Callaway Golf Company

Second Quarter 2022 Earnings Conference Call

August 4, 2022

IMPORTANT NOTICES

Forward-looking Statements. During the presentation, any comments made about future plans, events, financial results, performance, prospects, or growth opportunities, including statements relating to the Company's and Topgolf's financial outlook (including revenue, same venue sales, Adjusted EBITDA, Adjusted EBITDA Margin, Segment Adjusted EBITDA, capital expenditures, depreciation & amortization, net leverage and venue financing liability), new product lines, strength and demand of the Company's products and services, addressable markets and the consumer base, continued brand momentum, demand for golf and outdoor activities and apparel, continued investments in the business, benefits of strategic collaborations, increases in shareholder value, consumer trends and behavior, future industry and market conditions, Topgolf venue openings, Toptracer installations, capital allocation priorities, anticipated stock repurchases, pricing of products and services, foreign exchange, freight costs and impacts of inflation, and statements of belief and any statement of assumptions underlying any of the foregoing, are forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are often characterized by the use of words such as "estimate," "expect," "anticipate," "project," "plan," "intend," "seek," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," "continue" and the negative or plural of these words and other comparable terminology. Such statements reflect the Company's best judgment as of the time made based on then current market trends and conditions. Actual results could differ materially from those as a result of certain risks, unknowns and uncertainties applicable to the Company and its business. For additional details concerning these and other risks and uncertainties that could affect these statements and the Company's business, see the Company's Annual Report on Form 10-K for the year ended December 31, 2021, as well as other risks and uncertainties detailed from time to time in the Company's reports on Forms 10-Q and 8-K subsequently filed with the SEC from time to time. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Regulation G. In addition, in order to assist you with period-over-period comparisons on a consistent and comparable basis, today's presentation includes certain non-GAAP information. The Company provided information excluding certain non-cash amortization and depreciation of intangibles and other assets related to the Company's acquisitions, IT integration and implementation costs associated with new ERP systems for certain new subsidiaries and impairment charges related to the suspension of the Jack Wolfskin business in Russia in 2022, non-cash amortization of the debt discount related to the Company's convertible notes, acquisition and other non-recurring items (including a $252.5 million non-cash gain in 2021 resulting from the Company's pre-merger equity position in Topgolf), and a non-cash valuation allowance recorded against certain of the Company's deferred tax assets as a result of the Topgolf merger. This non-GAAP information may include non-GAAP financial measures within the meaning of Regulation G. These non-GAAP measures should not be considered as a substitute for any measure derived in accordance with GAAP. The non-GAAP information may also be inconsistent with the manner in which similar measures are derived or used by other companies. Management uses such non-GAAP information for financial and operational decision-making purposes and as a means to evaluate period-over-period comparisons and in forecasting the Company's business going forward. Management believes that the presentation of such non-GAAP information, when considered in conjunction with the most directly comparable GAAP information, provides additional useful comparative information for investors in their assessment of the underlying performance of the Company's business with regard to these items. The Company has provided reconciliations of such non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. The reconciliations are included in this presentation or in the schedules to the Company's August 4, 2022 earnings release, which is available on the Investor Relations section of the Company's website located at http://ir.callawaygolf.com/.

For forward-looking Adjusted EBITDA, Adjusted EBITDA Margin, Segment Adjusted EBITDA and non-GAAP depreciation and amortization expense information (collectively, the "Non-GAAP Projections") provided in this presentation, reconciliation of such Non-GAAP Projections to the most closely comparable GAAP financial measure (net income, operating margin, segment operating margin, depreciation and amortization expense, respectively) is not provided because the Company is unable to provide such reconciliation without unreasonable efforts. The inability to provide a reconciliation is because the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact the applicable GAAP financial measure in the future but would not impact the Non-GAAP Projections. These items may include certain non-cash depreciation, which will fluctuate based on the Company's level of capital expenditures, non-cash amortization of intangibles related to the Company's acquisitions, income taxes, which can fluctuate based on changes in the other items noted and/or future forecasts, and other non-recurring costs and non-cash adjustments. Historically, the Company has excluded these items from Adjusted EBITDA, Adjusted EBITDA Margin and Segment Adjusted EBITDA. The Company currently expects to continue to exclude these items in future disclosures of Adjusted EBITDA, Adjusted EBITDA Margin and Segment Adjusted EBITDA and may also exclude other items that may arise. The events that typically lead to the recognition of such adjustments are inherently unpredictable as to if or when they may occur, and therefore actual results may differ materially. This unavailable information could have a significant impact on the applicable GAAP measure.

