a significant adverse effect on our overall operating results. Historically, new venues often experience an initial start-up period with considerable sales volumes, which subsequently decrease to stabilized levels after their first year of operation, followed by **increases-changes** in same venue sales in line with the rest of our comparable venue base, although there can be no assurance that the same venue sales of any new venues opened in the future will **increase-move** in line with the rest of our comparable venue base or that a new venue will succeed in the long term. Our and our franchisees' ability to operate new venues profitably may be affected by a number of factors, many of which are beyond our control, including: • general economic conditions, which can affect venue traffic, local labor costs, **costs of construction materials** and prices for food products and other supplies to varying degrees in the markets in which venues are located; • changes in consumer preferences and discretionary spending; • difficulties obtaining or maintaining adequate relationships with distributors or suppliers in a given market; • inefficiency in labor costs and operations as newly hired Playmakers gain experience; • competition from other out-of-home entertainment options, including existing venues and the businesses of the Toptracer Range licensees, as well as a variety of home-based entertainment options; • temporary or permanent site characteristics of new venues; • changes in government regulation, including required licenses, permits and regulatory approvals, including liquor licenses; • the impact of infectious diseases, health epidemics and pandemics on factors impacting our business, including but not limited to changes in consumer preferences and discretionary spending, the ability and cost of suppliers to deliver required products and health and public safety regulations; and • other unanticipated increases in costs, any of which may impair profitability at a specific venue or more broadly. Furthermore, as part of our longer-term growth strategy, we may open Topgolf venues in geographic markets in which we have little or no operating experience. These and other markets that we enter may have different competitive conditions, consumer tastes and discretionary spending patterns than existing markets, which may cause new venues to be less successful or profitable than venues in existing markets. The challenges of opening venues in new markets include, among other things: difficulties in hiring experienced personnel, lack of familiarity with local real estate markets and demographics, lack of familiarity with local legal and regulatory requirements, different competitive and economic conditions, and consumer tastes and discretionary spending patterns that may be more difficult to predict or satisfy than in existing markets. In addition, our marketing and advertising programs may not be successful in generating brand awareness in all local markets, and lack of market awareness of the Topgolf brand may pose additional risks. Venues opened in new markets may open at lower average weekly revenues than venues opened in existing markets, and may have higher venue-level operating expense ratios than venues in existing markets. Sales at venues opened in new markets may also take longer to reach expected revenue levels, if they are able to do so at all, thereby adversely affecting overall profitability. Any failure to recognize or respond effectively to these challenges may adversely affect the success of any new venues and impair our ability to grow our Topgolf business. If we are unable to successfully manage the frequent introduction of new products in our golf equipment business that satisfy changing consumer preferences **or trends**, it could significantly and adversely impact our financial performance and prospects for future growth. **Our success is dependent on our ability to identify, originate, and define product trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. However, lead times for many of our products may make it more difficult for us to respond rapidly to new or changing product trends or consumer preferences. If we fail to anticipate accurately and respond to trends and shifts in consumer preferences by adjusting the mix of existing product offerings, developing new products, designs, styles and categories, and influencing sports and apparel preferences through extensive marketing, we could experience lower sales, excess inventories, or lower profit margins, any of which could have an adverse effect on our results of operations and financial condition.** Our main golf equipment products, like those of our competitors, generally have life cycles of two- to three years, with sales occurring at a much higher rate in the first year than in the second and third years. Factors driving these short product life cycles include the rapid introduction of competitive products and consumer demands for the latest technology. In this marketplace, a substantial portion of our annual revenues is generated each year by products that are in their first year of their product life cycle. **These marketplace conditions raise a number of issues that 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 on golf equipment by the Rules of Golf (see further discussion of the Rules of Golf below) 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 research and development and supply chain groups face constant pressures to design, develop, source and supply new products that perform better than their predecessors, many of which incorporate new or otherwise untested technology, suppliers or inputs. Third, for new products to generate equivalent or greater revenues than their predecessors, they must either maintain the same or higher sales levels with the same or higher pricing, or exceed the performance of their predecessors in one or both of those areas. Fourth- Furthermore**, the relatively short window of opportunity for launching and selling new products requires great precision in forecasting demand and assuring that supplies are ready and delivered during the critical selling periods. Finally, the rapid changeover in products creates a need to monitor and manage the closeout of older products both at retail and in our own inventory. Should we not successfully manage the frequent introduction of new products that satisfy consumer demand, our results of operations, financial condition and cash flows could be significantly adversely affected. Our

active lifestyle and Topgolf venues businesses face risks associated with changed consumer tastes and preferences and fashion trends. Our expanding active lifestyle business and our Topgolf venues business are subject to pressures from changing consumer tastes and preferences on a global level and, as a result, we are dependent on our ability to timely introduce products and services that anticipate and / or satisfy such preferences. With respect to Topgolf, consumer and corporate discretionary spending on entertainment and leisure is affected by consumer tastes and preferences, which are subject to change, and there can be no guarantee that golf- oriented entertainment will continue to appeal to consumers. Any decline in guest traffic, guest spending, or both, in our Topgolf venues, whether resulting from unfavorable economic conditions or changes in consumer preferences, will reduce revenue in our Topgolf venues business, impair the value of the Topgolf brand and impact our ability to attract new franchisees, licensees and commercial partners and generate sponsorship revenue, all of which could have a material adverse effect on our business, results of operations, financial condition and growth prospects. With respect to our active lifestyle business, changes in consumer preferences, consumer purchasing behavior, consumer interest in recreational or other outdoor activities, and fashion trends could have a significant effect on our sales. Our success depends on our ability to identify and originate product trends as well as to anticipate, gauge and react to changing consumer demands and buying patterns in a timely manner. However, significant lead times for many of our products, including OGIO, TravisMathew and Jack Wolfskin-branded products, may make it more difficult for us to respond rapidly to new or changing product trends or consumer preferences. All of our products are subject to changing consumer preferences that cannot be predicted with certainty. Our new products may not receive consumer acceptance as consumer preferences could shift rapidly to different types of lifestyle products or away from these types of products altogether, and our future success depends in part on our ability to anticipate and respond to these changes. In addition, decisions about product designs often are made far in advance of consumer acceptance. If we or our customers fail to anticipate and respond to consumer preferences or fail to respond in a timely manner or if we or our customers are unable to effectively navigate a transforming retail marketplace, we could suffer reputational damage to our products and brands and may experience lower sales, excess inventories and lower profit margins in current and future periods, any of which could materially adversely affect our business, financial condition and results of operations. Our golf equipment business and our active lifestyle business each have a concentrated customer base. The loss of one or more of our top customers could have a significant effect on our sales. On a consolidated basis, no single customer accounted for more than 10 % of our consolidated revenues in 2024, 2023, or 2022, ~~or 2021~~. Our top five customers accounted for approximately **11 % of our consolidated revenues in 2024, and approximately** 12 % of our consolidated revenues ~~revenue~~ in both 2023 and 2022, ~~and 13 % in 2021~~. Our top five customers specific to each operating segment represented the following as a percentage of each segment's total net revenues: • Golf Equipment top five customers accounted for approximately **26 %, 25 % ,and 26 % and 24 %** of total consolidated Golf Equipment sales in **2024, 2023 ,and 2022 ,and 2021**, respectively; and • Active Lifestyle top five customers accounted for approximately **17 %, 19 % and 17 %** of total consolidated Active Lifestyle sales in **2024, 2023 ,and 17 % in each of 2022 and 2021 , respectively**. Consolidation of retailers or concentration of retail market share among a few retailers may increase and concentrate our credit risk, putting pressure on our margins and our ability to sell products relating to our golf equipment and active lifestyle business segments. The off - course golf equipment and active lifestyle retail markets in some countries, including the United States, are dominated by a few large retailers. Certain of these retailers have in the past increased their market share and may continue to do so in the future by expanding through acquisitions and construction of additional stores. ~~Industry consolidation~~ **Consolidation of our retailers** ~~has occurred in recent years, and additional consolidation is possible. These situations may result in a concentration of our credit risk with respect to our a smaller set of retailers, any of whom may experience declining sales to such~~ **or a shortage of liquidity as well as result in larger** ~~retailers gaining increased leverage, which and, if any of these retailers were to experience a shortage of liquidity or other financial difficulties, or file for bankruptcy, it would increase the risk that their outstanding payables to us may not be paid. This consolidation~~ **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. Changes in equipment standards under applicable Rules of Golf, including new rules intended to reduce distances through limitations on golf ball specifications, could adversely affect our business. We seek to have our new golf club and golf ball products satisfy the standards 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 ")** in the Rules of Golf because these standards are generally followed by golfers, both professional and amateur, within their respective jurisdictions. The USGA publishes rules that are generally followed in the United States, Canada and Mexico, and The R & A publishes rules that are generally followed in most other countries throughout the world. However, the Rules of Golf as published by The R & A and the USGA are virtually the same and are intended to be so pursuant to a Joint Statement of Principles issued in 2001. In the future, existing ~~USGA and / or R & A~~ standards may be altered in ways that adversely affect the sales of our current or future products. If a change in rules were adopted and caused one or more of our current or future products to be nonconforming, our sales of such products would be adversely affected. For example, in December 2023, the **Governing Bodies** ~~USGA and The R & A~~ adopted a rule change ~~intended relating to the reduce distances for all golfers through certain changes to golf ball specifications by revising golf ball testing conditions used to prove a golf ball 's conformance with the applicable rules. The rule changes~~ **change are is** to be effective in January 2028 for professional golfers and January 2030 for recreational golfers. This revision to golf ball testing is expected to result in reduced distances for all golfers, which may increase the difficulty of the game, and thereby reduce the enjoyment of golf participants. If, as a result, golf becomes less popular, the number of golf participants and the number of rounds of golf being played may decrease, and sales of our products may be adversely impacted. In addition, we will be required

to develop new golf ball products to comply with the new testing conditions. If our new golf ball designs do not achieve market success at least equal to our current golf ball products, our golf ball sales may be adversely affected. Any reduction in our golf ball sales or in golf participation as a result of the golf ball rollback or otherwise may have a material adverse effect on our results of operations, financial condition and cash flows. Our sales and business could be materially and adversely affected if professional athletes, celebrities and other endorsers do not endorse or use our products, or if the professional athletes, celebrities and other endorsers using our products receive less or negative publicity. We establish relationships with professional athletes, celebrities and other endorsers in order to evaluate and promote ~~our Callaway Golf, Odyssey, OGIO and Travis Mathew~~ branded products and our Topgolf business, ~~including~~ ~~We have entered into endorsement arrangements with~~ members of ~~the~~ various professional ~~golf~~ tours, ~~including the Champions Tour, the PGA Tour, the LPGA Tour, the PGA European Tour, the Japan Golf Tour and the Korn Ferry Tour~~, and other celebrities. While most endorsers fulfill their contractual obligations, some have been known to stop using a sponsor's products despite contractual commitments. If certain of our endorsers were to stop using our products contrary to their endorsement agreements, or if any such endorser is or becomes the subject of negative publicity, our business could be adversely affected in a material way by the negative publicity or lack of endorsement. We believe that professional usage of our golf clubs and golf balls 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. 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. In July 2022, LIV Golf, a competitor to the PGA Tour, launched its inaugural season. Some professional golfers who endorse, and have in the past endorsed, our products elected to compete on the LIV Golf tour. The PGA Tour has prohibited athletes who compete in LIV Golf events from further participation in PGA Tour events. To date, LIV Golf tournament broadcasts have generated substantially lower television viewership than broadcasts of PGA Tour events. Additionally, golfers participating in LIV Golf events are generally required to wear LIV team apparel, rather than apparel bearing our logos. As a result, our products have received substantially less publicity when a golfer who formerly endorsed our products elects to compete in LIV Golf events rather than PGA Tour events. In the future, additional endorsers of our products may elect to compete in LIV Golf rather than the PGA Tour, and there can be no assurance that LIV Golf television viewership will increase. Further, with the professional men's golf landscape divided between the PGA Tour and LIV Golf, fewer events now showcase all top male professional golfers, which may cause a decrease in professional men's golf television viewership. A substantial reduction in viewership of professional men's golf tournaments could result in a reduction of visibility for our products and brands. A decline in the level of professional usage of our products or the amount of publicity received by our professional endorsers, or a significant increase in the cost to attract or retain endorsers, could have a material adverse effect on our sales and business. Our business depends on strong brands and related reputations, and if we are not able to maintain and enhance our brands or preserve our strong reputation, including as a result of actions taken by Topgolf franchisees ~~and licensees~~, our sales may be adversely affected. Our brands have worldwide recognition, and our success depends in large part on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and enhancing our brands may require us to make substantial investments in areas such as product innovation, product quality, intellectual property protection, marketing and employee training, and these investments may not have the desired impact on our brand image and reputation. Our business could be adversely impacted if we fail to achieve any of these objectives or if the reputation or image of any of our brands are tarnished or receives negative publicity. In particular, our ability to generate customer loyalty and attract and retain additional Topgolf franchisees ~~, licensees~~ and commercial partners depends, to a large extent, on the strength of our brand and reputation. Any incident that erodes our public image or brand integrity, including as a result of actions by Topgolf franchisees ~~and licensees~~, could significantly impair the value of our brand and our ability to generate revenue. In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine consumer confidence in us and reduce long - term demand for our products and services, even if the regulatory or legal action is unfounded or not material to our operations. Also, as we seek to grow our presence in existing, and expand into new, geographic or product markets, consumers in these markets may not accept our brand image and may not be willing to pay a premium to purchase our products and services as compared to other brands. We anticipate that as we continue to grow our presence in existing markets and expand into new markets, further developing our brands may become increasingly difficult and expensive. If we are unable to maintain or further develop the image of our brands, it could materially adversely affect our business, financial condition and results of operations. In addition, there has been a marked increase in the use of social media platforms and other forms of internet- based communications that provide individuals and businesses with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate, as is the potential impact to affected individuals and businesses. Many social media platforms immediately publish the content posted by their subscribers and participants, often without filters or checks on the accuracy of the content posted. Accordingly, the use of social media vehicles by us and our customers, Playmakers, franchisees ~~, licensees~~ or other third parties, such as professional athletes, celebrities and other social influencers, could increase costs, lead to litigation or result in negative publicity that could damage our brand or reputation and have a material adverse effect on our business, financial condition and results of operations. International political instability and terrorist activities may decrease demand for our products and services and disrupt our business. Terrorist activities and armed conflicts, including the continuation of the conflicts between Russia and the Ukraine and Israel and Hamas and the ongoing attacks by Houthi groups near the Suez canal, could have an adverse effect on the United States or worldwide economy and could cause decreased demand for our products and services as consumers' attention and interests are diverted from golf and become focused on issues relating to these events. If such events disrupt domestic or international air, ground or sea shipments, or the operation of our manufacturing facilities, our

