



**CALLAWAY GOLF COMPANY ANNOUNCES RECORD FINANCIAL RESULTS  
FOR SECOND QUARTER AND FIRST HALF 2021**

***FULL YEAR 2021 OUTLOOK REFLECTS OUTPERFORMANCE IN ALL SEGMENTS***

- Q2 2021 consolidated net revenue increased \$617 million (+208%) to \$914 million
  - Golf equipment and soft goods revenue increased 98% to a record \$588 million
  - Topgolf overperformed with \$325 million in revenue
- Q2 2021 net income of \$92 million on a GAAP basis
- Q2 2021 Adjusted EBITDA increased \$135 million (+464%) to \$164 million
- Provides full year 2021 and third quarter guidance, including full year revenue of \$3,025 to \$3,055 million and Adjusted EBITDA of \$345 to \$360 million

CARLSBAD, CA /August 9, 2021/ Callaway Golf Company (the “Company” or “Callaway”) (NYSE: ELY) announced today its financial results for the second quarter ended June 30, 2021.

“I am very pleased with our performance in the second quarter of 2021 with record revenue and Adjusted EBITDA in our golf equipment and apparel businesses, as well as Topgolf results that continue to exceed our expectations,” commented Chip Brewer, President and Chief Executive Officer of Callaway. “These results reflect the strong momentum and exceptional operating performance across all of our business segments and underscore the strong consumer demand for our products and services. We are encouraged to see that the interest in the sport of golf remains at all-time highs among both experienced golfers and new entrants to the sport.”

“As we look ahead to the second half of 2021 and beyond, we are confident that our unique portfolio of businesses is well positioned for long-term growth,” continued Mr. Brewer. “While in the short-term we will experience some lingering supply constraints and other challenges caused by the pandemic, we believe that these challenges will be manageable given current demand levels and actions we are taking to mitigate the impact. Our best estimate of these impacts is included in the guidance we are providing today, and we expect to deliver excellent financial results for the full year. All in all, we are excited about the long-term trends in our golf and outdoor apparel businesses, as well as the growth opportunities for Topgolf, all of which will continue to drive shareholder value.”

***GAAP AND NON-GAAP RESULTS***

*In addition to the Company’s results prepared in accordance with GAAP, the Company provided information on a non-GAAP basis. The manner in which this non-GAAP information is derived is discussed further toward the end of this release, and the Company has provided in the tables to this release a reconciliation of the non-GAAP information to the most directly comparable GAAP information.*

## **SUMMARY OF FINANCIAL RESULTS**

The Company announced the following GAAP and non-GAAP financial results for the second quarter and first half of 2021 (*in millions, except EPS*):

### **GAAP RESULTS**

|                                     | <b>Q2<br/>2021</b> | <b>Q2<br/>2020</b> | <b>Change</b> | <b>First Half<br/>2021</b> | <b>First Half<br/>2020</b> | <b>Change</b> |
|-------------------------------------|--------------------|--------------------|---------------|----------------------------|----------------------------|---------------|
| Net Revenue                         | \$914              | \$297              | \$617         | \$1,565                    | \$739                      | \$826         |
| Income from Operations              | \$107              | (\$177)            | \$284         | \$183                      | (\$137)                    | \$320         |
| Other Income/(Expense), net         | (\$31)             | \$2                | (\$33)        | \$213                      | (\$1)                      | \$214         |
| Income (Loss) before Income Taxes   | \$76               | (\$176)            | \$252         | \$396                      | (\$138)                    | \$534         |
| Net Income (Loss)                   | \$92               | (\$168)            | \$260         | \$364                      | (\$139)                    | \$503         |
| Earnings (Loss) Per Share - diluted | \$0.47             | (\$1.78)           | \$2.25        | \$2.28                     | (\$1.47)                   | \$3.75        |

### **NON-GAAP RESULTS**

|                              | <b>Q2<br/>2021</b> | <b>Q2<br/>2020</b> | <b>Change</b> | <b>First Half<br/>2021</b> | <b>First Half<br/>2020</b> | <b>Change</b> |
|------------------------------|--------------------|--------------------|---------------|----------------------------|----------------------------|---------------|
| Net Revenue                  | \$914              | \$297              | \$617         | \$1,565                    | \$739                      | \$826         |
| Income from Operations       | \$118              | \$4                | \$114         | \$215                      | \$47                       | \$168         |
| Other Income/(Expense), net  | (\$27)             | \$3                | (\$30)        | (\$33)                     | \$1                        | (\$34)        |
| Income before income taxes   | \$91               | \$7                | \$84          | \$182                      | \$48                       | \$134         |
| Net Income                   | \$70               | \$5                | \$65          | \$147                      | \$36                       | \$111         |
| Earnings Per Share - diluted | \$0.36             | \$0.06             | \$0.30        | \$0.92                     | \$0.38                     | \$0.54        |
| Adjusted EBITDA              | \$164              | \$29               | \$135         | \$292                      | \$89                       | \$203         |

### **Second Quarter 2021 Financial Highlights**

- Net revenue increase was driven by higher-than-expected strength across both the Golf Equipment and Apparel, Gear & Other segments, as demand remained high for golf and outdoor activities. In addition, Topgolf, which merged with the Company in March 2021, also contributed to strong, higher-than-expected revenue growth.
- Non-GAAP income from operations increase was led by a \$96 million increase in income from operations from the Company's Golf Equipment and Apparel, Gear & Other businesses as well as an incremental \$24 million from the addition of the Topgolf business for the full second quarter.
- Non-GAAP other income/(expense), net decreased \$30 million primarily due to a \$14 million increase in interest expense related to the addition of Topgolf as well as last year's \$11 million gain from the settlement of a cross currency swap arrangement.
- Fully diluted shares were 194 million shares of common stock in the second quarter of 2021, an increase of 100 million shares compared to 94 million shares in the second quarter of 2020. The increased share count is primarily related to the issuance of additional shares in connection with the Topgolf merger.
- Adjusted EBITDA increase was driven by a \$78 million increase in the Company's Golf Equipment and Apparel, Gear & Other businesses and the addition of \$57 million from the Topgolf business.

## **SEGMENT RESULTS**

As a result of the Topgolf merger, the Company now has three operating segments, namely Golf Equipment; Apparel, Gear and Other; and Topgolf. The Company evaluates the performance of its operating segments based on segment operating income. Management uses total segment operating income as a measure of its operational performance, excluding corporate overhead and certain non-recurring and non-cash charges and benefits. The Company believes that information about total segment operating income allows investors to better evaluate operating results and changes in results without these non-operational factors.

The following is a reconciliation of income before income taxes to total segment operating income (in millions) for the second quarter and first half of 2021 and 2020:

|                                | <b>Q2<br/>2021</b> | <b>Q2<br/>2020</b> | <b>Change</b> | <b>First Half<br/>2021</b> | <b>First Half<br/>2020</b> | <b>Change</b> |
|--------------------------------|--------------------|--------------------|---------------|----------------------------|----------------------------|---------------|
| Total segment operating income | \$138              | \$17               | \$121         | \$247                      | \$72                       | \$175         |
| Reconciling items*             | (\$31)             | (\$195)            | \$164         | (\$64)                     | (\$209)                    | \$145         |
| Income from Operations         | \$107              | (\$177)            | \$284         | \$183                      | (\$137)                    | \$320         |
| Gain on Topgolf Investment     | -                  | -                  | -             | \$253                      | -                          | \$253         |
| Interest Expense               | (\$29)             | (\$12)             | (\$17)        | (\$46)                     | (\$21)                     | (\$25)        |
| Other Income                   | (\$3)              | \$14               | (\$17)        | \$7                        | \$20                       | (\$14)        |
| Income before income taxes     | \$76               | (\$176)            | \$252         | \$396                      | (\$138)                    | \$534         |

\*Reconciling items exclude corporate overhead and certain non-recurring and non-cash items as described in the schedules to this release.