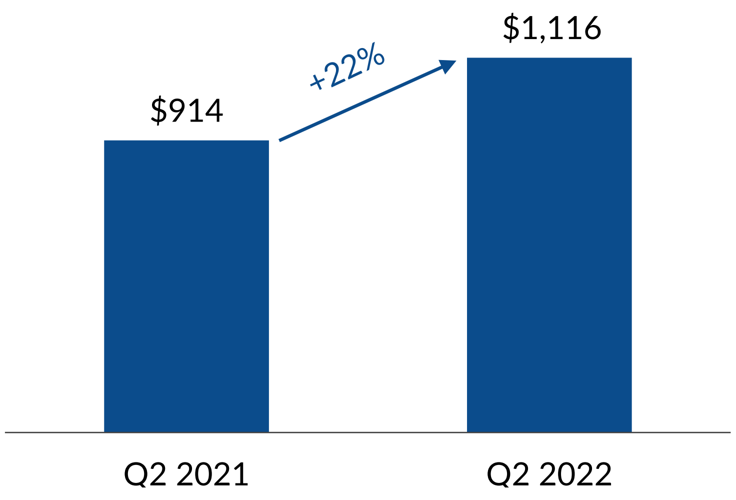
BUSINESS OVERVIEW

Chip Brewer

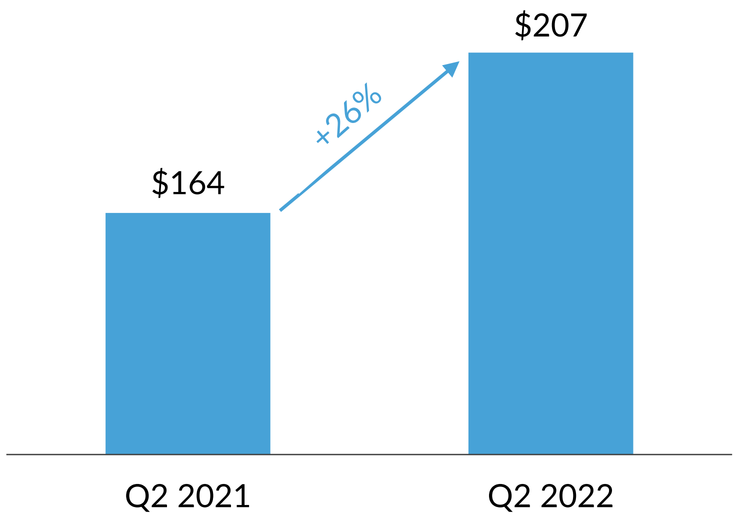
President & Chief Executive Officer

STRONG Q2 PERFORMANCE

NET REVENUE
$ in millions



ADJUSTED EBITDA[1]
$ in millions



Continued momentum across all segments

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

SEGMENT HIGHLIGHTS

TOPGOLF

- 7.9% SVS growth in Q2[1]
- Opened 2 new owned and operated venues in Q2
- Record Toptracer bay installation in the quarter of 2,065 bays

GOLF EQUIPMENT

#1 PUTTER IN GOLF.

- Continued strong demand
- #1 hard goods brand in US[2]
- Record ~21% US golf ball share[2]
- Expect segment net sales to be up 12% or more in FY22 vs. FY21

ACTIVE LIFESTYLE

- On track to deliver approximately $1B in net sales in FY22
- TravisMathew delivers double digit growth across all channels
- Jack Wolfskin making progress despite macro headwinds
- Market share and revenue increases in golf glove and bag

1. Same venue sales (SVS) represents 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. SVS growth is compared to the same period in 2019.
2. Source: Golf Datatech. Hard goods US market share and US golf ball share represent year to date data through June 2022.