ability to obtain the materials and components necessary to manufacture our products and to deliver customer orders would be harmed, which would have a significant adverse effect on our results of operations, financial condition and cash flows. Such events can also negatively impact tourism, which could adversely affect our sales to retailers at resorts and other vacation destinations. In addition, the occurrence of political instability, terrorist activities, or both generally restricts travel to and from the affected areas, making it more difficult in general to manage our international operations. In particular, the conflicts between Russia and Ukraine and Israel and Hamas and the ongoing attacks by Houthi groups near the Suez canal have and may continue to adversely impact macroeconomic conditions, give rise to regional instability and result in heightened economic sanctions from the U. S. and the international community in a manner that adversely affects our business. Our business could be harmed by the occurrence of natural disasters, pandemics (including the COVID-19 pandemic) or other emergencies. The occurrence of a natural disaster, such as an earthquake, tsunami, fire, flood or hurricane, the outbreak of a pandemic disease, such as a further outbreak of COVID-19 or a variant thereof, or other emergencies could significantly adversely affect our business. A natural disaster or a pandemic disease could significantly adversely affect both the demand for our products as well as the supply of the components and materials used to make our products. Demand for golf products could be negatively affected as consumers in the affected regions restrict their recreational activities and as tourism to those areas declines. In addition, during a pandemic, such as the COVID-19 pandemic, domestic and international governmental authorities around the world may issue orders, mandates, decrees and directives, including travel restrictions, “ stay- at home ” orders and “ social distancing ” measures and business shutdowns that may negatively impact our customers’ ability to access our entertainment offerings. For example, during the COVID-19 pandemic, certain of our Topgolf venues were required to be closed for a period of time under government orders, mandates, decrees and directives. These measures adversely affected our workforce, customers, consumer sentiment, economies, and financial markets. The COVID-19 pandemic, along with decreased consumer spending, led to an economic downturn in many of our markets. As a result, our business, operating results and financial condition were, and may in the future be, materially and adversely affected. Future outbreaks of other diseases such as avian flu, sudden acute respiratory syndrome (also known as SARS), swine flu or influenza may similarly impact our business. If our suppliers experienced a significant disruption in their business as a result of a natural disaster, pandemic, including the COVID-19 pandemic or a further outbreak, or other emergency, our ability to obtain the necessary components to make our products could be significantly adversely affected. The occurrence of a natural disaster or the outbreak of a pandemic disease may also restrict travel to and from the affected areas, making it more difficult in general to manage our operations, including an inability or difficulty in obtaining a supply of components and materials used to make our products. For example, we use various contract manufacturers in Asia for the production of our non- urethane golf balls, including Launch Technologies, which provided a significant portion of our non- urethane golf ball supply. In September 2023, there was a fire at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan. A portion of our value -oriented golf balls were manufactured in the facility that was directly impacted by the fire, including the Topgolf range balls. The majority of the golf balls supplied to us by Launch Technologies were manufactured in a separate dedicated facility that was not directly impacted by the fire. However, this separate facility was not operational for nearly six months following the fire, due to both the ongoing investigation and certain shared resources, and only recently resumed operations. Accordingly, we were required to source golf ball production from alternative manufacturing facilities. If, in a future natural disaster or other emergency, we are not able to arrange for alternative sources of supply, our business and results of operations may be adversely affected. To the extent a natural disaster, pandemic (including the COVID-19 pandemic) or other emergency adversely affects our business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this Item 1A and “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” under Item 7 below, including, without limitation, risks relating to changes in demand for our products and services or the supply of the components and materials used to make our products, level of indebtedness, need to generate sufficient cash flows to service our indebtedness, ability to comply with the obligations and financial covenants contained in our existing credit facilities, availability of adequate capital, the ability to execute our strategic plans, U. S. trade, tax or other policies that restrict imports or increase import tariffs, ability to successfully operate our expanding retail stores and venues, and regulatory restrictions. Our business is subject to both seasonal and non- seasonal fluctuations, **unusual or severe weather conditions and droughts** which could result in fluctuations in our operating results and stock price. Our business is subject to both seasonal and non- seasonal fluctuations. In the golf equipment business, our first- quarter sales generally represent our sell- in to the golf retail channel of our golf club products for the new golf season. Our second and third- quarter sales generally represent reorder business for golf clubs. Sales of golf clubs during the second and third quarters are significantly affected not only by the sell- through of our products that were sold into the channel during the first quarter but also by the sell- through of products by our competitors. Retailers are sometimes reluctant to reorder our products in significant quantities when they already have excess inventory of products from us or our competitors. Our golf ball sales are generally associated with the number of rounds played in the areas where our products are sold. Therefore, golf ball sales tend to be greater in the second and third quarters, when the weather is good in most of our key regions and the number of rounds played increase. Golf ball sales are also stimulated by product introductions as the retail channel takes on initial supplies. Like those of golf clubs, reorders of golf balls depend on the rate of sell- through. Our golf- related sales during the fourth quarter are generally significantly less than those of the other quarters because in many of our key regions fewer people are playing golf during that time of year due to cold weather. Furthermore, we generally announce our new golf product line in the fourth quarter to allow retailers to plan for the new golf season. Such early announcements of new products could cause golfers, and therefore our customers, to defer purchasing additional golf equipment until our new products are available. Such deferrals could have a material adverse effect on sales of our current products or result in closeout sales at reduced prices. Our **expanding** apparel business is expected to experience stronger revenue during different times of the year than our golf- related business. A portion of the sales of our apparel products are dependent in part on the weather and likely to decline in years in

which weather conditions do not stimulate demand for our apparel products. Periods of unseasonably warm weather in the fall or winter or unseasonably cold weather in the spring and summer could have a material adverse effect on our business, financial condition and results of operations. Unintended inventory accumulation by customers resulting from unseasonable weather in one season generally negatively affects orders in future seasons, which could have a material adverse effect on our business, financial condition and results of operations. In particular, our Jack Wolfskin business focuses primarily on outerwear and consequently experiences stronger sales for such products during the cold- weather months and the corresponding prior sell- in periods. A significant portion of the Jack Wolfskin business is highly dependent on cold- weather seasons and patterns to generate consumer demand for cold- weather apparel. Consumer demand for Jack Wolfskin- branded cold- weather products may be negatively affected to the extent global weather patterns trend warmer, reducing typical patterns of cold- weather events or increasing weather volatility, which could materially adversely affect our business, financial condition and results of operations. Our Topgolf business is similarly expected to experience stronger revenue at different times of the year as a result of both seasonal and non- seasonal fluctuations. Historically, our ~~Topgolf~~ venues experience nominally higher second and third quarter revenue associated with the spring and summer. First and fourth quarters have historically had lower revenue at venues as compared to the other quarters due to cooler temperatures. Seasonality is likely to continue to be a factor in the quarterly results related to the Topgolf segment and, as a result, factors affecting peak seasons at our ~~Topgolf~~ venues, such as adverse weather, could have a disproportionate effect on operating results. Our Topgolf operating results also fluctuate significantly quarter to quarter and year to year due to non- seasonal factors. For example, poor results of operations at one or a limited number of venues could significantly affect overall profitability. Additionally, the timing of new venue openings and the timing of Toptracer Range installations may result in significant fluctuations in quarterly performance. Due to the substantial up- front financial requirements to open new venues, the investment risk related to any single venue is much larger than that associated with many other entertainment venues. We typically incur a majority of pre- opening costs for a new Company- **owned and operated** venue within three months of the venue opening. In addition, due to the seasonality of our business, our business can be significantly adversely affected by unusual or severe weather conditions and by severe weather conditions caused by climate change. Unfavorable weather conditions generally result in fewer golf rounds played, which generally results in reduced demand for all golf products, and in particular, golf balls. Furthermore, ~~catastrophic~~ **extreme storms can or temperatures, or droughts or other water shortages, may** negatively affect golf rounds played both during the ~~storms~~ **weather event or shortage** and afterward, as ~~storm damaged~~ **golf courses damaged by storms or shortages** are repaired, and golfers **may** focus on repairing ~~the other~~ damage to their homes, businesses and communities. With respect to the Topgolf business, **historically extreme weather conditions in the areas in which our venues are located could adversely affect our operating results and financial condition. For example, our** Topgolf venues ~~have increased guest~~ **may see a decrease in** traffic and spending during ~~spring and summer months~~ **extremely hot or cold temperatures or during ice, snow or tropical storms** as compared to ~~months experiencing adverse weather conditions~~. Consequently, sustained adverse weather conditions could materially affect our sales across our different business lines. Any significant changes in U. S. trade or other policies that restrict imports or increase import tariffs could have a material adverse effect on our results of operations. A significant amount of our products are manufactured in Mexico, China, Vietnam and Bangladesh and other regions outside of the United States. **Recently** ~~in recent years~~, the U. S. government has implemented substantial changes to U. S. trade policies, including ~~import restrictions~~, increased ~~import tariffs~~ and changes ~~to~~ **in U. S. participation in** multilateral trade agreements. **Additionally**, such ~~President Trump~~ **as has directed various federal agencies** the United States- Mexico- Canada Agreement to **further evaluate key aspects of** replace the former North American Free Trade Agreement. The U. S. government ~~trade policy and there~~ has assessed ~~supplemental~~ **been ongoing discussion and commentary regarding potential significant changes to U. S. trade policies, treaties and** tariffs on certain goods imported from China, resulting in China's assessment of retaliatory tariffs on certain imports of U. S. goods into China. In addition, the United States has assessed or proposed supplemental tariffs and quantitative restrictions on U. S. imports of certain products from other countries as well. U. S. trade policy continues to evolve in this regard. **Such** ~~These~~ **developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the U. S. These** changes could prevent or make it difficult or more expensive for us to obtain the **materials or** components needed for new products, which could affect our sales. ~~Further~~ **tariff Tariff** increases could **either negatively impact our costs or** require us to increase our prices, which likely would decrease customer demand for our products. Retaliatory tariff and trade measures imposed by other countries could affect our ability to export products and therefore adversely affect our sales. Any significant changes in current U. S. trade or other policies that restrict imports or increase import tariffs could have a material adverse effect upon our results of operations. Our current senior management team and other key executives are critical to our success, and the loss of, and failure to adequately replace, any such individual could significantly harm our business. Our ability to maintain our competitive position is dependent to a large degree on the efforts and skills of senior officers. Our executives are experienced and highly qualified with strong reputations in our industries, and we believe that our management team enables us to pursue our strategic goals. The success of our business is dependent upon the management and leadership skills of our senior management team and other key personnel. Competition for these individuals' talents is intense, and we may not be able to attract and retain a sufficient number of qualified personnel in the future. The loss of one or more of these senior officers could have a material adverse effect on us and our ability to achieve our strategic goals. Certain of our stockholders, if they choose to act together, have the ability to significantly control or influence all matters submitted to stockholders for approval. As of December 31, ~~2023~~ **2024**, PEP TG Investments LP (" Providence "), DDFS Partnership LP and Dundon 2009 Gift Trust (together, " Dundon "), TGP Investors, LLC, TGP Investors II, LLC, WestRiver Management, LLC, Anderson Family Investments, LLC and TGP Advisors, LLC (together, " WestRiver "), each of whom acquired shares of our common stock in connection with the merger with Topgolf in 2021, own, in the aggregate,

approximately 21.8-9% of our capital stock. Scott M. Marimow is affiliated with Providence, C. Matthew Turney is affiliated with Dundon and Erik J Anderson is affiliated with WestRiver, each of whom serve on our ~~board~~ **Board of directors**. In addition, pursuant to a stockholders agreement entered into with certain former Topgolf stockholders in connection with the merger, Providence and certain former Topgolf stockholders affiliated with Dundon and WestRiver have the right to designate one person (for a total of three persons) to be appointed or nominated, as the case may be, for election to our ~~board~~ **Board of directors** for so long as such stockholder maintains beneficial ownership of 50 % or more of the shares of our common stock owned by them on the closing date of the merger. Commencing in April 2023, WestRiver no longer held sufficient shares to maintain its right to designate a nominee for director, although Mr. Anderson continues to serve as WestRiver's previously appointed designee to the Board. As a result, if these stockholders were to choose to act together, they would be able to significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders.