### **Second Quarter 2021 Segment Highlights**

- **Golf equipment**
  - Revenue increased 91% year-over-year and 37% compared to second quarter 2019 pre-pandemic levels, driven by the continued surge in golf demand and participation, successful launch of the new EPIC line of woods and APEX line of irons and the continued success of the Chrome Soft line of golf balls, as compared to the Company's operations and golf retail being significantly impacted by restrictions and shutdowns due to the pandemic for the majority of the second quarter of 2020
  - Both the golf club and golf ball products saw significant growth year-over-year, with golf club sales increasing 105% and golf ball sales increasing 51%
  - Segment operating income increased 236% due to the increased revenue, operating expense leverage and favorable foreign currency exchange rates
- **Apparel, Gear and Other**
  - Revenue increased 115% year-over-year, driven by a 152% increase in apparel sales as well as an 88% increase in gear, accessories and other as all brands rebounded from the year ago quarter, which was severely impacted by shutdowns due to the pandemic
  - Compared to second quarter 2019 pre-pandemic levels, revenue increased 21%
  - TravisMathew experienced significant growth in the quarter as momentum in demand for the brand continued to increase, while Jack Wolfskin and Callaway's soft goods business also increased amid continued consumer demand for golf and outdoor products
  - Jack Wolfskin showed resiliency, despite most European retail locations being negatively impacted by COVID-19 restrictions for a significant portion of the second quarter of 2021

- Operating income for the apparel, gear and other segment increased \$28 million to \$16 million in the second quarter of 2021 compared to a \$12 million loss in the second quarter of 2020, driven by the increased sales and fixed cost leverage and grew \$4 million versus the second quarter of 2019
- Topgolf
  - Contributed \$325 million of revenue and \$24 million of segment operating income in the second quarter of 2021
  - Same venue sales increased to the low 90s as a percent of 2019 levels
  - Opened six new domestic locations in the first six months of 2021, including four locations opened during second quarter 2021

The table below provides the breakout of segment revenues and segment operating income for the second quarter and first half of 2021:

| Segment Net Revenue              | Q2 2021      | Q2 2020      | Change       | First Half 2021 | First Half 2020 | Change       |
|----------------------------------|--------------|--------------|--------------|-----------------|-----------------|--------------|
| Golf Equipment                   | \$401        | \$210        | \$191        | \$778           | \$502           | \$276        |
| Apparel, Gear & Other            | \$187        | \$87         | \$100        | \$369           | \$238           | \$131        |
| Topgolf                          | \$325        | -            | \$325        | \$418           | -               | \$418        |
| <b>Total Segment Net Revenue</b> | <b>\$914</b> | <b>\$297</b> | <b>\$617</b> | <b>\$1,565</b>  | <b>\$739</b>    | <b>\$826</b> |

| Total Segment Operating Income        | Q2 2021      | Q2 2020     | Change         | First Half 2021 | First Half 2020 | Change         |
|---------------------------------------|--------------|-------------|----------------|-----------------|-----------------|----------------|
| Golf Equipment                        | \$98         | \$29        | \$69           | \$183           | \$88            | \$95           |
| % of segment revenue                  | 24.4%        | 13.9%       | 1,050 bps      | 23.5%           | 17.5%           | 600 bps        |
| Apparel, Gear & Other                 | \$16         | (\$12)      | \$28           | \$36            | (\$16)          | \$52           |
| % of segment revenue                  | 8.4%         | (13.5%)     | 2,190 bps      | 9.8%            | -6.5%           | 1,630 bps      |
| Topgolf                               | \$24         | -           | \$24           | \$28            | -               | \$28           |
| % of segment revenue                  | 7.4%         | -           | -              | 6.7%            | -               | -              |
| <b>Total segment operating income</b> | <b>\$138</b> | <b>\$17</b> | <b>\$121</b>   | <b>\$247</b>    | <b>\$72</b>     | <b>\$175</b>   |
| <b>% of total net revenue</b>         | <b>15.1%</b> | <b>5.9%</b> | <b>920 bps</b> | <b>15.8%</b>    | <b>9.8%</b>     | <b>600 bps</b> |

## BUSINESS OUTLOOK

The third quarter and full year 2021 projections set forth below are based on the Company's best estimates at this time. They include the estimated impact of certain factors, including (1) ongoing uncertainty due to the impact of COVID-19 on the supply chain, (2) changes in foreign currency effects, which are estimated to have a positive full year impact of \$36 million on net sales, and (3) increased freight costs. In addition, due to the timing of the Topgolf acquisition on March 8, 2021, Callaway's reported full year financial results will only include 10 months of Topgolf results in 2021 and therefore will not include January and February results which were in the aggregate \$142.9 million in revenue and \$2.3 million in Adjusted EBITDA.

### FULL YEAR 2021

| (in millions) | 2021 Estimate     | 2020 Results | 2019 Results |
|---------------|-------------------|--------------|--------------|
| Net Revenue   | \$3,025 – \$3,055 | \$1,590      | \$1,701      |

### THIRD QUARTER 2021

| Q3 2021 Estimate | Q3 2020 Results | Q3 2019 Results |
|------------------|-----------------|-----------------|
| \$775 - \$790    | \$476           | \$426           |

|                 |               |       |       |             |      |      |
|-----------------|---------------|-------|-------|-------------|------|------|
| Adjusted EBITDA | \$345 – \$360 | \$163 | \$210 | \$51 - \$58 | \$87 | \$57 |
|-----------------|---------------|-------|-------|-------------|------|------|

**Net Revenue:** Full year 2021 net revenue estimate assumes continued positive demand fundamentals for Callaway’s Golf Equipment and Apparel, Gear and Other segments, along with Topgolf segment revenue for the 10 months beginning March 8, 2021 approaching 2019 full year levels of \$1,060 million. The outlook also assumes \$55 million of revenue risk due to short-term supply chain constraints, almost all of which occurs in third quarter 2021.

**Adjusted EBITDA:** Full year 2021 Adjusted EBITDA estimate assumes the Topgolf segment will deliver over \$100 million in Adjusted EBITDA for the 10 months beginning March 8, 2021. The outlook takes into account elevated freight costs in the second half of 2021, as well as non-GAAP operating expenses that are approximately \$100 million higher than full year 2019 non-GAAP operating expenses primarily due to cost of living and inflationary pressures over two years, the impact of foreign currency changes and investment back into the Company’s business. This estimate for non-GAAP operating expenses is \$20 to \$30 million higher than the Company’s initial expectations at the beginning of the year and is related primarily to accelerated investments in the apparel business and variable costs associated with the strong performance of the business this year.

## **ADDITIONAL INFORMATION AND DISCLOSURES**

### **Conference Call and Webcast**

The Company will be holding a conference call at 2:00 p.m. Pacific time today, August 9, 2021, to discuss the Company’s financial results, outlook and business. The call will be broadcast live over the Internet and can be accessed at <http://ir.callawaygolf.com/>. A replay of the conference call will be available approximately two hours after the call ends, and will remain available through 9:00 p.m. Pacific time on August 16, 2021. The replay may be accessed through the Internet at <http://ir.callawaygolf.com/>.

### **Non-GAAP Information**

The GAAP results contained in this press release and the financial statement schedules attached to this press release have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). To supplement the GAAP results, the Company has provided certain non-GAAP financial information as follows:

*Constant Currency Basis.* The Company provided certain information regarding the Company’s financial results or projected financial results on a “constant currency basis.” This information estimates the impact of changes in foreign currency rates on the translation of the Company’s current or projected future period financial results as compared to the applicable comparable period. This impact is derived by taking the current or projected local currency results and translating them into U.S. dollars based upon the foreign currency exchange rates for the applicable comparable period. It does not include any other effect of changes in foreign currency rates on the Company’s results or business.

*Non-Recurring and Non-cash Adjustments.* The Company provided information excluding certain non-cash amortization of intangibles and other assets related to the Company’s acquisitions, non-recurring transaction and transition costs related to acquisitions, severance costs related to the Company’s cost-reduction initiatives, and other non-recurring costs, including costs related to the merger and integration with Topgolf, transition to the Company’s new North American Distribution Center, implementation of new IT systems, the cumulative \$6 million non-cash valuation allowance recorded against certain of the Company’s deferred tax assets as a result of the Topgolf merger, the \$253 million

non-cash gain as the result of the Company's prior equity position in Topgolf, the \$174 million non-cash impairment charge related to the Jack Wolfskin goodwill and trade name, as well as non-cash amortization of the debt discount related to the Company's convertible notes.