UNIQUE AND COMPELLING INVESTMENT OPPORTUNITY

Proven
Demonstrated Results Across All Segments

Scaled
Unmatched Global Reach in Modern Golf

Diversified
Growth Not Determined by Any One Segment

Protected
High Barriers to Entry Create Deep Moats

Growth-Oriented
Positioned for Sustainable Growth

WELL POSITIONED TO POSITIVELY WORK THROUGH THE CURRENT MACRO-ECONOMIC CLIMATE

RAISING GUIDANCE ON CONTINUED STRENGTH ACROSS OUR BUSINESS

FINANCIALS & OUTLOOK

Brian Lynch

Chief Financial Officer & Chief Legal Officer

Q2 2022 FINANCIAL RESULTS

($ in millions, except per share data)

GAAP RESULTS

	Q2 2022	Q2 2021	Change
Net Revenues	$1,115.7	$913.6	$202.1
Income from Operations	$129.0	$107.3	$21.7
Other (Expense)/Income, net	($20.7)	($31.4)	$10.7
Income Before Income Taxes	$108.3	$75.9	$32.4
Net Income	$105.4	$91.7	$13.7
Earnings per Share – Diluted	$0.53	$0.47	$0.06

NON-GAAP RESULTS[1]

	Q2 2022	Q2 2021	Change
Net Revenues	$1,115.7	$913.6	$202.1
Income from Operations	$135.1	$118.0	$17.1
Other (Expense)/Income, net	($19.5)	($27.0)	$7.5
Income Before Income Taxes	$115.6	$91.0	$24.6
Net Income	$93.5	$70.5	$23.0
Earnings per Share – Diluted	$0.47	$0.36	$0.11
Adjusted EBITDA	$207.3	$164.5	$42.8

1. See Appendix for reconciliations of non-GAAP measures to the most directly comparable GAAP measure.

FIRST HALF 2022 FINANCIAL RESULTS

($ in millions, except per share data)

GAAP RESULTS[1]

	H1 2022	H1 2021	Change
Net Revenues	$2,155.9	$1,565.2	$590.7
Income from Operations	$223.3	$183.4	$39.9
Other (Expense)/Income, net	($44.0)	$212.7	($256.7)
Income Before Income Taxes	$179.3	$396.1	($216.8)
Net Income	$192.1	$364.2	($172.1)
Earnings per Share – Diluted	$0.97	$2.28	($1.31)

NON-GAAP RESULTS[1,2]

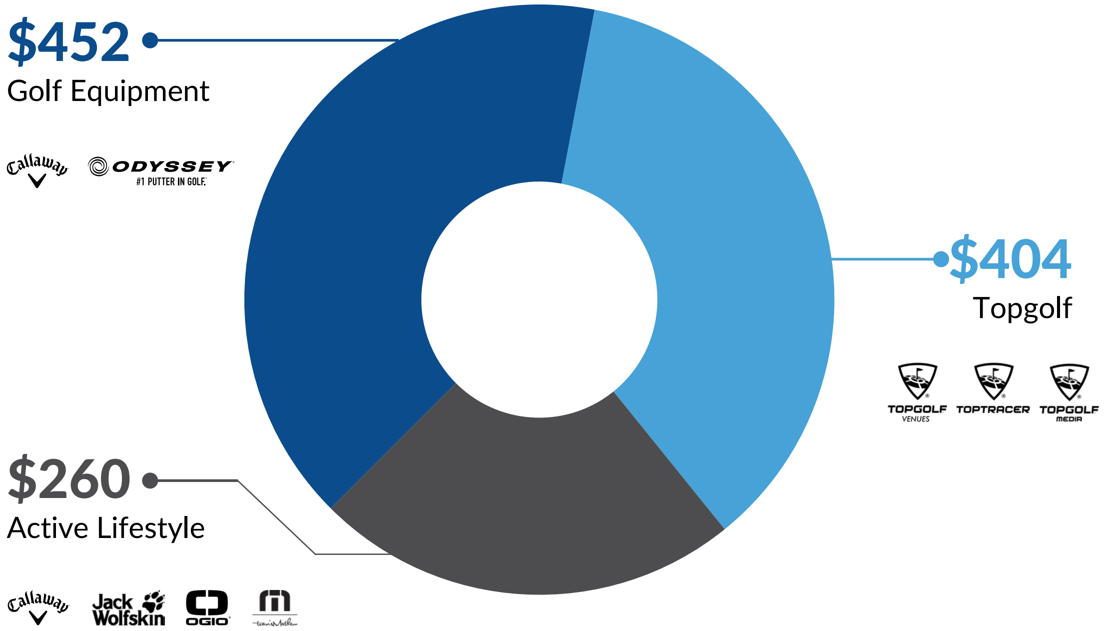
	H1 2022	H1 2021	Change
Net Revenues	$2,155.9	$1,565.2	$590.7
Income from Operations	$241.1	$214.6	$26.5
Other (Expense)/Income, net	($41.6)	($32.5)	($9.1)
Income Before Income Taxes	$199.5	$182.1	$17.4
Net Income	$164.4	$147.1	$17.3
Earnings per Share – Diluted	$0.84	$0.92	($0.08)
Adjusted EBITDA	$377.1	$292.3	$84.8