**Risks Related to Operations, Manufacturing, and Technology** We have significant international operations and therefore exposed to risks associated with doing business globally. We sell and distribute our products directly in many key international markets in Europe, Asia, North America and elsewhere around the world. ~~We also operate various international venues through the Topgolf business.~~ These activities have resulted and will continue to result in investments in inventory, accounts receivable, employees, corporate infrastructure and facilities. In addition, there are a limited number of suppliers of golf club components in the United States, and we are dependent 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 Company resources. We manufacture most of our products outside of the United States. With respect to the Topgolf business, we have both Company- **owned and** operated and franchised venues located outside of the United States. In addition, we have Toptracer licensees operating Toptracer Range bays outside of the United States. We also use third- party manufacturers in Taiwan and China to produce the RFID- enabled golf balls and golf clubs used in our venues, and sources certain of the components used in the Toptracer business line from third- party suppliers located in Germany, Taiwan and the United Kingdom. As a result of this international business, we are exposed to increased risks inherent in conducting business outside of the United States. These risks include the following: • **adverse changes in foreign currency exchange rates can have a significant effect upon our results of operations, financial condition and cash flows;** • increased difficulty in protecting our intellectual property rights and trade secrets; • unexpected government action or changes in legal or regulatory requirements; • social, economic or political instability; • the effects of any anti- American sentiments on our brands or sales of our products or services; • 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"), international environmental, health and safety laws, and increasingly complex regulations relating to the conduct of international commerce, including import / export laws and regulations, economic sanctions laws and regulations and trade controls; • changes in international labor costs and other costs of doing business internationally; • increased difficulty in controlling and monitoring foreign operations from the United States, including increased difficulty in identifying and recruiting qualified personnel for our foreign operations; **and** • increased exposure to interruptions in air carrier or ship services; ~~and • the occurrence of natural disasters or other emergencies, such as the fire in September 2023 at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan, where a portion of our value oriented golf balls were manufactured.~~ Any significant adverse change in these and other circumstances or conditions relating to international operations could have a significant adverse effect on our operations, financial performance and condition. We have significant international sales and purchases, and unfavorable changes in foreign currency exchange rates could have a significant negative impact on our results of operations **and cash flows**. A significant portion of our purchases and sales are international. As a result, we conduct transactions in various currencies worldwide. We expect our international business, and the number of transactions that are conducted in foreign currencies, to continue to expand. Conducting business in such currencies exposes us to fluctuations in foreign currency exchange rates relative to the U. S. dollar. Our financial results are reported in U. S. dollars, and as a result, transactions conducted in foreign currencies must be translated into U. S. dollars for reporting purposes based upon the applicable foreign currency exchange rates. Fluctuations in these foreign currency exchange rates therefore may positively or negatively affect our reported financial results and can significantly affect period- over- period comparisons. The effect of the translation of foreign currencies on our financial results can be significant. We therefore engage in certain hedging activities to mitigate the annual impact of the translation of foreign currencies on our financial results. Our hedging activities can reduce, but will not eliminate, the effects of foreign currency fluctuations. The extent to which our hedging activities mitigate the effects of foreign currency translation varies based upon many factors, including the amount of transactions being hedged. Other factors that could affect the effectiveness of our hedging activities include accuracy of sales forecasts, volatility of currency markets and the availability of hedging instruments. Since the hedging activities are designed to reduce volatility, they not only reduce the negative impact of a stronger U. S. dollar but also reduce the positive impact of a weaker U. S. dollar. Our future financial results **and cash flows** could be significantly affected by the value of the U. S. dollar in relation to the foreign currencies in which we conduct business. Foreign currency fluctuations can also affect the prices at which products are sold in our international markets. We therefore adjust our pricing based in part upon fluctuations in foreign currency exchange rates. Significant unanticipated changes in foreign currency exchange rates make it more difficult for us to manage pricing in our international markets. If we are unable to adjust our pricing in a timely manner to counteract the effects of foreign currency fluctuations, or if we increase our pricing too much to counteract the effects of foreign currency fluctuations, our pricing may not be competitive in the marketplace and our financial results in our international markets **and cash flows** could be adversely

affected. The costs and availability of finished products, product components, raw materials and ingredients could affect our operating results. The costs and availability of the finished products, product components and raw materials needed in our products and services can be volatile as a result of numerous factors, including inflationary pressures and rising interest rates; general, domestic, and international economic conditions; labor costs; production levels; competition; consumer demand; import duties; tariffs; and currency exchange rates. This volatility can significantly affect the availability and cost of these items for us which could have a material adverse effect on our business, financial condition and results of operations. The materials, components and ingredients used by us and our suppliers involve raw materials, including synthetic rubber, thermoplastics, zinc stearate, zinc oxide and limestone for the manufacturing of our golf balls, titanium alloys, carbon fiber and steel for the assembly of our golf clubs, various fabrics used by suppliers in our apparel business and food and beverage ingredients, venue hardware and other supplies used in the Topgolf business. Significant price fluctuations or shortages in such raw materials, components or ingredients, including the costs to transport such materials, components or ingredients, the uncertainty of currency fluctuations against the U. S. dollar, increases in labor rates, interest rates, trade duties or tariffs, and / or the introduction of new and expensive raw materials, could materially adversely affect our business, financial condition and results of operations. The United States and many areas of the world, including areas in which we and our suppliers operate, have recently experienced historically high levels of inflation. In addition, prolonged periods of inflationary pressure on some or all input costs may result in increased costs to produce our products and provide our services that could have an adverse effect on profits from sales of our products and services, or require us to increase prices for our products and services that could adversely affect consumer demand for our products and services. ~~Many of our golf equipment and apparel products are manufactured outside of the main sales markets in which we operate, which requires these products to be transported by third parties, sometimes over large geographical distances. Shortages in ocean, land or air shipment capacity and volatile fuel costs can result in rapidly changing transportation costs or an inability to transport products in a timely manner. Similarly, disruption to shipping and transportation channels due to labor disputes could cause us to rely more heavily on alternative modes of transportation to achieve timely delivery to customers, resulting in significantly higher freight costs. Because of the prices of our products prior to shipment, and as changes in transportation and other costs may be difficult to predict, we may not be able to pass all or any portion of these higher costs on to our customers or adjust our pricing structure in a timely manner in order to remain competitive, either of which could have a material adverse effect on our business, financial condition and results of operations.~~ Any difficulties from strategic acquisitions that we pursue or consummate, including our merger with Topgolf, could adversely affect our business, financial condition and results of operations. We may acquire companies, businesses and products that complement or augment our existing business. For example, ~~in 2021, we completed our merger with Topgolf and~~ in 2023, we acquired certain assets related to the Swing Suite golf simulation technology from Full Swing Golf Holdings, LLC (“ Full Swing ”) and certain assets related to the BigShots Golf business from affiliates of Invited, Inc. We may not be successful in the integration with these businesses or any other business that we may acquire in the future or operate such acquired businesses profitably. Integrating any newly acquired business is typically expensive and time- consuming. Integration efforts often take a significant amount of time, place a significant strain on managerial, operational and financial resources and could prove to be more difficult or expensive than predicted. The diversion of management’ s attention and any delay or difficulties encountered in connection with any such acquisitions could result in the disruption of on- going business or inconsistencies in standards and controls that could negatively affect our ability to maintain third- party relationships. ~~Moreover, we may need to raise additional funds through public or private debt or equity financing, or issue additional shares, to continue operating the Topgolf business, which may result in dilution for stockholders or the incurrence of indebtedness.~~ As part of our efforts to acquire companies, businesses or products or to enter into other significant transactions, we conduct business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in the transaction. Despite our efforts, we ultimately may be unsuccessful in ascertaining or evaluating all such risks and, as a result, might not realize the intended advantages of the transaction. If we fail to realize the expected benefits from previous acquisitions or other acquisitions we may consummate in the future, whether as a result of unidentified risks, integration difficulties, complexities associated with managing the combined business, performance shortfalls at one or both of the companies as a result of the diversion of management’ s attention caused by completing the transaction and integrating our operations, litigation with current or former employees and other events, our business, financial condition and results of operations could be adversely affected. If we inaccurately forecast demand for our products, we may manufacture either insufficient or excess quantities, which, in either case, could adversely affect our financial performance. We plan our manufacturing capacity based upon the forecasted demand for our products, **which**. Forecasting the demand for our products is very difficult given the manufacturing lead time and the amount of specification involved. For example, we must forecast well in advance not only how many drivers we will sell, but also (1) the quantity of each driver model, (2) the quantity of the different lofts in each driver model, and (3) for each driver model and loft, the number of left- handed and right- handed versions. Forecasting demand for specific soft goods and apparel products can also be challenging due to changing consumer preferences **and**, competitive pressures, **and** longer supply lead times. The nature of our business makes it difficult to adjust quickly our manufacturing capacity if actual demand for our products exceeds or is less than the forecasted demand. 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 and adversely affect our financial performance. On the other hand, if actual demand is less than the forecasted demand for our products, we could produce excess quantities, resulting in excess inventories and related obsolescence charges that could adversely affect our financial performance. ~~Our expanding international operations~~ **Physical safety risks, such as falls, acts or threats of violence at or near our venues, including civil unrest, player intimidation, interpersonal violence, active shooter situations and terrorism, could be harmed if we fail to successfully transition** **adversely impact our sales, which could materially adversely affect** our business processes on a global scale. As we expand our global footprint, our business could be harmed if we fail to successfully