*Adjusted EBITDA.* The Company provides information about its results excluding interest, taxes, depreciation and amortization expenses, non-cash stock compensation expense, non-cash lease amortization expense, and the non-recurring and non-cash items referenced above.

In addition, the Company has included in the schedules attached to this release a reconciliation of certain non-GAAP information to the most directly comparable GAAP information. The non-GAAP information presented in this release and related schedules should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP. The non-GAAP information may also be inconsistent with the manner in which similar measures are derived or used by other companies. Management uses such non-GAAP information for financial and operational decision-making purposes and as a means to evaluate period-over-period comparisons and in forecasting the Company's business going forward. Management believes that the presentation of such non-GAAP information, when considered in conjunction with the most directly comparable GAAP information, provides additional useful comparative information for investors in their assessment of the underlying performance of the Company's business with regard to these items. The Company has provided reconciling information in the attached schedules.

## **Definitions**

*Same venue sales.* Callaway defines same venue sales for its Topgolf business as sales for the comparable venue base, which is defined as the number of Company-operated venues with at least 24 full fiscal months of operations.

## **Forward-Looking Statements**

Statements used in this press release that relate to future plans, events, financial results, performance, prospects, or growth opportunities, including statements relating to the Company's and Topgolf's financial outlook for the full year and third quarter of 2021 (including revenue, Adjusted EBITDA and operating expenses), continued impact of the COVID-19 pandemic on the Company's business and the Company's ability to improve and recover from such impact, impact of any measures taken to mitigate the effect of the pandemic, strength and demand of the Company's products and services, continued brand momentum, demand for golf and outdoor apparel, continued investments in the business, increases in shareholder value, post-pandemic consumer trends and behavior, future industry and market conditions, the benefits of the Topgolf merger, including the anticipated operations, financial position, liquidity, performance, prospects or growth and scale opportunities of the Company, Topgolf or the combined company, and statements of belief and any statement of assumptions underlying any of the foregoing, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "estimate," "could," "should," "intend," "may," "plan," "seek," "anticipate," "project" and similar expressions, among others, generally identify forward-looking statements, which speak only as of the date the statements were made and are not guarantees of future performance. These statements are based upon current information and expectations. Accurately estimating the forward-looking statements is based upon various risks and unknowns, including disruptions to business operations from additional regulatory restrictions in response to the COVID-19 pandemic (such as travel restrictions, government-mandated shut-down orders or quarantines) or voluntary "social distancing" that affects employees, customers and suppliers; costs, expenses or difficulties related to the merger with Topgolf, including the integration of the Topgolf business; failure to realize the expected benefits and synergies of the Topgolf merger in the expected timeframes or at all; production delays, closures of manufacturing facilities, retail locations, warehouses and supply and distribution chains; staffing shortages as a result of remote working requirements or otherwise; uncertainty regarding global economic conditions, particularly the

uncertainty related to the duration and ongoing impact of the COVID-19 pandemic, and related decreases in customer demand/spending and ongoing increases in operating and freight costs and supply constraints; the Company's level of indebtedness; continued availability of credit facilities and liquidity and ability to comply with applicable debt covenants; effectiveness of capital allocation and cost/expense reduction efforts; continued brand momentum and product success; growth in the direct-to-consumer and e-commerce channels; ability to realize the benefits of the continued investments in the Company's business; consumer acceptance of and demand for the Company's and its subsidiaries' products and services; cost of living and inflationary pressures; any changes in U.S. trade, tax or other policies, including restrictions on imports or an increase in import tariffs; future consumer discretionary purchasing activity, which can be significantly adversely affected by unfavorable economic or market conditions; future retailer purchasing activity, which can be significantly negatively affected by adverse industry conditions and overall retail inventory levels; and future changes in foreign currency exchange rates and the degree of effectiveness of the Company's hedging programs. Actual results may differ materially from those estimated or anticipated as a result of these risks and unknowns or other risks and uncertainties, including the effect of terrorist activity, armed conflict, natural disasters or pandemic diseases, including expanded outbreak of COVID-19 and its variants, on the economy generally, on the level of demand for the Company's and its subsidiaries' products and services or on the Company's ability to manage its operations, supply chain and delivery logistics in such an environment; delays, difficulties or increased costs in the supply of components or commodities needed to manufacture the Company's products or in manufacturing the Company's products; and a decrease in participation levels in golf generally, during or as a result of the COVID-19 pandemic. For additional information concerning these and other risks and uncertainties that could affect these statements and the Company's business, see the Company's Annual Report on Form 10-K for the year ended December 31, 2020 as well as other risks and uncertainties detailed from time to time in the Company's reports on Forms 10-Q and 8-K subsequently filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### **About Callaway Golf Company**

*Callaway Golf Company (NYSE: ELY) is an unrivaled tech-enabled golf company delivering leading golf equipment, apparel and entertainment, with a portfolio of global brands including Callaway Golf, Topgolf, Odyssey, OGIO, TravisMathew and Jack Wolfskin. Through an unwavering commitment to innovation, Callaway manufactures and sells premium golf clubs, golf balls, golf and lifestyle bags, golf and lifestyle apparel and other accessories, and provides world-class golf entertainment experiences through Topgolf, its wholly-owned subsidiary. For more information please visit [www.callawaygolf.com](http://www.callawaygolf.com), [www.topgolf.com](http://www.topgolf.com), [www.odysseygolf.com](http://www.odysseygolf.com), [www.ogio.com](http://www.ogio.com), [www.travismathew.com](http://www.travismathew.com), and [www.jack-wolfskin.com](http://www.jack-wolfskin.com).*

### **Investor Contacts**

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**CALLAWAY GOLF COMPANY**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(Unaudited)  
(In thousands)

|   | <u>June 30,</u><br><u>2021</u> | <u>December 31,</u><br><u>2020</u> |
|---|--------------------------------|------------------------------------|
| <b>ASSETS</b>   |                                |                                    |
| Current assets:                                       |                                |                                    |
| Cash and cash equivalents .....                       | \$ 415,204                     | \$ 366,119                         |
| Restricted Cash .....                                 | 2,469                          | —                                  |
| Accounts receivable, net .....                        | 325,275                        | 138,482                            |
| Inventories .....                                     | 335,346                        | 352,544                            |
| Other current assets .....                            | 175,756                        | 55,482                             |
| Total current assets .....                            | <u>1,254,050</u>               | <u>912,627</u>                     |
| Property, plant and equipment, net .....              | 1,264,886                      | 146,495                            |
| Operating lease right-of-use assets, net.....         | 1,057,225                      | 194,776                            |
| Intangible assets, net.....                           | 3,578,545                      | 540,997                            |
| Other assets .....                                    | 117,128                        | 185,705                            |
| Total assets .....                                    | <u>\$ 7,271,834</u>            | <u>\$ 1,980,600</u>                |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                                |                                    |
| Current liabilities:                                  |                                |                                    |
| Accounts payable and accrued expenses.....            | \$ 426,577                     | \$ 276,209                         |
| Accrued employee compensation and benefits .....      | 95,427                         | 30,937                             |
| Asset-based credit facilities .....                   | 21,438                         | 22,130                             |
| Current operating lease liabilities .....             | 55,492                         | 29,579                             |
| Construction advances .....                           | 63,636                         | —                                  |
| Deferred revenue .....                                | 83,580                         | 2,546                              |
| Other current liabilities .....                       | 41,482                         | 29,871                             |
| Total current liabilities .....                       | <u>787,632</u>                 | <u>391,272</u>                     |
| Long-term debt.....                                   | 1,064,429                      | 650,564                            |
| Long-term operating leases.....                       | 1,174,780                      | 177,996                            |
| Deemed landlord financing.....                        | 263,219                        | —                                  |
| Long-term liabilities .....                           | 242,311                        | 85,124                             |
| Total Callaway Golf Company shareholders' equity..... | <u>3,739,463</u>               | <u>675,644</u>                     |
| Total liabilities and shareholders' equity .....      | <u>\$ 7,271,834</u>            | <u>\$ 1,980,600</u>                |