1. Due to the close of the merger with Topgolf on March 8, 2021, Callaway's reported financial results for first quarter 2021 only include approximately one month of Topgolf's results and therefore do not include January and February results, which were in the aggregate $142.9 million in revenue, a loss before income taxes of $27.8 million and $2.3 million in Adjusted EBITDA.
2. See Appendix for reconciliations of non-GAAP measures to the most directly comparable GAAP measure.

Q2 2022 SEGMENT RESULTS

Q2 2022 REVENUE BY SEGMENT

($ in millions)



KEY PERFORMANCE DRIVERS

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

Topgolf results driven by strong social and corporate events

All four Active Lifestyle brands up double digits in the quarter

TOPGOLF DETAILED FINANCIAL DISCLOSURE – Q2

($ in millions)	Q2 2022	Q2 2021
Net Revenue	$404	$325
Segment Income from Operations[1]	$44	$24
Depreciation & Amortization[2]	$32	$27
Non-cash Rent	$7	$2
Non-cash stock compensation expense	$4	$4
Adjusted Segment EBITDA[3]	$86	$57
Capital Expenditures[4]	$62	$53
Venue Financing Liability[5]	$670	$266
Venue Financing Liability Interest[6]	$13	$6

1. Segment income from operations does not include interest expense or tax expense.
2. Depreciation & Amortization excludes purchase price amortization and fair-value write-up of PP&E related to any of the acquisitions or the Topgolf merger.
3. Adjusted Segment EBITDA is a non-GAAP measure calculated as segment income from operations plus depreciation & amortization, non-cash rent and non-cash compensation expense. See the Regulation G disclaimers on page 2 of this presentation and the Appendix for a reconciliation to GAAP.
4. Capital expenditures are net of expected REIT reimbursement.
5. Venue Financing Liability combines Venue Finance Lease Obligations and Deemed Landlord Financing, which were $164.7 million and $505.4 million, respectively, as of June 30, 2022.
6. Represents interest expense on Venue Financing Liabilities

KEY BALANCE SHEET METRICS

($ in millions)

	As of June 30, 2022	As of June 30, 2021
Available Liquidity[1]	$640	$877
Net Debt[2]	$1,696	$1,052
Net Debt (Excluding Convertible Notes)[3]	$1,437	$794
Leverage Ratio[4]	3.2x	2.9x
Pro Forma Leverage Ratio[5]	2.7x	2.2x

	1H 2022	1H 2021 (Reported)[6]	1H 2021 (Pro Forma)[6]
Capital Expenditures[7]	$154	$96	$108
Depreciation & Amortization[8]	$80	$53	$71