transition our business processes on a global scale. This expansion to a global scale requires significant investment of capital and human resources, the re-engineering of many business processes, and the attention of many managers and other employees who would otherwise be focused on other aspects of our business. If our globalization efforts fail to produce planned operational efficiencies, or the transition is not managed effectively, we may experience excess inventories, inventory shortage, late deliveries, lost sales, or increased costs. Any business disruption arising from our expanding international operations—**operating results, cash flows and** or our failure to realize operational efficiencies, could harm our business, financial condition. **Physical safety risks, such as falls, or any act or threat of violence at or near our venues, including civil unrest, player intimidation, interpersonal violence, active shooter situations** and our owned or franchised Topgolf venues, including civil unrest, customer intimidation, interpersonal violence, active shooter situations and terrorist activities, may result in personal injury or death, property damage, restricted access to our venues, venue closures, or any combination of the foregoing, in the short-term and, in the long-term, may cause our **customers, players** and staff to avoid our venues. Any such situation could **expose us to potential litigation and regulatory investigation, as well as negative publicity. In addition, any such situation could** adversely impact **customer, player** traffic and spending on game play and food and beverages at our venues and make it more difficult to fully staff our venues, any of which could materially adversely affect our business, **operating results—results of operations, cash flows and financial condition**. We may not be able to obtain and maintain licenses and permits necessary to operate our Topgolf business and our venues in compliance with applicable laws, regulations and other requirements, which could adversely affect our business, results of operations and financial condition. The development, construction and operation of our Topgolf venues depend, to a significant extent, on the selection of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. We are also subject to licensing and regulation by federal, state, local and foreign authorities relating to, among other things, alcoholic beverage control, amusement, health, sanitation, stormwater and wastewater management, protection of endangered and threatened plant, wildlife and **animal** species, wetlands protection, **and** safety and fire standards. Typically, licenses, permits and approvals under such laws and regulations must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations. In some jurisdictions, the loss of a license for cause with respect to one location may lead to the loss of licenses at all locations in that jurisdiction and could make it more difficult to obtain additional licenses. With respect to the sale of alcoholic beverages, each of our Topgolf venues is required to obtain a license to sell alcoholic beverages on the premises from a state authority and, in certain locations, county and municipal authorities. Certain jurisdictions, however, have only a fixed number of liquor licenses available. As a result, in order to obtain a license in one of these jurisdictions, we are required to purchase that license from another business, which we may not be able to do on acceptable terms or at all. Alcoholic beverage control regulations impact numerous aspects of the daily operations of each venue, including the minimum age of patrons and Playmakers, hours of operation, advertising, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors, inventory control and the handling, storage and dispensing of alcoholic beverages. Any failure by one of our venues to comply with these regulations, or any failure of a franchisee or licensee to comply with similar regulations to which **our, their** business is subject, could result in fines or the loss or suspension of the liquor license for that venue or business, and potentially the loss or suspension of other licenses in that jurisdiction. Difficulties or failure in obtaining a liquor license or any other licenses, permits or approvals, or in continuing to qualify for, or being able to renew, any existing licenses, permits or approvals, could adversely affect existing venues, or our ability to develop or construct venues, and delay or result in our decision to cancel the opening of new venues, which could have a material adverse effect on our business, results of operations and financial condition. Similarly, the inability of any franchisee or licensee to maintain or obtain the licenses, permits and approvals required to develop, construct or operate one or more of their locations would also reduce franchise and licensing revenues, impair growth prospects and adversely affect our business, results of operation and financial condition. We depend on a limited number of suppliers for some of the components of our products, and the loss of any of these suppliers could harm our business. We are dependent on a limited number of suppliers for our **clubheads and shafts, golf equipment products**. Furthermore, some of our products require specially developed manufacturing techniques and processes **or customization** which make it difficult to identify and utilize alternative suppliers quickly. In addition, many of our suppliers may not be well capitalized and prolonged unfavorable economic conditions could increase the risk that they will go out of business. If current suppliers are unable to deliver **products, clubheads, shafts or other** components, or if we are required to transition to other suppliers, we could experience significant production delays or disruption to our business. **We also depend on a limited number of suppliers for the materials we use to make our golf balls. Many of these materials are customized for us.** Any delay or interruption in such supplies could have a material adverse impact on our golf **ball equipment** business. If we experience any such delays or interruptions, we may not be able to find adequate alternative suppliers at a reasonable cost or without significant disruption to our business. A significant disruption in the operations of our **golf club assembly and golf ball** manufacturing and assembly facilities could have a material adverse effect on our sales, profitability and results of operations. A significant disruption at any of our **golf club or golf ball** manufacturing facilities or distribution centers in the United States or in regions outside the United States could materially and adversely affect our sales, profitability and results of operations. For example, in September 2023, there was a fire at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan, where a portion of our value **-** oriented golf balls were manufactured. **However, we were able which required us** to mitigate the impact to our golf ball business by shifting **--- shift** supply to our Chicopee manufacturing facility and other suppliers. **In the** If, however, in a future disruption, we are **may not be** able to arrange for alternative sources of supply, **and** our business and results of operations may be adversely affected. In addition, our manufacturing facilities and distribution centers are highly automated, which means that their operations are complicated and may be subject to a number of risks related to computer viruses, the proper operation of software and hardware, electronic or power interruptions, and other system failures. Risks associated with upgrading **our technology or operational systems** or

expanding these facilities may significantly disrupt or increase the cost of our operations, which may have an immediate, or in some cases prolonged, impact on our margins. For example, in 2019 we substantially completed a significant expansion and technical upgrade to our golf ball manufacturing facility in Chicopee, Massachusetts. Difficulties in implementing new or upgraded technology or operational systems, including at our Chicopee facility, could disrupt our operations and could materially and adversely affect our financial condition, results of operations or cash flows. A disruption in the service or a significant increase in the cost of our primary delivery and shipping services for our products and component parts or a significant disruption at shipping ports could have a material adverse effect on our business. **Many of our golf equipment and apparel products are manufactured outside of the main sales markets in which we operate, which requires these products to be transported by third parties, sometimes over large geographical distances. We use air carriers and ocean shipping services for most of our international shipments of products and components.** We use United Parcel Service (“UPS”) for substantially all ground shipments of products to our U. S. customers. **For our** We use air carriers and ocean shipping services for most of our international shipments of products. Furthermore, many of the components we use **may face challenges related to ongoing disruptions** build our golf clubs, including clubheads and shafts, are shipped to us via air carrier and ship services. For a portion of 2022, international shipping to the United States was disrupted and delayed due to congestion, **as occurred** in west coast ports **in 2022, port strikes or delays at key transit points, such as the Panama Canal or the Suez Canal.** If there is any similar significant interruption in service by such providers or at airports or shipping ports, 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 demand cycles. Any significant interruption in UPS services, air carrier services, ship services or at airports or shipping ports could have a material adverse effect on our business. Furthermore, if the cost of delivery or shipping services were to increase significantly and the additional costs could not be covered by product pricing, our operating results could be materially adversely affected. Instances of food- borne illness and outbreaks of disease could negatively impact our Topgolf business. Incidents or reports of food- borne or water- borne illness or other food safety issues, food contamination or tampering, Playmaker hygiene and cleanliness failures or improper Playmaker conduct at our Topgolf venues could lead to product liability or other claims or poor health inspection scores. Such incidents or reports could negatively affect our brand and reputation as well as our business, revenues and profits regardless of whether the allegations are valid or whether we are held to be responsible. Similar incidents or reports occurring at Topgolf franchisees’ or licensees’ businesses, BigShots, or other businesses unrelated to us could likewise create negative publicity, which could negatively impact consumer behavior towards us. There can be no guarantee that our internal policies and training will be fully effective in preventing all food- borne illnesses at our venues. In addition, because we do not control the day- to- day operations of Topgolf and BigShots franchisees, licensees, there can be no guarantee that these franchisees and licensees will implement appropriate internal policies and training intended to prevent food- borne illnesses, that their employees will follow such policies and training or that such policies and training will be effective even if complied with. Furthermore, our reliance, and the reliance by any Topgolf or BigShots franchisees, or licensees, on third- party food processors, distributors and suppliers makes it difficult to monitor food safety compliance and may increase the risk that food- borne illness would affect multiple locations rather than a single venue. Some food- borne illness incidents could be caused by third- party food suppliers and transporters outside of our control. New illnesses resistant to our current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations on a retroactive basis. One or more instances of food- borne illness in one of our Company- **owned and** operated or franchised venues, or poor health inspection scores, if highly publicized, could negatively affect revenues at all of our Topgolf venues by changing consumers’ perceptions of our venues and the food that we offer, negatively impacting demand for menu offerings and reducing guest visits at venues. This risk is particularly great with respect to franchised venues given our limited oversight, and exists even if we were later determined that the illness was wrongly attributed to a Company or a franchisee- operated venue. There is also a risk that instances of food- borne illness at a licensee’ s businesses could be improperly attributed to us. Additionally, even if food- borne illnesses were not identified at or otherwise attributed to a Topgolf venue, our revenue could be adversely affected if instances of food- borne illnesses at other businesses were highly publicized. A number of companies have experienced incidents related to food- borne illnesses have had material adverse effects on their business, operations and financial condition, and there can be no assurance that we could avoid a similar impact if such an incident were to occur at one or more **Topgolf of our** venues. Guest complaints, litigation on behalf of guests or Playmakers or other proceedings may adversely affect our business, results of operations and financial condition. We may be adversely affected by legal or governmental proceedings brought by or on behalf of guests, Playmakers, suppliers, commercial partners, franchisees, licensees or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings, particularly class actions and regulatory actions, is difficult to assess or quantify. In recent years, a number of companies in our industry and adjacent industries have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters, and a number of these lawsuits have resulted in the payment of substantial damages by the defendants. We could also face potential liability if we are found to have misclassified certain Playmakers as exempt from the overtime requirements of the federal Fair Labor Standards Act and state labor laws, or if we are found to have failed to provide or continue health insurance or benefits to Playmakers in violation of the Employee Retirement Income Security Act or the PPACA of 2010. Additionally, we face potential liability if we are found to have failed to comply with data privacy laws relating to the collection and processing of information about Playmakers, employees, and other individuals, such as the collection and use of biometric information under state biometric information statutes. We have had, from time to time, such lawsuits pending, and there can be no guarantee that we will not be named in any such lawsuit in the future or that we will not be required to pay substantial expenses and / or

damages at the conclusion of such future lawsuits. In addition, from time to time, guests file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to a venue. From time to time, animal activist and other third-party special interest groups may bring claims before government agencies or lawsuits against us relating to the impact of our venues. We are also subject to a variety of other claims in the ordinary course of business, including personal injury, lease and contract claims. We are also subject to “dram shop” statutes in certain states in which our venues are located. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated individual. We have been in the past, and may be in the future, the subject of lawsuits that allege violations of these statutes. Recent litigation under dram shop statutes has resulted in significant judgments and settlements against other businesses and establishments similar to our Topgolf venues. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation if successful could have an adverse effect on our business, results of operations and financial condition. Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend, generate negative publicity, divert time and money away from core operations and hurt financial performance. Similarly, claims brought against Topgolf franchisees and licensees may generate negative publicity that could harm our brand and reputation. Although we maintain what we believe to be adequate levels of insurance to cover any liabilities we may face, insurance may not be available at all or in sufficient amounts with respect to these or other matters. Any negative publicity concerning such claims, whether involving us or franchisees or licensees, or any judgment or other liability significantly in excess of our insurance coverage or not covered by insurance, could have a material adverse effect on our business, results of operations and financial condition. Our The Topgolf venues- venue business is operations are susceptible to the availability and cost of food commodities and other supplies, some of which are available from a limited number of suppliers, which subjects us to possible risks of shortages, interruptions and price fluctuations. The profitability of the venues business line depends in part on our ability to anticipate and react to changes in product costs. The price and availability of food commodities and other supplies may be affected by a number of factors beyond our control, including changes in general economic conditions, seasonal economic fluctuations, increased competition, general inflation, shortages or supply interruptions due to weather, disease (which may including include, among others, the COVID-19 pandemic and H5N1 avian influenza) or other factors, food safety concerns, product recalls, fluctuations in the U. S. dollar and changes in government regulations. These and other events could increase commodity prices or cause shortages that could affect the cost and quality of the items that we buy or require us to raise prices or limit menu options. The profitability of the venues business line may also be adversely affected by increases in the price of utilities, such as natural gas, electric, and water, whether as a result of inflation, shortages, interruptions in supply or otherwise. While we have historically been able to partially offset inflation and other changes in the costs of core operating resources used in the venues business line by gradually increasing menu prices, coupled with more efficient purchasing practices, productivity improvements and greater economies of scale, there can be no assurance that we or franchisees will be able to continue to do so in the future. From time to time, competitive or macroeconomic conditions could limit menu pricing flexibility, and there can be no assurance that increased menu prices will be fully absorbed by guests without any resulting change to their visit frequencies or purchasing patterns that may offset such increases. If we or our franchisees are unable to increase prices in response to higher food commodity and other supplies costs, or if such price increases decrease guest traffic or purchasing patterns, our operating results could be materially and adversely affected. In addition, there can be no assurance that we will generate same-venue sales growth in an amount sufficient to offset inflationary or other cost pressures. We have entered into a long-term contract with a single distributor, which we refer to as our “broadline” distributor, which provides for the purchasing, warehousing and distributing of a substantial majority of our food, non-alcoholic beverage and other supplies. We also contract directly with the suppliers of certain food and non-alcoholic beverage products, usually with a single supplier for each such product. These agreements, however, are typically for the purpose of establishing an agreed-upon price for the relevant product and do not require the supplier to provide our requirements, or any particular quantity, of such product. If our broadline distributor or any of our other suppliers or substitute suppliers do not perform adequately or otherwise fail to deliver products or supplies to venues, if we were to lose our relationship with our broadline distributor or any single-source suppliers for which we has have not approved a substitute supplier, or if any substitute suppliers also fail to perform, we may be unable to find satisfactory replacements in a short period of time, on acceptable terms, or at all, which could increase costs, cause shortages of food and other items at venues and cause us to remove certain items from our menu, any of which could adversely affect our business, results of operations and financial condition. Other than purchase orders for certain food items, we currently do not engage in futures contracts or other financial risk management strategies with respect to potential price fluctuations in the cost of food commodities and other supplies. Furthermore, these arrangements generally are relatively short in duration and may provide only limited protection from price changes. In addition, the use of these arrangements may limit our ability to benefit from favorable price movements. In addition, the RFID-enabled golf balls and golf clubs that are used in our venues are produced by third-party manufacturers in Taiwan and China. As a result, natural disasters and other adverse events or conditions affecting these countries (including, without limitation, adverse weather conditions, political instability, war, civil unrest, economic instability, outbreaks of disease, such as the COVID-19 pandemic, or other public health emergencies and the impact of public fears regarding any of the foregoing) could halt or disrupt production, impair the movement of finished products out of these countries, damage or destroy the tooling and other equipment necessary to manufacture these products and otherwise cause us to incur additional costs and expenses, any of which could also have a material adverse effect on our results of operations and financial condition. For example, in September 2023, there was a fire at the Launch Technologies golf ball manufacturing plant in Pintung County, Taiwan. Launch Technologies provided a significant portion of our non-urethane golf ball supply. A portion of our value oriented golf balls were manufactured in the facility that was directly impacted by the fire, including the Topgolf range balls. The majority of the golf balls supplied to us by Launch Technologies were manufactured in a separate dedicated facility that was