**CALLAWAY GOLF COMPANY**  
**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In thousands, except per share data)

|  | Three Months Ended<br>June 30, |              |
|--|--------------------------------|--------------|
|  | 2021                           | 2020         |
| Net revenues:  |                                |              |
| Products.....  | \$ 591,410                     | \$ 296,996   |
| Services.....  | 322,231                        | —            |
| Total net revenues.....  | 913,641                        | 296,996      |
| Costs and expenses:  |                                |              |
| Cost of products.....  | 315,008                        | 174,941      |
| Cost of services, excluding depreciation and amortization..... | 42,786                         | —            |
| Other venue expenses.....                                      | 202,339                        | —            |
| Selling, general and administrative expense.....               | 221,124                        | 115,215      |
| Research and development expense.....                          | 20,271                         | 10,020       |
| Goodwill and tradename impairment.....                         | —                              | 174,269      |
| Venue pre-opening costs.....                                   | 4,844                          | —            |
| Total costs and expenses.....                                  | 806,372                        | 474,445      |
| Income (loss) from operations.....                             | 107,269                        | (177,449)    |
| Other income (expense), net.....                               | (31,378)                       | 1,834        |
| Income tax benefit.....  | (15,853)                       | (7,931)      |
| Net income (loss).....   | \$ 91,744                      | \$ (167,684) |
| Earnings (loss) per common share:                              |                                |              |
| Basic.....   | \$0.50                         | \$(1.78)     |
| Diluted.....   | \$0.47                         | \$(1.78)     |
| Weighted-average common shares outstanding:                    |                                |              |
| Basic.....   | 185,225                        | 94,141       |
| Diluted.....   | 194,334                        | 94,141       |

|  | Six Months Ended<br>June 30, |              |
|--|------------------------------|--------------|
|  | 2021                         | 2020         |
| Net revenues:  |                              |              |
| Products.....  | \$ 1,151,368                 | \$ 739,272   |
| Services.....  | 413,894                      | —            |
| Total net revenues.....  | 1,565,262                    | 739,272      |
| Costs and expenses:  |                              |              |
| Cost of products.....  | 625,638                      | 421,543      |
| Cost of services, excluding depreciation and amortization..... | 53,771                       | —            |
| Other venue expenses.....                                      | 267,776                      | —            |
| Selling, general and administrative expense.....               | 395,004                      | 256,969      |
| Research and development expense.....                          | 33,016                       | 23,260       |
| Goodwill and tradename impairment.....                         | —                            | 174,269      |
| Venue pre-opening costs.....                                   | 6,689                        | —            |
| Total costs and expenses.....                                  | 1,381,894                    | 876,041      |
| Income (loss) from operations.....                             | 183,368                      | (136,769)    |
| Gain on Topgolf investment.....                                | 252,531                      | —            |
| Other income (expense), net.....                               | (39,804)                     | (801)        |
| Income tax provision.....                                      | 31,890                       | 1,220        |
| Net income (loss).....   | \$ 364,205                   | \$ (138,790) |
| Earnings (loss) per common share:                              |                              |              |
| Basic.....   | \$2.40                       | \$(1.47)     |
| Diluted.....   | \$2.28                       | \$(1.47)     |
| Weighted-average common shares outstanding:                    |                              |              |
| Basic.....   | 151,541                      | 94,225       |
| Diluted.....   | 159,639                      | 94,225       |

On March 8, 2021, the Company completed its merger with Topgolf International, Inc. ("Topgolf") and has included the results of operations for Topgolf in its consolidated condensed statement of operations from that date forward. Additionally, the Company has modified the presentation of its consolidated condensed statement of operations for the three and six months ended June 30, 2021 and 2020 to provide investors with additional information to assess the performance of the combined entity.

**CALLAWAY GOLF COMPANY**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW**  
**(Unaudited)**  
**(In thousands)**

|   | Six Months Ended<br>June 30, |                   |
|---|------------------------------|-------------------|
|   | 2021                         | 2020              |
| Cash flows from operating activities:   |                              |                   |
| Net income (loss).....  | \$ 364,205                   | \$ (138,790)      |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                              |                   |
| Depreciation and amortization .....   | 63,542                       | 18,357            |
| Lease amortization expense .....  | 26,896                       | 16,313            |
| Amortization of debt issuance costs .....   | 2,618                        | 1,823             |
| Debt discount amortization .....  | 6,527                        | 1,483             |
| Impairment loss .....   | —                            | 174,269           |
| Deferred taxes, net .....   | 28,067                       | 8,684             |
| Non-cash share-based compensation.....  | 15,648                       | 4,794             |
| Loss on disposal of long-lived assets .....   | 100                          | 123               |
| Gain on Topgolf investment.....   | (252,531)                    | —                 |
| Unrealized net gains on hedging instruments and foreign currency .....                      | (5,048)                      | (14,059)          |
| Acquisition costs .....   | (16,199)                     | —                 |
| Changes in assets and liabilities .....   | (133,358)                    | (93,318)          |
| Net cash provided by (used in) operating activities .....                                   | <u>100,467</u>               | <u>(20,321)</u>   |
| Cash flows from investing activities:   |                              |                   |
| Cash acquired in merger .....   | 171,294                      | —                 |
| Capital expenditures .....  | (120,833)                    | (25,097)          |
| Note receivable, net of discount .....  | —                            | (5,234)           |
| Net cash provided by (used in) investing activities .....                                   | <u>50,461</u>                | <u>(30,331)</u>   |
| Cash flows from financing activities:   |                              |                   |
| Repayments of credit facilities, net.....   | (110,757)                    | (89,029)          |
| Proceeds from lease financing .....   | 24,799                       | —                 |
| Exercise of stock options.....  | 18,403                       | 130               |
| Acquisition of treasury stock .....   | (12,538)                     | (21,953)          |
| Repayments of long-term debt.....   | (12,029)                     | (5,504)           |
| Debt issuance cost .....  | (5,441)                      | (9,119)           |
| Payment on contingent earn-out obligation .....   | (3,577)                      | —                 |
| Repayments of financing leases.....   | (200)                        | (206)             |
| Dividends paid.....   | (3)                          | (1,891)           |
| Proceeds from issuance of convertible notes .....   | —                            | 258,750           |
| Proceeds from issuance of long-term debt.....   | —                            | 9,766             |
| Premium paid for capped call confirmations .....  | —                            | (31,775)          |
| Net cash (used in) provided by financing activities.....                                    | <u>(101,343)</u>             | <u>109,169</u>    |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash .....         | 1,969                        | (767)             |
| Net increase in cash, cash equivalents and restricted cash.....                             | 51,554                       | 57,750            |
| Cash, cash equivalents and restricted cash at beginning of period .....                     | 366,119                      | 106,666           |
| Cash, cash equivalents and restricted cash at end of period.....                            | <u>\$ 417,673</u>            | <u>\$ 164,416</u> |

**CALLAWAY GOLF COMPANY**  
**Consolidated Net Sales and Operating Segment Information**  
(Unaudited)  
(In thousands)

|                        | Net Revenues by Product Category <sup>(2)</sup> |                   |                   |               | Non-GAAP<br>Constant<br>Currency<br>vs. 2020 <sup>(1)</sup> |
|------------------------|---|-------------------|-------------------|---------------|---|
|                        | Three Months Ended<br>June 30,                  |                   | Growth            |               |   |
|                        | 2021  | 2020              | Dollars           | Percent       |   |
| Net revenues:          |   |                   |                   |               |   |
| Golf Clubs .....       | \$ 319,973                                      | \$ 156,040        | \$ 163,933        | 105.1%        | 99.6%   |
| Golf Balls .....       | 81,286  | 53,903            | 27,383            | 50.8%         | 46.9%   |
| Apparel .....          | 91,413  | 36,302            | 55,111            | 151.8%        | 144.6%  |
| Gear and Other.....    | 95,516  | 50,751            | 44,765            | 88.2%         | 82.5%   |
| Venues .....           | 303,424   | —                 | 303,424           | 100.0%        | 100.0%  |
| Topgolf Other .....    | 22,029  | —                 | 22,029            | 100.0%        | 100.0%  |
| Total net revenue..... | <u>\$ 913,641</u>                               | <u>\$ 296,996</u> | <u>\$ 616,645</u> | <u>207.6%</u> | <u>201.5%</u>   |