not directly impacted by the fire. However, this separate facility was not operational for nearly six months following the fire, due to both the ongoing investigation and certain shared resources, and only recently resumed operations. Accordingly, we were required to source golf ball production from alternative manufacturing facilities. The location of these manufacturers outside the United States also exposes us to the various international risks. We rely on complex information systems for management of our manufacturing, distribution, sales and other functions. If our information systems fail to perform these functions adequately or if we experience an interruption in our operation, including a cybersecurity incident, our business and results of operations could suffer. All of our major operations, including manufacturing, distribution, sales and accounting, are dependent upon our complex information systems. Our information systems (and information stored therein) are vulnerable to damage or interruption or other compromise, from events including: • earthquake, fire, flood, hurricane or other natural disasters; • power loss, computer systems failure, Internet and telecommunications or data network failure; and • hackers **(including through ransomware and social engineering attacks)**, computer viruses, software bugs, glitches or other cybersecurity incidents. Any damage or significant disruption in the operation of such systems, the failure of our or our IT vendors' information systems to perform as expected, the failure to successfully integrate the IT systems of the businesses that we have recently acquired or any security breach to the information systems (including financial or credit / payment frauds) or other cybersecurity incident would disrupt our business, which may result in decreased sales, increased overhead costs, excess inventory and product shortages and otherwise adversely affect our reputation, operations, financial performance and condition. Cybersecurity incidents, including cyber- attacks, unauthorized access to, or accidental disclosure of, personal information including payment card information, that we or our vendors ~~collects~~ **collect** or ~~stores~~ **store** on our behalf may result in significant expense and negatively impact our reputation and business. There is heightened concern and awareness over the security of personal information transmitted over the Internet, consumer identity theft and data privacy. While we have implemented security measures, our information systems and those of our third party vendors are nevertheless susceptible to numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of information systems and personal information, proprietary information belonging to our business and other confidential information (together, " Sensitive Information ") used in our business, including through electronic or physical computer break- ins, viruses and malware (e. g., ransomware), social engineering / phishing, malicious code, fraud, malfeasance by insiders, human or technological error, misconfigurations, " bugs " and other vulnerabilities in our and our vendors' software, and other disruptions and security compromises involving the loss or unauthorized access of ~~Confidential~~ **Sensitive** Information. Technologies and techniques used to obtain unauthorized access to or sabotage systems are constantly evolving, change frequently, and generally are not recognized until after they have been launched against a target. Even if identified, we and our vendors may be unable to adequately investigate, remediate or recover from breaches or cybersecurity incidents, or avoid a material adverse impact to our information systems, Sensitive Information or business, including due to threat actors increasingly using tools and techniques — including artificial intelligence — that are designed to circumvent controls, avoid detection, and remove or obfuscate forensic evidence. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our information systems and Sensitive Information, and we and certain of our third party vendors have and expect to continue to experience cyber- attacks and other incidents in varying degrees. For example, in August 2023, a threat actor obtained access to certain Company systems through social engineering. Customers experienced a temporary outage in e- commerce services, and certain personal information of approximately one million customers was affected, though no full payment card numbers or government identification numbers (such as Social Security numbers) were affected. We notified affected individuals, various regulators and law enforcement as a result. Moreover, we have acquired and continue to acquire companies with cybersecurity vulnerabilities and / or are similarly susceptible to the risks described above, which exposes us to significant cybersecurity, operational, and financial risks. Any perceived or actual unauthorized or inadvertent disclosure of personal information or adverse impact to the availability, integrity or confidentiality of our information systems or Sensitive Information, whether through a compromise of us or our third party vendors' information systems by an unauthorized party, employee theft, misuse or error, cyber- attack or otherwise, could harm our reputation, impair our ability to attract or retain customers and Playmakers, require us to notify payment brands **or cease accepting certain payment cards** if payment card information is accessed or compromised, compel us to comply with federal and / or state breach notification laws and foreign equivalents, subject us to costly mandatory corrective action, or subject us to regulatory investigations and enforcement actions, claims or litigation (including class actions) arising from damages suffered by consumers, fines and penalties, and / or significant incident response, system restoration and future compliance costs, all of which could adversely affect our operations, financial performance and condition. Any losses, costs or liabilities may not be covered by, or may exceed the coverage limits of, any or all applicable insurance policies, and applicable insurance may not be available to us in the future on economically reasonable terms or at all. We may be subject to products liability, warranty and recall claims, and our insurance coverage may not cover such claims. Our products expose us to products liability, warranty and recall claims if the 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. From time to time, our products may contain manufacturing defects or design flaws that are not detected prior to sale, particularly in the case of new product introductions or upon design changes to existing products. The failure to identify and correct manufacturing defects and product design issues prior to the sale of those products could result in safety- related issues or products liability claims. If we fail to identify and correct a manufacturing defect or design issue prior to sale, we may have to recall our products to address the defect or compliance- or safety- related issues. Because many of our products are sold to retailers for broad consumer distribution and / or to customers who buy in large quantities, there could be significant costs associated with such product recalls, including the potential for customer dissatisfaction that may adversely affect our reputation and relationships with our customers, which may result in lost or reduced sales. There can be no assurance that we can successfully defend or settle any products liability cases

arising from any actual or alleged manufacturing defect or design flaw. Our insurance policies provide coverage against claims resulting from alleged injuries arising from our products sustained during the respective policy periods, subject to policy terms and conditions; however, there can be no assurance that this coverage will be renewed or otherwise remain available in the future, that our insurers will be financially viable when payment of a claim is required, that the cost of our insurance will not increase, that insurance coverage will remain economical to maintain, or that our insurance coverage will be adequate. As a result, an adverse outcome in a products liability case could increase our expenses and harm our business, financial condition and results of operations. Our growth initiatives require significant capital investments and there can be no assurance that we will realize a positive return on these investments. Initiatives to upgrade our business processes and **invest investments** 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 investment. Expansion of business processes or facilities, including the significant expansion and technical upgrade to our golf ball manufacturing facility in Chicopee, Massachusetts, requires significant capital investment. If we have insufficient sales or are unable to realize the full potential of our capital investment, 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. Some of our products and services in the Topgolf business contain open source software, which may pose particular risks to our proprietary software, technologies, products, and services in a manner that could harm our business. The Topgolf business uses open source software in our products and services and anticipates using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software products to publicly disclose all or part of the source code to such software product or to make available any modifications or derivative works of the open source code on unfavorable terms or at no cost. This could allow competitors to create similar technologies with less development effort and in less time and could lead to a loss of sales of our products and services. The terms of many open source licenses to which we are subject have not been interpreted by U. S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute products or services. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, works that we developed using open source software, which could include our proprietary source code, or otherwise seeking to enforce the terms of, or alleging breach of, the applicable open source license. These claims could result in litigation and could require us to make our proprietary software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require us to expend significant additional research and development resources, and there can be no guarantee that we will be successful. Additionally, the use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open source software, and there can be no assurance that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have processes to help alleviate these risks, including a review process for screening requests from developers for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our products and services. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could adversely affect our business, financial condition and results of operations. Failure to adequately enforce our intellectual property rights could adversely affect our reputation and sales. The golf club equipment and apparel industry industries, in general, has have been characterized by widespread imitation of popular club equipment and apparel 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 for our golf equipment and apparel businesses. We assert our right against infringers of our copyrights, patents, trademarks and trade dress. However, these efforts may not be successful in reducing sales of golf our products by these infringers. Additionally Furthermore, other golf club manufacturers may be able to produce successful golf clubs which imitate we design without infringing any of our copyrights, patents, trademarks or trade dress. With respect to our apparel business, counterfeits are known to exist in the industry, including in the premium outdoor apparel segment within which Jack Wolfskin operates. The failure to prevent or limit such infringers or imitators could adversely affect our reputation and sales. With respect to the Topgolf business, our ability to expand the Topgolf business lines and establish and maintain our competitive position in new and existing markets depends in part on our ability to further build brand recognition using our trademarks, service marks, proprietary products and technologies and other intellectual property rights, as well as our ability to maintain, protect and enforce such rights. We rely upon a combination of intellectual property rights, such as trademarks, trade dress, domain names, copyrights, trade secrets and patents, in addition to technical measures and confidentiality and license agreements with Playmakers, contractors, consultants and other third parties with whom we have relationships, to establish, maintain, protect and enforce our brand, proprietary information, technologies and processes and other intellectual property rights. The failure to enforce any such intellectual property rights may limit our ability to achieve and maintain market recognition and our competitive position may be harmed, each of which could adversely affect our reputation and sales. We may become subject to intellectual property claims or lawsuits that could cause us to incur significant costs or pay significant damages or that could prohibit us from selling our products. Our competitors in the golf equipment and apparel industry also seek to obtain patent, trademark, copyright or other protection of their proprietary rights and designs for golf clubs, golf balls and other products. From time to time, third parties have claimed or may claim in the future that our products infringe upon their proprietary rights. We evaluate any claim and, where appropriate, have obtained or sought to obtain licenses or other business arrangements. To date, there have been no significant interruptions in our business as a result of any claims of infringement.

However, in the future, intellectual property claims could force us to alter our existing products or withdraw them from the market or could delay the introduction of new products. Various patents have been issued to our competitors in the golf industry and our competitors may assert that our golf products infringe their patent or other proprietary rights. If our golf products are found to infringe third- party intellectual property rights, we may be unable to obtain a license to use such technology, and we could incur substantial costs to redesign our products, withdraw them from the market, and / or to defend legal actions. With respect to the Topgolf business, intellectual property laws and procedures and restrictions provide only limited protection and any of Topgolf's intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. If we fail to protect such intellectual property rights adequately, we may lose an important advantage in the markets in which we compete. However, these efforts may not be successful or may be ineffective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Other parties may also independently develop technologies that are substantially similar or superior to ours. We also may be forced to bring claims against third parties, or defend claims that third parties may bring against us, to determine the ownership of what we regard as our intellectual property. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering products, services, or technologies that are substantially similar or superior to ours and that compete with our business. If third parties misappropriate, infringe or otherwise violate our intellectual property, the value of our technologies, image, brand and the goodwill associated therewith may be diminished, our brand may fail to achieve and maintain market recognition, and our competitive position may be harmed, any of which could have a material adverse effect on our business, including revenue. Our **international growth strategy for brands may be damaged by the actions of our Topgolf depends in large part on the success of our franchisees and on licensees. We license our trademarks to third- party licensees who produce, market and sell their products bearing our trademarks ability to open new venues**. We choose our licensees carefully **Our franchisees face challenges that could adversely affect their ability to open new venues and impose upon such licensees venue operations and, consequently, our business and reputation. Our international growth strategy depends in large part on the success of our franchisees. As of December 31, 2024, we had seven franchised Topgolf venues. The opening and success of franchised venues depend on various restrictions on factors, including the demand for our franchises, the selection of appropriate franchisee candidates, the financial and the other capabilities of products, and on the manner franchisee, on which such trademarks may be used the availability of suitable venue sites and the negotiation of acceptable lease or purchase terms for new venue locations**. In addition, we require **our franchisees face various risks that could impact their and our operations, including: • increased labor costs due to minimum wage hikes, labor shortages, our- or licensees high turnover rates, leading to abide by certain higher operational costs and impacting profitability as well as labor disputes or unionization efforts that could further disrupt operations and increase costs; • operating in a highly competitive environment, franchisees face competition from other entertainment venues and home- based options; • non-compliance with numerous federal, state, and local regulations, including employment, health, safety, and data privacy laws could lead to fines, legal action, or reputational damage; • challenges in securing financing, obtaining necessary permits, or managing construction and operational costs for new venues, potentially delaying openings or impacting financial viability; • franchisee actions directly impact our brand and poor management, failure to adhere to brand standards of conduct and the laws and, or negative publicity could harm our regulations- reputation and affect consumer perceptions; • fluctuations in the cost and availability of food commodities and the other jurisdictions in supplies, which could impact profitability and competitive pricing; • vulnerability to external factors such as extreme weather, natural disasters, and changes in consumer preferences, which can disrupt operations and affect revenue; and • legal challenges, including player complaints, employment disputes, or liability claims as such litigation can be costly and may generate negative publicity, affecting both they- the do-business franchisee and our brand. However If our franchisees are not able to successfully open new venues, or if a licensee fails to there is any significant adhere adverse to change in these requirements, and other circumstances our- or brands conditions relating to franchisee operations, our operations, financial performance, and condition could be damaged materially adversely affected**. Additionally, Our brands could also be damaged if a licensee becomes insolvent or **our** by any negative publicity concerning a licensee or if the licensee does not maintain good relationships with our customers or consumers, many of which are also our customers and consumers. In addition, our Topgolf franchisees and licensees are independent third parties that we do not control. Although **our** franchisees are contractually obligated to operate their venues in accordance with specified standards, **We we** do not oversee their daily operations. Consequently, the quality of franchised venues may be diminished by any number of factors beyond our control. For example, franchisees may not hire and train qualified managers and other Playmakers, and may otherwise fail to operate their venues in a manner consistent with the requisite appropriate requirements. Similarly, though agreements with Toptracer Range licensees generally require licensees to comply with certain operational requirements, we exercise even less control and oversight over the operations of these third parties. If Topgolf **our** franchisees and licensees do not operate in accordance with our expectations, or if one or more franchisees or licensees were to be the subject of unfavorable publicity, our image and reputation could suffer materially. 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 our image in the minds of our customers and consumers. On the other hand, stopping such commerce could result in a potential decrease in sales to those customers who are selling our products to unauthorized distributors or an increase in sales returns over historical levels. 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 stopped such commerce. We rely on research and development, technical innovation and high quality products to successfully compete. Technical innovation and quality control in the design and manufacturing process is essential to our commercial success.

Research and development plays a key role in our technical innovation and competitive advantage. We rely upon experts in various fields to develop and test cutting edge performance products, including artificial intelligence. We use artificial intelligence and machine learning algorithms and models for various purposes, including to design and develop portions of our golf clubs. While we believe we are at the forefront of golf equipment innovation, if we fail to continue to introduce technical innovation in our products, are unable to effectively utilize new technologies, such as artificial intelligence, or cannot develop or offer new technological- driven products as effectively, quickly or cost- efficiently as our competitors, consumer demand for our products could decline, and if we experience problems with the quality of our products, we may incur substantial brand damage and expense to remedy the problems, any of which could materially adversely affect our business, financial condition and results of operations. In addition, as with many technological innovations, there are significant risks involved in developing, maintaining and applying artificial intelligence and similar cutting edge technologies, and there can be no assurance that the usage of such technologies will always enhance our products or services or be beneficial to our business, including our efficiency or profitability. In particular, if these methods are incorrectly designed or implemented and / or are adversely impacted by unforeseen defects, technical challenges, cybersecurity threats or material performance issues, the performance of our products and business, as well as our reputation and the reputations of our customers, could suffer or we could incur liability through the violation of laws or contracts to which we are a party or civil claims. Our business is subject to risks associated with leasing property subject to long- term, non- cancelable leases. We typically do not own any real property and generally lease properties associated with the Topgolf venues business and certain active lifestyle businesses. Payments under non- cancelable leases account for a significant portion of operating expenses, and we expect to lease new properties, including for new Topgolf venues, in the future. Historically, our leases typically provide for escalating rent provisions over the initial term and any extensions. We generally cannot cancel these leases without substantial economic penalty. If an existing or future venue or retail location is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligation under the applicable lease, including, among other things, paying all or a portion of the base rent for the remainder of the lease term, unless we are unable to negotiate a termination agreement with the applicable landlord, which we cannot guarantee that we will be able to do without incurring significant additional payment and other obligations or at all. **Extreme weather conditions, climate change,....., cash flows and financial condition.** Risks Related to Regulations We, as well as our Topgolf franchisees ~~and licensees~~, are subject to many federal, state, local and foreign laws, as well as other statutory and regulatory requirements, with which compliance is both costly and complex. Failure by us or our franchisees ~~or licensees~~ to comply with, or changes in these laws or requirements, could have an adverse impact on our business. We are subject to extensive federal, state, local and foreign laws and regulations, as well as other statutory and regulatory requirements. In particular, the Topgolf business is subject to extensive regulations, including, among others: • nutritional content labeling and disclosure requirements; • food safety regulations; • employment regulations; • the PPACA; • the ADA and similar state laws; • data privacy, direct marketing and cybersecurity laws; • environmental, health and human safety laws and regulations; • laws and regulations related to franchising and licensing operations; • FCPA and other similar anti- bribery and anti- kickback laws; and • laws regarding sweepstakes and promotional contests. We are also subject to U. S. financial services regulations, a myriad of consumer protection laws, including economic sanctions, laws and regulations, anticorruption laws, escheat regulations and data privacy, direct marketing and cybersecurity regulations. We may also become subject to laws relating to our use of artificial intelligence and machine learning technologies in our business. Changes to legal rules and regulations, or interpretation or enforcement of them, could increase our cost of doing business, affect our competitive abilities, and increase the difficulty of compliance. Failure to comply with regulations may have an adverse effect on our business, including the limitation, suspension or termination of services provided to, or by, third parties, and the imposition of penalties or fines. ~~Many of our Topgolf franchisees and licensees are also subject to these or similar laws and regulations in the jurisdictions in which they operate. The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, uncertainty around future changes in laws made by new regulatory administrations or our, or our franchisees' and licensees' inability to respond effectively to significant regulatory or public policy issues, could increase compliance and other costs of doing business and, therefore, have an adverse effect on our results of operations or the results of operations of Topgolf franchisees and licensees.~~ Failure to comply with the laws and regulatory requirements of applicable federal, state, local and foreign authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. In addition, certain laws, including the ADA, could require us to expend significant funds to make modifications to our venues if we fail to comply with applicable standards. Compliance with all of these laws and regulations, including any future changes in these laws or requirements, can be costly and can increase exposure to litigation or governmental investigations or proceedings. Compliance with and changes in data privacy laws, regulations, standards and other requirements, and any actual or perceived failure by us to comply with such requirements, may adversely affect our business. Data privacy is a significant issue in the jurisdictions in which we operate. Global regulatory frameworks for data privacy are rapidly evolving and are likely to continue changing for the foreseeable future. Federal, state and foreign government bodies or agencies have adopted, and may continue to adopt, additional laws, regulations and standards that apply to us and our vendors governing data privacy, direct marketing, cybersecurity, **artificial intelligence**, consumer protection and other issues related to the processing of personal information. In the United States, these include rules and regulations promulgated under the authority of federal agencies, such as the Federal Trade Commission (“ FTC ”), state attorneys general and legislatures and consumer protection agencies. At the federal level, for example, the FTC Act grants the FTC authority to take enforcement actions against “ unfair or deceptive practices. ” The FTC has interpreted the FTC Act to require companies to handle personal information in compliance with the commitments posted in their privacy policies and to adequately protect personal information. With respect to the use of personal information for direct marketing, advertising and other activities conducted by telephone, email and the Internet, we are subject to the Controlling the Assault of Non- Solicited

Pornography and Marketing Act (“ CAN- SPAM Act ”), which establishes specific requirements for commercial email messages and the Telephone Consumer Protection Act (“ TCPA ”), which restricts telemarketing and the use of technologies that enable automatic calling and / or SMS messaging without proper consent, and is a highly litigated issue with numerous class action lawsuits filed in recent years resulting in multi- million dollar settlements to the plaintiffs. Many U. S. states have enacted statutes and rules governing the ways in which businesses **like ours** may collect, use, and process personal information. For example, we are subject to the California Consumer Privacy Act (“ CCPA ”), which came into effect in 2020. Other states have also passed and **may will likely** continue to pass similar laws whose restrictions and requirements differ from those of California, which could require us to design, implement and maintain different types of state- based, privacy- related compliance controls and programs simultaneously in multiple states. Similar laws have been proposed at the federal level as well. Such laws can be enforced by state regulators (and the CCPA has a limited private right of action) and require, amongst other things, disclosures to individuals regarding our processing of personal information, providing rights to access, delete, correct and opt out of certain uses and disclosures of their personal information (including for advertising purposes). However, these laws have overlapping but conflicting requirements that add **additional** complexity and potential legal risk, could make compliance even more challenging, require us to expend significant resources to come into compliance, restrict our ability to process certain personal information and could result in changes to business practices and policies. Internationally, many jurisdictions in which we operate in have established or enhanced their own data security and privacy legal **framework frameworks** with which we, **or our franchisees or our customers or our partners** must comply, including the European Union’ s General Data Protection Regulation (“ EU GDPR ”), the United Kingdom General Data Protection Regulation and Data Protection Act (“ UK GDPR ”) (the EU GDPR and UK GDPR together referred to as the “ GDPR ”), which imposes stringent operational requirements, including higher standards for obtaining consent to process personal information. **Non- compliance with the GDPR can trigger fines up to the greater of € 20 million / £ 17. 5 million or 4 % of global turnover, and since we are under the supervision of relevant data protection authorities in both the EU and the UK, we may be fined under both the EU GDPR and the UK GDPR for the same breach.** Recent legal developments have created complexity and uncertainty regarding cross- border transfers of personal information outside Europe, including the United States. We currently rely on the EU standard contractual clauses, UK Addendum to the EU standard contractual clauses and the UK International Data Transfer Agreement, as relevant, to transfer personal data outside the EEA and the UK with respect to both intragroup and third -party transfers. However, reliance on standard contractual clauses alone may not be sufficient in all circumstances. and we expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the new EU- US Data Privacy Framework (another mechanism for transfers of data outside Europe) to be challenged and data transfers to the U. S. and other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As regulatory guidance and enforcement landscape in relation to data exports continue to develop, we could experience additional costs, complaints and / or regulatory investigations or fines, and / or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our operations and financial results. In many jurisdictions, enforcement actions and consequences for noncompliance are also rising. In addition to government regulation, privacy advocates and industry groups may propose new and different self- regulatory standards that either legally or contractually apply to us. The changing legal and regulatory landscape could in the future further limit our ability to use and share personal information and require changes to our operating model. Any inability or perceived inability to adequately address data privacy and security concerns, even if unfounded, or comply with applicable data privacy, direct marketing, cybersecurity and consumer protection laws, regulations, standards, and other requirements, could result in additional compliance costs, proceedings (including class actions) and regulatory action, penalties and liability to us, damage to our reputation, an erosion of trust and changes to our business. If any of these events were to occur, our business, results of operations, and financial condition could be materially adversely affected. Regulations related to “ conflict minerals ” require us to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing our products. The Commission’ s rules require disclosure related to sourcing of specified minerals, known as conflict minerals, that are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. The rules require companies to, under specified circumstances, undertake due diligence, disclose and report whether or not such minerals originated from the Democratic Republic of Congo or an adjoining country. Our products may contain some of the specified minerals. As a result, we incur additional expenses in connection with complying with the rules, including with respect to any due diligence that is required under the rules. In addition, the Commission’ s implementation of the rules could adversely affect the sourcing, supply and pricing of materials used in our products. There may only be a limited number of suppliers offering “ conflict free ” conflict minerals, and we cannot be certain that we will be able to obtain necessary “ conflict free ” minerals from such suppliers in sufficient quantities or at competitive prices. Because our supply chain is complex, we may also not be able to sufficiently verify the origins of the relevant minerals used in our products through the due diligence procedures that we implement, which may harm our reputation. We could be adversely affected by any violations of economic sanctions laws and regulations, the FCPA, the U. K. Bribery Act, and other foreign anti- bribery laws. The FCPA generally prohibits companies and their intermediaries from making improper payments to non- U. S. government officials for the purpose of obtaining or retaining business. Other countries in which we operate also have anti- bribery laws, some of which prohibit improper payments to government and non- government persons and entities, and others (e. g., the FCPA and the U. K. Bribery Act) extend their application to activities outside of their country of origin. Economic and trade sanctions laws and regulations administered by the U. S. Department of the Treasury’ s Office of Foreign Assets Control, the U. S. Department of State, and foreign jurisdictions impose requirements on our operations and may prohibit or restrict transactions in certain countries and with certain designated persons. Our policies mandate compliance with all applicable anti- bribery and sanctions laws. In certain