<sup>(1)</sup> Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

<sup>(2)</sup> On March 8, 2021, the Company completed its merger with Topgolf. Accordingly, the Company's revenue categories for 2021 were expanded to include Topgolf's revenue categories.

|                        | Net Sales by Region            |                   |                   |               | Non-GAAP<br>Constant<br>Currency<br>vs. 2020 <sup>(1)</sup> |
|------------------------|--------------------------------|-------------------|-------------------|---------------|---|
|                        | Three Months Ended<br>June 30, |                   | Growth            |               |   |
|                        | 2021                           | 2020              | Dollars           | Percent       |   |
| Net revenues:          |                                |                   |                   |               |   |
| United States.....     | \$ 642,757                     | \$ 171,714        | \$ 471,043        | 274.3%        | 274.3%  |
| Europe .....           | 120,999                        | 50,074            | 70,925            | 141.6%        | 118.7%  |
| Japan.....             | 61,861                         | 24,640            | 37,221            | 151.1%        | 155.3%  |
| Rest of World.....     | 88,024                         | 50,568            | 37,456            | 74.1%         | 58.5%   |
| Total net revenue..... | <u>\$ 913,641</u>              | <u>\$ 296,996</u> | <u>\$ 616,645</u> | <u>207.6%</u> | <u>201.5%</u>   |

<sup>(1)</sup> Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

|  | Operating Segment Information  |                     |                   |               | Non-GAAP<br>Constant<br>Currency<br>vs. 2020 <sup>(1)</sup> |
|--|--------------------------------|---------------------|-------------------|---------------|---|
|  | Three Months Ended<br>June 30, |                     | Growth            |               |   |
|  | 2021                           | 2020                | Dollars           | Percent       |   |
| Net revenues:  |                                |                     |                   |               |   |
| Golf Equipment .....                                   | \$ 401,259                     | \$ 209,943          | \$ 191,316        | 91.1%         | 86.1%   |
| Apparel, Gear and Other.....                           | 186,929                        | 87,053              | 99,876            | 114.7%        | 108.4%  |
| Topgolf .....  | 325,453                        | \$ —                | 325,453           | 100.0%        | 100.0%  |
| Total net revenue.....                                 | <u>\$ 913,641</u>              | <u>\$ 296,996</u>   | <u>\$ 616,645</u> | <u>207.6%</u> | <u>201.5%</u>   |
| Segment operating income (loss):                       |                                |                     |                   |               |   |
| Golf Equipment .....                                   | \$ 98,089                      | \$ 29,181           | \$ 68,908         | 236.1%        |   |
| Apparel, Gear and Other.....                           | 15,668                         | (11,711)            | 27,379            | 233.8%        |   |
| Topgolf .....  | 24,204                         | —                   | 24,204            | 100.0%        |   |
| Total segment operating income.....                    | 137,961                        | 17,470              | 120,491           | 689.7%        |   |
| Corporate G&A and other <sup>(2)</sup> .....           | (30,692)                       | (20,650)            | (10,042)          | -48.6%        |   |
| Goodwill and tradename impairment <sup>(3)</sup> ..... | —                              | (174,269)           | 174,269           | 100.0%        |   |
| Total operating income (loss).....                     | 107,269                        | (177,449)           | 284,718           | 160.5%        |   |
| Interest expense, net.....                             | (28,876)                       | (12,163)            | (16,713)          | -137.4%       |   |
| Other income (expense), net .....                      | (2,502)                        | 13,997              | (16,499)          | -117.9%       |   |
| Total income (loss) before income taxes .....          | <u>\$ 75,891</u>               | <u>\$ (175,615)</u> | <u>\$ 251,506</u> | <u>143.2%</u> |   |

<sup>(1)</sup> Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

<sup>(2)</sup> Amount includes corporate general and administrative expenses not utilized by management in determining segment profitability, including non-cash amortization expense for intangible assets acquired in connection with the Jack Wolfskin, TravisMathew and OGIO acquisitions. In addition, the amount for 2021 includes (i) \$2.5 million of transaction, transition and other non-recurring costs associated with the merger with Topgolf completed on March 8, 2021, (ii) \$6.2 million of non-cash amortization expense for intangible assets acquired in connection with the merger with Topgolf, combined with depreciation expense from the fair value step-up of Topgolf property, plant and equipment and amortization expense related to the fair value adjustments to Topgolf leases, and (iii) \$0.8 million of costs related to the implementation of new IT systems for Jack Wolfskin. The amount for the second quarter of 2020 includes (i) \$3.7 million of severance charges associated with workforce reductions due to the COVID-19 pandemic, and (ii) \$1.8 million of non-recurring costs associated with the Company's transition to the new North America Distribution Center and costs related to the implementation of new IT systems for Jack Wolfskin.

<sup>(3)</sup> Represents an impairment charge related to Jack Wolfskin recognized in the second quarter of 2020.

**CALLAWAY GOLF COMPANY**  
**Consolidated Net Sales and Operating Segment Information**  
(Unaudited)  
(In thousands)

|                        | Net Revenues by Product Category <sup>(2)</sup> |                   |                   |               | Non-GAAP<br>Constant<br>Currency<br>vs. 2020 <sup>(1)</sup> |
|------------------------|---|-------------------|-------------------|---------------|---|
|                        | Six Months Ended<br>June 30,                    |                   | Growth            |               |   |
|                        | 2021  | 2020              | Dollars           | Percent       |   |
| Net revenues:          |   |                   |                   |               |   |
| Golf Clubs .....       | \$ 636,326                                      | \$ 407,264        | \$ 229,062        | 56.2%         | 52.4%   |
| Golf Balls .....       | 141,815   | 94,340            | 47,475            | 50.3%         | 46.7%   |
| Apparel.....           | 186,703   | 113,592           | 73,111            | 64.4%         | 58.3%   |
| Gear and Other .....   | 182,328   | 124,076           | 58,252            | 46.9%         | 41.8%   |
| Venues .....           | 388,594   | —                 | 388,594           | 100.0%        | 100.0%  |
| Topgolf Other .....    | 29,496  | —                 | 29,496            | 100.0%        | 100.0%  |
| Total net revenue..... | <u>\$ 1,565,262</u>                             | <u>\$ 739,272</u> | <u>\$ 825,990</u> | <u>111.7%</u> | <u>107.0%</u>   |

<sup>(1)</sup> Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

<sup>(2)</sup> On March 8, 2021, the Company completed its merger with Topgolf. Accordingly, the Company's revenue categories for 2021 were expanded to include Topgolf's revenue categories.

|                        | Net Sales by Region          |                   |                   |               | Non-GAAP<br>Constant<br>Currency<br>vs. 2020 <sup>(1)</sup> |
|------------------------|------------------------------|-------------------|-------------------|---------------|---|
|                        | Six Months Ended<br>June 30, |                   | Growth            |               |   |
|                        | 2021                         | 2020              | Dollars           | Percent       |   |
| Net revenues:          |                              |                   |                   |               |   |
| United States .....    | \$ 1,030,979                 | \$ 389,217        | \$ 641,762        | 164.9%        | 164.9%  |
| Europe .....           | 229,344                      | 146,793           | 82,551            | 56.2%         | 42.5%   |
| Japan.....             | 133,747                      | 101,987           | 31,760            | 31.1%         | 30.5%   |
| Rest of World.....     | 171,192                      | 101,275           | 69,917            | 69.0%         | 55.2%   |
| Total net revenue..... | <u>\$ 1,565,262</u>          | <u>\$ 739,272</u> | <u>\$ 825,990</u> | <u>111.7%</u> | <u>107.0%</u>   |

<sup>(1)</sup> Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

|  | Operating Segment Information |                     |                   |               | Non-GAAP<br>Constant<br>Currency<br>vs. 2020 <sup>(1)</sup> |
|--|-------------------------------|---------------------|-------------------|---------------|---|
|  | Six Months Ended<br>June 30,  |                     | Growth            |               |   |
|  | 2021                          | 2020                | Dollars           | Percent       |   |
| Net revenues:  |                               |                     |                   |               |   |
| Golf Equipment .....                                   | \$ 778,141                    | \$ 501,604          | \$ 276,537        | 55.1%         | 51.3%   |
| Apparel, Gear and Other.....                           | 369,031                       | 237,668             | 131,363           | 55.3%         | 49.7%   |
| Topgolf .....  | 418,090                       | \$ —                | 418,090           | 100.0%        | 100.0%  |
| Total net revenue.....                                 | <u>\$ 1,565,262</u>           | <u>\$ 739,272</u>   | <u>\$ 825,990</u> | <u>111.7%</u> | <u>107.0%</u>   |
| Segment operating income (loss):                       |                               |                     |                   |               |   |
| Golf Equipment .....                                   | \$ 183,010                    | \$ 87,801           | \$ 95,209         | 108.4%        |   |
| Apparel, Gear and Other.....                           | 36,158                        | (15,510)            | 51,668            | 333.1%        |   |
| Topgolf .....  | 28,158                        | —                   | 28,158            | 100.0%        |   |
| Total segment operating income .....                   | 247,326                       | 72,291              | 175,035           | 242.1%        |   |
| Corporate G&A and other <sup>(2)</sup> .....           | (63,958)                      | (34,791)            | (29,167)          | 83.8%         |   |
| Goodwill and tradename impairment <sup>(3)</sup> ..... | —                             | (174,269)           | 174,269           | 100.0%        |   |
| Total operating income (loss).....                     | 183,368                       | (136,769)           | 320,137           | 234.1%        |   |
| Gain on Topgolf investment <sup>(4)</sup> .....        | 252,531                       | —                   | 252,531           | 100.0%        |   |
| Interest expense, net .....                            | (46,333)                      | (21,278)            | (25,055)          | -117.8%       |   |
| Other income, net .....                                | 6,529                         | 20,477              | (13,948)          | -68.1%        |   |
| Total income before income (loss) taxes.....           | <u>\$ 396,095</u>             | <u>\$ (137,570)</u> | <u>\$ 533,665</u> | <u>387.9%</u> |   |

<sup>(1)</sup> Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

<sup>(2)</sup> Amount includes corporate general and administrative expenses not utilized by management in determining segment profitability, including non-cash amortization expense for intangible assets acquired in connection with the Jack Wolfskin, TravisMathew and OGIO acquisitions. In addition, the amount for 2021 includes (i) \$18.7 million of transaction, transition and other non-recurring costs associated with the merger with Topgolf completed on March 8, 2021, (ii) \$8.4 million of non-cash amortization expense for intangible assets acquired in connection with the merger with Topgolf, combined with depreciation expense from the fair value step-up of Topgolf property, plant and equipment and amortization expense related to the fair value adjustments to Topgolf leases, and (iii) \$1.5 million of costs related to the implementation of new IT systems for Jack Wolfskin. The amount for 2020 also includes (i) \$3.4 million of non-recurring costs associated with the Company's transition to the new North America Distribution Center, as well as costs related to the implementation of new IT systems for Jack Wolfskin, and (ii) \$3.7 million of severance charges associated with workforce reductions due to the COVID-19 pandemic.

<sup>(3)</sup> Represents an impairment charge related to Jack Wolfskin recognized in the second quarter of 2020.

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

**CALLAWAY GOLF COMPANY**  
**Consolidated Net Sales and Operating Segment Information**  
**(Unaudited)**  
**(In thousands)**

**Operating Segment Information**

|   | Three Months Ended<br>June 30, |                   |                   |               | Six Months Ended<br>June 30, |                   |                   |               |
|---|--------------------------------|-------------------|-------------------|---------------|------------------------------|-------------------|-------------------|---------------|
|   |                                |                   | Growth            |               |                              |                   | Growth            |               |
|   | 2021                           | 2019              | Dollars           | Percent       | 2021                         | 2019              | Dollars           | Percent       |
| Net revenues:                                   |                                |                   |                   |               |                              |                   |                   |               |
| Golf Equipment.....                             | \$ 401,259                     | \$ 292,353        | \$ 108,906        | 37.3%         | \$ 778,141                   | \$ 615,972        | \$ 162,169        | 26.3%         |
| Apparel, Gear and Other .....                   | 186,929                        | 154,355           | 32,574            | 21.1%         | 369,031                      | 346,933           | 22,098            | 6.4%          |
| Topgolf .....                                   | 325,453                        | —                 | 325,453           | 100.0%        | 418,090                      | —                 | 418,090           | 100.0%        |
| Total net revenue .....                         | <u>\$ 913,641</u>              | <u>\$ 446,708</u> | <u>\$ 466,933</u> | <u>104.5%</u> | <u>\$ 1,565,262</u>          | <u>\$ 962,905</u> | <u>\$ 602,357</u> | <u>62.6%</u>  |
| Segment operating income:                       |                                |                   |                   |               |                              |                   |                   |               |
| Golf Equipment.....                             | \$ 98,089                      | \$ 55,665         | \$ 42,424         | 76.2%         | \$ 183,010                   | \$ 125,658        | \$ 57,352         | 45.6%         |
| Apparel, Gear and Other .....                   | 15,668                         | 11,314            | 4,354             | 38.5%         | 36,158                       | 34,033            | 2,125             | 6.2%          |
| Topgolf .....                                   | 24,204                         | —                 | 24,204            | 100.0%        | 28,158                       | —                 | 28,158            | 100.0%        |
| Total segment operating income .....            | 137,961                        | 66,979            | 70,982            | 106.0%        | 247,326                      | 159,691           | 87,635            | 54.9%         |
| Corporate G&A and other <sup>(1)</sup> .....    | (30,692)                       | (21,780)          | (8,912)           | -40.9%        | (63,958)                     | (44,856)          | (19,102)          | -42.6%        |
| Total operating income .....                    | <u>107,269</u>                 | <u>45,199</u>     | <u>62,070</u>     | <u>137.3%</u> | <u>183,368</u>               | <u>114,835</u>    | <u>68,533</u>     | <u>59.7%</u>  |
| Gain on Topgolf investment <sup>(2)</sup> ..... | —                              | —                 | —                 | —%            | 252,531                      | —                 | 252,531           | 100.0%        |
| Interest expense, net .....                     | (28,876)                       | (10,260)          | (18,616)          | -181.4%       | (46,333)                     | (19,899)          | (26,434)          | -132.8%       |
| Other income/(expense), net.....                | (2,502)                        | 1,167             | (3,669)           | -314.4%       | 6,529                        | (773)             | 7,302             | 944.6%        |
| Total income before income taxes .....          | <u>\$ 75,891</u>               | <u>\$ 36,106</u>  | <u>\$ 39,785</u>  | <u>110.2%</u> | <u>\$ 396,095</u>            | <u>\$ 94,163</u>  | <u>\$ 301,932</u> | <u>320.6%</u> |

<sup>(1)</sup> Amount includes corporate general and administrative expenses not utilized by management in determining segment profitability including non-cash amortization expense for intangible assets acquired in connection with the Jack Wolfskin, TravisMathew and OGIO acquisitions. In addition, the amount for the three and six months ended June 30, 2021 includes (i) \$2.5 million and \$18.7 million, respectively, for transaction, transition and other non-recurring costs associated with the merger with Topgolf, (ii) \$6.2 million and \$8.4 million, respectively, of non-cash amortization expense for intangible assets acquired in connection with the merger with Topgolf, combined with depreciation expense from the fair value step-up of Topgolf property, plant and equipment and amortization expense related to the fair value adjustments to Topgolf leases, and (iii) \$0.8 million and \$1.5 million, respectively, of expenses related to the implementation of new IT systems for Jack Wolfskin. The amount for three and six months ended June 30, 2019 also includes (i) \$5.3 million and \$10.7 million, respectively, of amortization expense related to the fair value adjustment to Jack Wolfskin's inventory, and (ii) \$1.4 million and \$6.1 million, respectively, for transaction costs associated with the acquisition of Jack Wolfskin.