regions of the world, strict compliance with anti-bribery laws may conflict with local customs and practices. In addition, we may conduct business in certain regions through intermediaries over whom we have less direct control, such as subcontractors, agents, and partners (such as joint venture partners). Although we have implemented policies, procedures, and, in certain cases, contractual arrangements designed to facilitate compliance with applicable economic and trade sanctions and anti-bribery laws, our officers, directors, employees, associates, subcontractors, agents, and partners may take actions in violation of our policies, procedures, contractual arrangements, economic sanctions and anti-bribery laws. Any such violation, even if prohibited by our policies, could subject us and such persons to criminal and / or substantial civil penalties or other sanctions, which could have a material adverse effect on our business, financial condition, cash flows, and reputation. 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, and in particular **the our** Topgolf business as an operator, owner, or both of the properties on which the venues are situated, may also be subject to liability for environmental investigations and cleanups, including at properties that we currently or previously owned or operated, even if we did not cause or know of such contamination, and we may face claims alleging harm to health or property or natural resource damages arising out of contamination or exposure to hazardous substances. Liability under environmental laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocating the responsibility. We may also be subject to similar liabilities and claims in connection with locations at which hazardous substances, contaminants or wastes we have generated have been stored, treated, otherwise managed, or disposed. In addition, our lease agreements for Topgolf venues typically provide that we will indemnify the landlord for environmental conditions which may be found on or about the leased property. Accordingly, should unknown contamination be discovered at any of the properties we own, operate or lease, or should a release of hazardous material occur at one of these properties, we could be required to investigate and clean up the release and could also be held responsible to a governmental entity or third parties for property or natural resource damage, personal injury and investigation and clean-up costs incurred by them in connection with the contamination, and these costs and liabilities could be substantial. We may also be subject to liability under environmental laws as a result of contamination at properties we, or our predecessors in interest, previously owned or operated or for third-party contaminated facilities to which we have sent waste for treatment or disposal. In the past, certain construction activities driven by our development plans at certain sites (such as the removal of excess soil or the de-watering of shallow groundwater to install targets) have exposed, and any similar construction activities we undertake at other sites in the future may also expose, soil or water that has been contaminated from historical activities at the site which must be disposed of or otherwise handled or addressed in accordance with applicable environmental laws. With respect to any of the properties we own, operate or lease, the presence of contaminants (including as a result of failure to properly dispose of or otherwise handle or address any contaminants exposed by construction activities), or the failure to properly remediate a property, may impair our ability to use, mortgage or sell that property in the future. As a result, any of these events, and the environmental conditions at or related to our other current or former properties or operations, and / or the costs of complying with current or future environmental, health and safety requirements (which have become more stringent and complex over time), could materially adversely affect our business, financial condition and results of operations. Increased scrutiny and changing expectations from investors, consumers, employees, regulators, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer attraction and retention, access to capital and employee recruitment and retention. Companies across all industries are facing increasing scrutiny related to their environmental, social and governance (“ESG”) practices and reporting. Investors, consumers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected. Through our sustainability initiatives, we are committed to improving our ESG practices and have launched projects, and may from time to time set targets, with respect to improving our ESG practices. Our ability to execute on those projects and meet any targets are subject to risks and uncertainties, many of which are beyond our control, including the evolving regulatory requirements affecting ESG standards and disclosures, in the United States, the European Union and other jurisdictions in which we operate; the availability of suppliers that can meet sustainability, diversity and other ESG standards that we may set; our ability to recruit, develop and retain diverse talent; and the availability and cost of sustainable energy and raw materials used in our operations. If we fail, or are perceived to be failing, to meet the standards included in any ESG disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, customer attraction and retention, access to capital and employee retention. In addition, our failure to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, customer attraction and retention, access to capital and employee retention. Risks Related to Tax and Financial Matters Changes in tax laws and unanticipated tax liabilities could adversely affect our effective income tax rate and profitability. We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective income tax rate in the future could be adversely affected by a number of factors, including: changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, **and** the outcome of income tax audits in various jurisdictions around the world. We regularly assess all of these matters to determine the adequacy of our tax provision. In addition, new income, sales, use or other tax laws, statutes, rules, regulations or ordinances

could be enacted at any time, or interpreted, changed, modified or applied adversely to us, any of which could adversely affect our business operations and financial performance. We are currently unable to predict whether such changes will occur and, if such changes occur, the ultimate impact on our business. To the extent that such changes have a negative impact on us, our suppliers or customers, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows. Over the past several years, the Organisation for Economic Co- operation and Development (the “ OECD ”) has been working on a base erosion and profit shifting (“ BEPS ”) project that seeks to establish certain international standards for taxing the worldwide income of multinational companies. As part of the OECD’ s BEPS project, over 130 member jurisdictions of the OECD Inclusive Framework have joined the Two- Pillar Solution to Address the Tax Challenges of the Digitalisation of the Economy, which includes a reallocation of taxing rights among jurisdictions and a global minimum tax rate of 15 %. As a result of these developments, the tax laws of certain countries in which we do business could change on a prospective or retroactive basis, and any such changes could increase our liabilities for taxes, interest and penalties, and therefore could materially adversely affect our business, financial condition, results of operations and cash flows. Our ability to utilize all or a portion of our U. S. net operating losses and certain other tax attributes may be subject to limitations. We have a significant amount of U. S. federal and state tax assets, which include net operating loss carryforwards (“ NOLs ”) and tax credit carryforwards. Our ability to utilize our NOLs and tax credits to offset future taxable income and income tax liabilities may be deferred or limited significantly if we were to experience an “ ownership change ” within the meaning of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “ Code ”). In general, an ownership change will occur if there is a cumulative change in ownership of our stock by “ 5- percent shareholders ” (as defined in the Code) that exceeds 50 percentage points over a rolling three- year period. The determination of whether an ownership change has occurred for purposes of Sections 382 and 383 of the Code is complex and requires significant judgment. The extent to which our ability to utilize our NOLs and tax credits is limited as a result of such an ownership change depends on many variables, including the value of our stock at the time of the ownership change. We determined that an ownership change with respect to the Company occurred on the date of the Topgolf merger. In addition, Topgolf experienced an ownership change subsequent to the Topgolf merger. As such, we are subject under Sections 382 and 383 of the Code to a limitation on the utilization of our NOLs and tax credits. However, these limitations are not expected to have any material impact on us. In addition, we may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which changes are outside of our control. We continue to monitor changes in our ownership. If any further ownership change were to occur in any three- year period and we were limited in the amount of NOLs and tax credits we could use to offset taxable income or liability for income taxes, our results of operations and cash flows may be adversely impacted. In addition, our NOLs and tax credits acquired in the Topgolf merger are presently expected to be subject to “ separate return limitation year ” limitations. Separate return limitation year NOLs and tax credits can only be used in years that both the consolidated group and the entity that created such NOLs and tax credits have taxable income or income tax liabilities, which may significantly limit our ability to utilize such NOLs and tax credits in the future. Our obligations and certain financial covenants contained under our existing credit facilities expose us to risks that could materially and adversely affect our liquidity, business, operating results, financial condition and limit our flexibility in operating our business, including the ability to make any dividend or other payments on our capital stock. Our primary revolving credit facility is a senior secured asset- based revolving credit facility (as amended, the “ **New-2023 ABL Credit Facility** ”), comprised of a U. S. facility, a German facility, a Canadian facility and a United Kingdom / Dutch facility, in each case subject to borrowing base availability under the applicable facility. We also maintain a Japan **asset- based** revolving credit facility, subject to borrowing base availability (as amended, the “ 2022 Japan ABL Credit Facility ”). The amounts outstanding under the **New-2023 ABL Credit Facility** are secured by a first priority lien on certain assets, including cash (to the extent pledged by us), certain intellectual property, certain eligible real estate, inventory and accounts receivable of the Company and its subsidiaries in the United States, Germany, Canada, the Netherlands and the United Kingdom (other than certain excluded subsidiaries) and a second- priority lien on substantially all of the Company’ s and its subsidiaries’ other assets (**other than certain excluded assets**). The amounts outstanding under the 2022 Japan ABL Credit Facility are secured by certain assets, including eligible inventory and eligible accounts receivable. The maximum availability under the **New-2023 ABL Credit Facility** fluctuates with the general seasonality of the business, and increases and decreases with the changes in our and our applicable subsidiaries’ assets that are included in the applicable borrowing base, including certain inventory and account receivable balances, pledged cash, certain intellectual property and certain eligible real estate. In addition to the revolving **credit and ABL** facilities described above, we are also the borrower under a senior secured term loan B facility (as amended, the “ 2023 Term Loan B ”) that is guaranteed by our U. S. subsidiaries (other than certain excluded subsidiaries). The 2023 Term Loan B is secured by a first- priority lien on the assets of the obligors thereunder (other than those for which the **New-2023 ABL Credit Facility** has a first- priority lien and certain excluded assets), and a second- priority lien on the assets **of the obligors thereunder** for which the **New-2023 ABL Credit Facility** has a first- priority lien (**other than certain excluded assets**). The **New-2023 ABL Credit Facility**, the 2022 Japan ABL Credit Facility and the 2023 Term Loan B (collectively, the “ Facilities ”) include certain restrictions including, among other things, restrictions on the incurrence of additional debt, liens, dividends, stock repurchases and other restricted payments, asset sales, investments, mergers, acquisitions and affiliate transactions. Such limitations include restrictions on the amount we can pay in annual cash dividends, including meeting certain restrictions on the amount of additional indebtedness and, in the case of the **New-2023 ABL Credit Facility**, requirements to maintain a certain fixed charge coverage ratio under certain circumstances. If we experience a decline in revenues or adjusted EBITDA, we may have difficulty paying interest and principal amounts due on our Facilities or other indebtedness and meeting certain of the financial covenants contained in the **New-2023 ABL Credit Facility**. If we are unable to make required payments under any of the Facilities, or if we fail to comply with the various covenants and other requirements of any of the Facilities or other indebtedness, we would be in default thereunder, which would permit the holders of the

indebtedness to accelerate the maturity thereof, which may also result in a cross- default under other Facilities or other indebtedness. Any default under any of the Facilities or other indebtedness could have a significant adverse effect on our liquidity, business, operating results and financial condition and ability to make any dividend or other payments on our capital stock. See Note 7. “ Financing Arrangements ” in the Notes to Consolidated Financial Statements in this Form 10- K for further discussion of the terms of the **New-2023 ABL Credit Facility**, the 2022 Japan ABL Credit Facility and the 2023 Term Loan B. Our ability to generate sufficient positive cash flows from operations is subject to many risks and uncertainties, including future economic trends and conditions, demand for our products and services, foreign currency exchange rates and other risks and uncertainties applicable to us and our business. No assurances can be given that we will be able to generate sufficient operating cash flows in the future or maintain or grow our existing cash balances. If we are unable to generate sufficient cash flows to make our required payment obligations under the Facilities or to fund our business, we will need to increase our reliance on our **New-2023 ABL Credit Facility** for needed liquidity. If our **New-2023 ABL Credit Facility** is not then available or sufficient and we are not able to secure alternative financing arrangements, our future operations would be materially, adversely affected. We may need to raise additional funds from time to time through public or private debt or equity financings in order to execute our growth strategy **, including the growth strategy for our Topgolf business prior to the separation**. We may need to raise additional funds from time to time in order to take advantage of opportunities, including the expansion of our business or the acquisition of complementary products, technologies or businesses; develop new products or expand existing lines of business, including the opening of new Topgolf venues; or respond to competitive pressures. **In September 2024, we announced our intention to separate Topgolf into an independent company; however, until the time of the separation, we intend to continue to execute on our growth strategy for the Topgolf business, which may require us to secure financing.** With respect to our Topgolf business ~~in particular~~, our ability to fund the construction and opening of new Topgolf venues may depend on our ability to fund or otherwise secure financing for the associated development costs. We have historically financed the construction of venues through third- party developer or real estate financing companies. In these cases, while we are still required to fund a portion of venue development costs ourselves, our financing partner will purchase or lease the land and fund a majority of venue development costs during and after construction, which reduces our required capital outlay. Should these or similar financing arrangements become less available to us in the future, whether due to changes in relationships with financing partners, legal, regulatory or other changes, including the availability of sufficient amounts of financing and conditions in the global financing markets and our prospects and credit ratings, that make these financing arrangements less attractive to them or any other reason, our growth prospects would be materially and adversely affected. In addition, in cases where we are not able to finance venue construction through one of our financing partners, we will be required to fund the full amount of venue development costs ourselves. If we are unable to finance the construction and development of new venues on acceptable terms or at all, or if we or our financing partners default on our or their respective obligations to fund construction, we could be required to delay, significantly curtail or eliminate planned openings of additional Topgolf venues, which could have a material adverse effect on our business, financial condition and results of operations. There can be no guarantee that we will be able to timely secure financing on favorable terms, or at all, for any of the foregoing purposes. Any capital raised through the sale of equity or securities convertible into equity will dilute the percentage ownership of holders of 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 economically 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. A failure to obtain any necessary additional funding could prevent us from making expenditures that may be required to grow our business or maintain our operations. Increases in interest rates could increase the cost of servicing our indebtedness and have an adverse effect on our results of operations and cash flows. Our indebtedness outstanding under certain of our credit facilities, including the **New-2023 ABL Credit Facility**, the 2022 Japan ABL Credit Facility and the 2023 Term Loan B, bears interest at variable rates. As a result, increases in interest rates increase the cost of servicing our indebtedness and could materially reduce our profitability and cash flows. Increased interest rates could also make it difficult for us to obtain financing at attractive rates, which could adversely impact our ability to execute our growth strategy or future acquisitions. Additionally, rising interest rates could have a dampening effect on overall economic activity, which could have an adverse effect on our business. Goodwill and 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 intangible assets consist of goodwill from acquisitions, trade names, trademarks, service marks, trade dress, patents and other intangible assets. Accounting rules require the evaluation of our goodwill and intangible assets with indefinite lives for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Such indicators include a sustained decline in our stock price or market capitalization, adverse changes in economic or market conditions or prospects, and changes in our operations. An asset is considered to be impaired when its carrying value exceeds its fair value. We determine the fair value of an asset based upon the discounted cash flows expected to be realized from the use and ultimate disposition of the asset. If in conducting an impairment evaluation we determine that the carrying value of an asset exceeded its fair value, we would be required to record a non- cash impairment charge for the difference between the carrying value and the fair value of the asset. **For example, during the fourth quarter of 2024 we conducted our annual assessment of goodwill and indefinite- lived intangible assets for all of our reporting units. During our assessment, we determined that the carrying value of the Topgolf reporting unit exceeded its fair value, resulting in the recognition of a goodwill impairment charge \$ 1, 352. 4 million and a trade name impairment charge of \$ 99. 6 million to write- down the Topgolf trade name to its new estimated fair value. (See Note 9 “ Goodwill and Intangible Assets ” in the Notes to Consolidated Financial Statements in this Form 10- K for further information.)** If a significant