<sup>(2)</sup> Amount represents a gain recorded to write up the Company's former investment in Topgolf to its fair value in connection with the merger.

**CALLAWAY GOLF COMPANY**  
**Supplemental Financial Information and Non-GAAP Reconciliation**  
(Unaudited)  
(In thousands)

**Three Months Ended June 30,**

|   | 2021       |   |   |  |  |            | 2020         |   |   |  |                         |
|---|------------|---|---|--|--|------------|--------------|---|---|--|-------------------------|
|   | GAAP       | Non-Cash Amortization and Depreciation <sup>(1)</sup> | Non-Cash Amortization of Discount on Convertible Notes <sup>(2)</sup> | Acquisition & Other Non-Recurring Items <sup>(3)</sup> | Tax Valuation Allowance <sup>(4)</sup> | Non-GAAP   | GAAP         | Non-Cash Amortization and Impairment Charges <sup>(1)</sup> | Non-Cash Amortization of Discount on Convertible Notes <sup>(2)</sup> | Other Non-Recurring Items <sup>(3)</sup> | Non-GAAP <sup>(5)</sup> |
| Net revenues.....                         | \$ 913,641 | \$ —  | \$ —  | \$ —   | \$ —                                   | \$ 913,641 | \$ 296,996   | \$ —  | \$ —  | \$ —                                     | \$ 296,996              |
| Total costs and expenses.....             | 806,372    | 7,453   | —   | 3,274  | —                                      | 795,645    | 474,445      | 175,447   | —   | 5,889                                    | 293,109                 |
| Income (loss) from operations....         | 107,269    | (7,453)   | —   | (3,274)  | —                                      | 117,996    | (177,449)    | (175,447)   | —   | (5,889)                                  | 3,887                   |
| Other income/(expense), net.....          | (31,378)   | (1,459)   | (2,598)   | (306)  | —                                      | (27,015)   | 1,834        | —   | (1,499)   | —  | 3,333                   |
| Income tax provision (benefit) ...        | (15,853)   | (2,139)   | (624)   | (859)  | (32,743)                               | 20,512     | (7,931)      | (8,195)   | (345)   | (1,355)                                  | 1,964                   |
| Net income (loss) .....                   | \$ 91,744  | \$ (6,773)  | \$ (1,974)  | \$ (2,721)   | \$ 32,743                              | \$ 70,469  | \$ (167,684) | \$ (167,252)  | \$ (1,154)  | \$ (4,534)                               | \$ 5,256                |
| Diluted earnings (loss) per               | \$0.47     | (\$0.03)  | (\$0.01)  | (\$0.02)   | \$0.17                                 | \$0.36     | (\$1.78)     | (\$1.78)  | (\$0.01)  | (\$0.05)                                 | \$0.06                  |
| Weighted-average shares outstanding:..... | 194,334    | 194,334   | 194,334   | 194,334  | 194,334                                | 194,334    | 94,141       | 94,141  | 94,141  | 94,141                                   | 95,294                  |

<sup>(1)</sup> Represents non-cash amortization expense of intangible assets in connection with the acquisitions of OGIO, TravisMathew and Jack Wolfskin. 2021 also includes non-cash amortization of Topgolf intangible assets, depreciation expense from the fair value step-up of Topgolf property, plant and equipment and amortization expense related to the fair value adjustments to Topgolf leases and Topgolf debt, all recorded in connection with the Topgolf merger. 2020 also includes an impairment charge of \$174.3 million related to Jack Wolfskin intangibles.

<sup>(2)</sup> Represents the non-cash amortization of the debt discount on the Company's convertible notes issued in May 2020.

<sup>(3)</sup> Acquisition and other non-recurring items in 2021 include transaction, transition and non-recurring costs associated with the Topgolf merger and costs related to the implementation of new IT systems for Jack Wolfskin. In 2020, non-recurring items include costs associated with the Company's transition to its new North America Distribution Center, implementation costs related to new IT systems for Jack Wolfskin, and severance charges associated with workforce reductions due to the COVID-19 pandemic.

<sup>(4)</sup> Represents the release of a portion of the valuation allowance attributable to certain Topgolf net operating losses.

<sup>(5)</sup> Non-GAAP diluted earnings per share for the three months ended June 30, 2020 was calculated using the diluted weighted average outstanding shares, as earnings on a non-GAAP basis resulted in net income after giving effect to pro forma adjustments.

**CALLAWAY GOLF COMPANY**  
**Supplemental Financial Information and Non-GAAP Reconciliation**  
(Unaudited)  
(In thousands)

Six Months Ended June 30,

|  | 2021         |   |   |  |  |              | 2020         |   |   |  |                         |
|--|--------------|---|---|--|--|--------------|--------------|---|---|--|-------------------------|
|  | GAAP         | Non-Cash Amortization and Depreciation <sup>(1)</sup> | Non-Cash Amortization of Discount on Convertible Notes <sup>(2)</sup> | Acquisition & Other Non-Recurring Items <sup>(3)</sup> | Tax Valuation Allowance <sup>(4)</sup> | Non-GAAP     | GAAP         | Non-Cash Amortization and Impairment Charges <sup>(1)</sup> | Non-Cash Amortization of Discount on Convertible Notes <sup>(2)</sup> | Other Non-Recurring Items <sup>(3)</sup> | Non-GAAP <sup>(5)</sup> |
| Net revenues.....                          | \$ 1,565,262 | \$ —  | \$ —  | \$ —   | \$ —                                   | \$ 1,565,262 | \$ 739,272   | \$ —  | \$ —  | \$ —                                     | \$ 739,272              |
| Total costs and expenses.....              | 1,381,894    | 10,966  | —   | 20,211   | —                                      | 1,350,717    | 876,041      | 176,626   | —   | 7,438                                    | 691,977                 |
| Income (loss) from operations .....        | 183,368      | (10,966)  | —   | (20,211)   | —                                      | 214,545      | (136,769)    | (176,626)   | —   | (7,438)                                  | 47,295                  |
| Other income/(expense), net.....           | 212,727      | (1,752)   | (5,133)   | 252,126  | —                                      | (32,514)     | (801)        | —   | (1,499)   | —  | 698                     |
| Income tax provision (benefit).....        | 31,890       | (3,052)   | (1,232)   | (4,948)  | 6,184                                  | 34,938       | 1,220        | (8,466)   | (345)   | (1,711)                                  | 11,742                  |
| Net income (loss).....                     | \$ 364,205   | \$ (9,666)  | \$ (3,901)  | \$ 236,863   | \$ (6,184)                             | \$ 147,093   | \$ (138,790) | \$ (168,160)  | \$ (1,154)  | \$ (5,727)                               | \$ 36,251               |
| Diluted earnings (loss) per share: ...     | \$2.28       | (\$0.06)  | (\$0.02)  | \$1.48   | (\$0.04)                               | \$0.92       | (\$1.47)     | (\$1.78)  | (\$0.01)  | (\$0.06)                                 | \$0.38                  |
| Weighted-average shares outstanding: ..... | 159,639      | 159,639   | 159,639   | 159,639  | 159,639                                | 159,639      | 94,225       | 94,225  | 94,225  | 94,225                                   | 94,485                  |

<sup>(1)</sup> Represents non-cash amortization expense of intangible assets in connection with the acquisitions of OGIO, TravisMathew and Jack Wolfskin. 2021 also includes non-cash amortization of Topgolf intangible assets, depreciation expense from the fair value step-up of Topgolf property, plant and equipment and expense related to the fair value adjustments to Topgolf leases and Topgolf debt, all recorded in connection with the Topgolf merger. 2020 also includes an impairment charge of \$174.3 million related to Jack Wolfskin.

<sup>(2)</sup> Represents the non-cash amortization of the debt discount on the Company's convertible notes issued in May 2020.

<sup>(3)</sup> Acquisition and other non-recurring items in 2021 includes transaction, transition and other non-recurring costs associated with the merger with Topgolf completed on March 8, 2021, the recognition of a \$252.5 million gain on the Company's pre-merger investment in Topgolf, and expenses related to the implementation of new IT systems for Jack Wolfskin. 2020 includes costs associated with the Company's transition to its new North America Distribution Center, in addition to implementation costs related to new IT systems for Jack Wolfskin, and severance charges associated with workforce reductions due to the COVID-19 pandemic.

<sup>(4)</sup> Amount represents the net impact of changes in the Company's valuation allowance against certain of its deferred tax assets.

<sup>(5)</sup> Non-GAAP diluted earnings per share for the six months ended June 30, 2020 was calculated using the diluted weighted average outstanding shares, as earnings on a non-GAAP basis resulted in net income after giving effect to pro forma adjustments.

**CALLAWAY GOLF COMPANY**  
**Non-GAAP Reconciliation and Supplemental Financial Information**  
(Unaudited)  
(In thousands)

|  | <b>2021 Trailing Twelve Month Adjusted EBITDA</b> |                              |                           |                          |                   | <b>2020 Trailing Twelve Month Adjusted EBITDA</b> |                              |                           |                          |                   |
|--|---|------------------------------|---------------------------|--------------------------|-------------------|---|------------------------------|---------------------------|--------------------------|-------------------|
|  | <b>Quarter Ended</b>                              |                              |                           |                          |                   | <b>Quarter Ended</b>                              |                              |                           |                          |                   |
|  | <b>September 30,<br/>2020</b>                     | <b>December 31,<br/>2020</b> | <b>March 31,<br/>2021</b> | <b>June 30,<br/>2021</b> | <b>Total</b>      | <b>September 30,<br/>2019</b>                     | <b>December 31,<br/>2019</b> | <b>March 31,<br/>2020</b> | <b>June 30,<br/>2020</b> | <b>Total</b>      |
| Net income (loss).....   | \$ 52,432   | \$ (40,576)                  | \$ 272,461                | \$ 91,744                | \$ 376,061        | \$ 31,048   | \$ (29,218)                  | \$ 28,894                 | \$ (167,684)             | \$ (136,960)      |
| Interest expense, net .....  | 12,727  | 12,927                       | 17,457                    | 28,876                   | 71,987            | 9,545   | 9,049                        | 9,115                     | 12,163                   | 39,872            |
| Income tax provision (benefit).....  | 5,360   | (7,124)                      | 47,743                    | (15,853)                 | 30,126            | 2,128   | (2,352)                      | 9,151                     | (7,931)                  | 996               |
| Depreciation and amortization expense .....                                    | 10,311  | 10,840                       | 20,272                    | 43,270                   | 84,693            | 8,472   | 9,480                        | 8,997                     | 9,360                    | 36,309            |
| JW goodwill and trade name impairment.....                                     | —   | —                            | —                         | —                        | —                 | —   | —                            | —                         | 174,269                  | 174,269           |
| Non-cash stock compensation expense .....                                      | 3,263   | 2,861                        | 4,609                     | 11,039                   | 21,772            | 2,513   | 3,418                        | 1,861                     | 2,942                    | 10,734            |
| Non-cash lease amortization expense .....                                      | (99)  | (76)                         | 872                       | 2,103                    | 2,800             | (36)  | (120)                        | 264                       | 207                      | 315               |
| Acquisitions & other non-recurring costs,<br>before taxes <sup>(1)</sup> ..... | 2,858   | 8,607                        | (235,594)                 | 3,274                    | (220,855)         | 3,009   | 4,090                        | 1,516                     | 5,856                    | 14,471            |
| <b>Adjusted EBITDA .....</b>   | <b>\$ 86,852</b>                                  | <b>\$ (12,541)</b>           | <b>\$ 127,820</b>         | <b>\$ 164,453</b>        | <b>\$ 366,584</b> | <b>\$ 56,679</b>                                  | <b>\$ (5,653)</b>            | <b>\$ 59,798</b>          | <b>\$ 29,182</b>         | <b>\$ 140,006</b> |

<sup>(1)</sup> In 2021, amounts include transaction, transition and other non-recurring costs associated with the merger with Topgolf completed on March 8, 2021, the recognition of a \$252.5 million gain to step-up the Company's former investment in Topgolf to its fair value in connection with the merger, and expenses related to the implementation of new IT systems for Jack Wolfskin. In 2020, amounts include costs associated with the Company's transition to its new North America Distribution Center and the implementation of new IT systems for Jack Wolfskin, as well as \$4.8 million of severance related to the Company's cost reduction initiatives.



**CALLAWAY GOLF COMPANY**  
**Non-GAAP Reconciliation and Supplemental Financial Information**  
(Unaudited)  
(In thousands)

| <b>2019 Trailing Twelve Month Adjusted EBITDA</b>                           |                           |                          |                               |                              |                   |
|---|---------------------------|--------------------------|-------------------------------|------------------------------|-------------------|
| <b>Quarter Ended</b>  |                           |                          |                               |                              |                   |
|   | <b>March 31,<br/>2019</b> | <b>June 30,<br/>2019</b> | <b>September 30,<br/>2019</b> | <b>December 31,<br/>2019</b> | <b>Total</b>      |
| Net income (loss).....  | \$ 48,647                 | \$ 28,931                | \$ 31,048                     | \$ (29,218)                  | \$ 79,408         |
| Interest expense, net .....   | 9,639                     | 10,260                   | 9,545                         | 9,049                        | 38,493            |
| Income tax provision (benefit).....   | 9,556                     | 7,208                    | 2,128                         | (2,352)                      | 16,540            |
| Depreciation and amortization expense .....                                 | 7,977                     | 9,022                    | 8,472                         | 9,480                        | 34,951            |
| Non-cash stock compensation expense .....                                   | 3,435                     | 3,530                    | 2,513                         | 3,418                        | 12,896            |
| Non-cash lease amortization expense .....                                   | (140)                     | (9)                      | (36)                          | (120)                        | (305)             |
| Acquisitions & other non-recurring costs, before taxes <sup>(1)</sup> ..... | 13,986                    | 6,939                    | 3,009                         | 4,090                        | 28,024            |
| <b>Adjusted EBITDA .....</b>  | <b>\$ 93,100</b>          | <b>\$ 65,881</b>         | <b>\$ 56,679</b>              | <b>\$ (5,653)</b>            | <b>\$ 210,007</b> |

<sup>(1)</sup> Acquisitions and other non-recurring costs for the year ended December 31, 2019, include (i) \$4.7 million of transaction costs associated with the acquisition of Jack Wolfskin, including banker's fees, legal fees, consulting and travel expenses; (ii) \$5.5 million of costs associated with transitioning and reporting on the Jack Wolfskin business, including consulting fees, audit fees for SEC reporting requirements and valuation services associated with preparing Jack Wolfskin's opening balance sheet; (iii) the recognition of a \$3.9 million foreign currency exchange loss primarily related to the re-measurement of a foreign currency contract established to mitigate the risk of foreign currency fluctuations on the purchase price of Jack Wolfskin, which was denominated in Euros; and (iv) consulting fees to address an activist investor. These amounts exclude any depreciation or amortization, which has been presented in a separate line above.

**CALLAWAY GOLF COMPANY**  
**2021 Adjusted EBITDA Guidance**  
**(Unaudited)**  
**(In millions)**

|                                      | <b>Three Months Ended<br/>September 30, 2021</b> | <b>Twelve Months Ended<br/>December 31, 2021</b> |
|--------------------------------------|--|--|
| Net (loss) income.....               | \$(32) - \$(38)                                  | \$196 - \$209                                    |
| Adjusted EBITDA <sup>(1)</sup> ..... | \$51 - \$58                                      | \$345 - \$360                                    |

<sup>(1)</sup> Adjusted EBITDA excludes the following from forecasted net income: Interest expense, taxes, depreciation and amortization expense, non-cash stock compensation expense, non-cash lease amortization expense, transaction and transition costs associated with the merger with Topgolf completed on March 8, 2021, the recognition of a \$252.5 million gain to step-up the Company's former investment in Topgolf to its fair value in connection with the merger, and expenses related to the implementation of new IT systems for Jack Wolfskin.