amount of our goodwill and intangible assets were deemed to be impaired, our results of operations and shareholders' equity would be significantly adversely affected.

**Risks Related to the Separation and Our Relationship with Topgolf** The separation of our business into two independent companies may not be completed on the currently contemplated timeline, or at all, and may not achieve the intended benefits. In September 2024, we announced our intention to pursue the separation of our business into two independent companies, Callaway and Topgolf. We expect to effect the separation through a spin-off of the Topgolf business to our shareholders in a transaction that is intended to be tax-free to both us and our shareholders for U. S. federal income tax purposes. While we expect that a spin-off of Topgolf into a stand-alone public company is the most likely separation path, we will continue to evaluate other options for separation in order to maximize shareholder value. We expect to complete the spin-off of Topgolf in the second half of 2025, but there can be no assurance regarding the ultimate timing, terms, or form of the separation, or that the separation will ultimately occur. Completion of a separation is complex, and completion of the proposed separation and the timing of its completion will be subject to a number of factors and conditions, including the finalization of the structure of the proposed separation, general market conditions, receipt of regulatory approvals, an opinion from tax counsel and / or a private letter ruling from the Internal Revenue Service regarding the tax-free status of the spin-off of the Topgolf business to us and our shareholders for U. S. federal income tax purposes, execution of intercompany agreements, further due diligence as appropriate and final approval by our Board. Unanticipated developments or changes, including changes in the law, macroeconomic environment and competitive conditions of our markets, the uncertainty of the financial markets and challenges in executing the separation, could delay or prevent the completion of the separation or cause the separation to occur on terms or conditions that are different or less favorable than expected. Whether or not we complete the separation, our ongoing businesses may face material challenges in connection with the separation, including, but not limited to: • the diversion of our management's attention from operating and growing our business as a result of the significant amount of time and effort required to execute the separation; • foreseen and unforeseen costs and expenses that will be incurred in connection with the separation, including accounting, tax, legal and other professional services costs; • retaining existing business and operational relationships, including with customers, suppliers and employees, as well as cultivating new business relationships; and • potential negative reactions from the financial markets if we fail to complete the separation in its currently intended form, within the anticipated time frame or at all. Additionally, volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or services or in the solvency of our customers or suppliers or if there are other significantly unfavorable changes in economic conditions. These conditions may adversely affect our anticipated timeline to complete the separation and the expected benefits of the separation, including by increasing the time and expense involved in the separation. Other challenges associated with effectively executing the separation include attracting and retaining key management and employees during the pendency of the separation and following its completion, and the fact that the execution of the proposed separation has required, and may continue to require, significant time and attention from our senior management and employees, which could cause disruption in business processes and adversely affect our financial results and our results of operations, and our employees may be distracted due to uncertainty regarding the future state of our company. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, cash flows and / or the price of our common stock. Furthermore, if the separation is completed, we cannot provide assurance that the separation will achieve the full strategic and financial benefits expected to result from the separation or maximize shareholder value, nor can we provide assurance that each independent company will be successful in meeting its objectives. As a separate, publicly traded company, Callaway may not enjoy the same benefits that we do when consolidated with Topgolf. There is a risk that, by separating Topgolf, Callaway may become more susceptible to market fluctuations and other adverse events than if Callaway and Topgolf remained combined. As a combined company, we have been able to enjoy certain benefits with respect to our operating diversity, purchasing power and opportunities to pursue integrated strategies across our businesses. As separate, publicly traded companies, Callaway and Topgolf will not have similar diversity or integration opportunities and may not have similar purchasing power or access to capital markets. Our customers, prospective customers, suppliers or other companies with whom we conduct business may conclude that our financial stability as a separate, publicly traded company is insufficient to satisfy their requirements for doing or continuing to do business with them. Some of our customers, prospective customers, suppliers or other companies with whom we conduct business may conclude that our financial stability as a separate, publicly traded company is insufficient to satisfy their requirements for doing or continuing to do business with them, or may require us to provide additional credit support, such as letters of credit or other financial guarantees. Any failure of parties to be satisfied with our financial stability could have a material adverse effect on our business, financial condition, results of operations and cash flows. If the distribution, together with certain related transactions, fails to qualify as a reorganization under Sections 355 and 368 (a) (1) (D) of the Code, we and our stockholders could incur significant tax liabilities. The distribution is conditioned upon, among other things, our receipt of a private letter ruling from the IRS and / or an opinion of tax counsel regarding the qualification of the distribution, together with certain related transactions, as a reorganization under Sections 355 and 368 (a) (1) (D) of the Code, although we may waive this condition in our sole discretion. Any such private letter ruling or opinion will be based on, among other things, certain factual assumptions, representations and undertakings from Topgolf and us, including those regarding the past and future conduct of the companies' respective businesses and other matters. If any of these factual assumptions, representations, or undertakings are incorrect or not satisfied, we may not be able to rely on the private letter ruling or

opinion, and we and our stockholders could be subject to significant U. S. federal income tax liabilities. Notwithstanding any private letter ruling or opinion of tax counsel, the IRS could determine on audit that the distribution, together with certain related transactions, does not qualify as a reorganization if it determines that any of the factual assumptions, representations or undertakings are not correct or have been violated or that the distribution and related transactions should be taxable for other reasons, including as a result of a significant change in stock or asset ownership after the distribution. If the distribution, together with certain related transactions, is ultimately determined not to qualify as a reorganization under Sections 355 and 368 (a) (1) (D) of the Code, the distribution could be treated as a taxable disposition of shares of Topgolf stock by us and as a taxable dividend or capital gain to our stockholders for U. S. federal income tax purposes. In such case, we and our stockholders that are subject to U. S. federal income tax could incur significant U. S. federal income tax liabilities. In addition, we will undertake certain internal restructuring transactions in connection with the transfer of assets and liabilities to Topgolf in accordance with the separation agreement. Such internal restructuring transactions are intended to qualify as transactions that are generally tax- free for U. S. federal income tax purposes. If such internal restructuring transactions were to fail to qualify as transactions that are generally tax- free for U. S. federal income tax purposes, Callaway and Topgolf could be subject to additional tax liabilities. After the distribution, certain of Callaway's executive officers and directors may have actual or potential conflicts of interest because of their equity interests in Topgolf. Because of their current or former positions with the Company, certain of Callaway's executive officers and directors are expected to own equity interests in Topgolf. Ownership of shares of Topgolf common stock and equity awards could create, or appear to create, potential conflicts of interest if Callaway and Topgolf face decisions that could have implications for both Callaway and Topgolf after the separation. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Callaway and Topgolf regarding the terms of the agreements governing the separation and distribution and the relationship between Callaway and Topgolf following the separation and distribution. Potential conflicts of interest may also arise out of any commercial arrangements that Callaway or Topgolf may enter into in the future. Topgolf may compete with Callaway. Topgolf will not be restricted from competing with Callaway. If Topgolf in the future decides to engage in the type of business Callaway conducts, it may be able to obtain a competitive advantage over Callaway, which may cause Callaway's business, financial condition and results of operations to be materially adversely affected. We may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect our business. We may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation is expected to provide the following benefits, among others: • the separation will allow investors to separately value Callaway and Topgolf based on our distinct investment identities. The Callaway business differs from Topgolf's business in several respects. The separation will enable investors to evaluate the merits, performance and future prospects of each company's respective businesses and to invest in each company separately based on their respective distinct characteristics; • the separation will create an independent equity structure that will afford each company direct access to the capital markets and facilitate each company's ability to capitalize on our unique growth opportunities; • the separation will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company's businesses, and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives; • the separation will permit each company to concentrate its financial resources solely on its own operations without having to compete with each other for investment capital. This will provide each company with greater flexibility to invest capital in its businesses in a time and manner appropriate for its distinct strategy and business needs; and • the separation will allow each company to more effectively pursue its distinct operating priorities and strategies and enable management of both companies to focus on unique opportunities for long- term growth and profitability. The companies' separate management teams will also be able to focus on executing each company's differing strategic plans without diverting attention from the other businesses. These and other anticipated benefits may not be achieved for a variety of reasons, including, among others: • as a current part of the Company, each company's business benefits from the Company's size and purchasing power in procuring certain goods, services and technologies. After the separation, as separate entities, Callaway and Topgolf may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those the Company obtained prior to the separation. Callaway may also incur costs for certain functions previously performed by the Company, such as certain accounting, tax, legal, information technology, human resources and other general administrative functions that are higher than the amounts reflected in our historical financial statements, which could cause our profitability to decrease; • the actions required to separate the companies' respective businesses could disrupt each company's operations; • certain costs and liabilities that were otherwise less significant to the Company as a whole will be more significant for Callaway and Topgolf as separate companies after the separation; and • Topgolf (and prior to the separation, the Company) will incur costs in connection with the transition to being a separate, publicly traded company that may include accounting, tax, legal, information technology and other professional services costs, recruiting and relocation costs associated with hiring or reassigning its personnel and costs to separate information systems. If some or all of the anticipated benefits from the separation are not achieved, or if such benefits are delayed, our business, operating results and financial condition could be adversely affected. We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Topgolf. The agreements we will enter into with Topgolf in connection with the separation, including the separation agreement, transition services agreement, employee matters agreement, tax matters agreement and other commercial agreements were prepared in the context of our separation from Topgolf while it was still a combined company. Accordingly, during the period in which the terms of those agreements were prepared, we did not have a separate or independent board of

**directors or a management team that was separate from or independent of Topgolf. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between us and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms from the unaffiliated third party. Callaway may fail to perform under various transaction agreements that will be executed as part of the separation. The separation agreement and other agreements to be entered into in connection with the separation will determine the allocation of assets and liabilities between the companies following the separation and will include any necessary indemnifications related to liabilities and obligations. The transition services agreement will provide for the performance of certain services by each company for the benefit of the other for a period of time after the separation. We will rely on Topgolf after the separation to satisfy its performance and payment obligations under these agreements. If Topgolf is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses.**

General Risk Factors 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, business interruption, workers' compensation and excess umbrella, from highly-rated insurance carriers. 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. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our financial condition and results of operations could be adversely affected. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as discussed below in "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained in Item 7. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition; allowance for doubtful accounts; inventories; long-lived assets, goodwill and non-amortizing intangible assets; warranty policy; income taxes and provisional estimates due to the Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017; share-based compensation; and foreign currency translation. 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.