1. Available Liquidity is defined as cash on hand plus availability under credit facilities.
2. Net Debt is calculated as debt, including Deemed Landlord Financing related to the Topgolf venues, less unrestricted cash.
3. Beginning January 1, 2022, the Company's fully diluted share count assumes the conversion of the Company's $258.8 million 2.75% Convertible Notes, increasing the share count to approximately 201 million shares as of June 30, 2022. If using this fully diluted share count to calculate the Company's enterprise value, the corresponding total net debt figure should also exclude the convertible notes.
4. Net debt leverage ratio is a non-GAAP measure, which is calculated as debt, including Deemed Landlord Financing related to the Topgolf venues, less unrestricted cash, divided by the Company's trailing twelve-month Adjusted EBITDA. See the Regulation G disclaimers on page 2 of this presentation and the Appendix for a reconciliation to GAAP.
5. Pro Forma leverage ratio is a non-GAAP measure, which is calculated as debt, including Deemed Landlord Financing related to the Topgolf venues, less unrestricted cash and convertible notes, divided by the Company's trailing twelve-month Adjusted EBITDA. See the Regulation G disclaimers on page 2 of this presentation and the Appendix for a reconciliation to GAAP.
6. Due to the close of the merger with Topgolf on March 8, 2021, Callaway's reported first quarter financial results only include one month of Topgolf's results in 2021. The pro forma first quarter 2021 results detailed on this slide include Topgolf's financials for January and February.
7. Capital expenditures are net of proceeds from lease financing of $88.9M for the six months ended June 30, 2022 and $24.8M for the six months ended June 30, 2021
8. Depreciation & Amortization excludes purchase price amortization and fair-value write-up of PP&E related to any acquisitions or the Topgolf merger. Amounts excluded were $11.5M for the six months ended June 30, 2022 and $11.0M for the six months ended June 30, 2021.

2022 OUTLOOK

FULL YEAR 2022

($ in millions)	Current FY 2022 Guidance	Previous FY 2022 Guidance	FY 2021 Reported Results[1]	FY 2021 Pro Forma Results[1]
Net Revenue	$3,945 - $3,970	$3,935 - $3,970	$3,133	$3,276
Adjusted EBITDA[2]	$555 - $565	$535 - $555	$445	$448
Adjusted EBITDA Margin[2,3]	14.1%	13.8%	14.2%	13.7%

Full Year Guidance Assumptions

- FY2022 Adjusted EBITDA guidance increasing by $15 million at the midpoint compared to previous guidance.
- Topgolf expected to generate approximately $1.56 billion in net revenue and $235 - $245 million in Adjusted EBITDA, with same venue sales up mid-to-high single digits for the full year compared to 2019
- Golf Equipment up 12% or more year-over-year
- Active Lifestyle reaching approximately $1 billion in net revenue
- Negative foreign currency impact of approximately $129 million on revenue
- Shares outstanding of approximately 204.2 million shares[4]
- Non-GAAP Depreciation and Amortization expense[5] of approximately $167 million
- Capital Expenditures of $325 million, net of REIT reimbursements (includes ~$250 million from Topgolf)

SECOND HALF 2022

($ in millions)	2H 2022 Guidance	2H 2021 Reported Results
Net Revenue	$1,790 - $1,815	$1,568
Adjusted EBITDA[2]	$178 - $188	$153
Adjusted EBITDA Margin[2,3]	10.2%	9.8%

Second Half 2022 Guidance Assumptions

- Revenue estimate assumes all segments continue to outperform 2021
- The Company currently estimates that its second half 2022 Adjusted EBITDA will increase approximately 20% at the midpoint of guidance to $178 - $188 million versus $153 million in the second half of 2021

Third Quarter 2022 Guidance Assumptions

- Revenue estimate of $940 - $955 million assumes Golf Equipment down mid-single digits from 2021 due to launch timing
- Adjusted EBITDA estimate of $122-132M, down from $139 million in Q3'21, driven by foreign currency rate impacts and lower Golf Equipment revenue, which is driven by launch timing

1. Due to the close of the merger with Topgolf on March 8, 2021, Callaway's reported full year financial results only include 10 months of Topgolf's results in 2021. Pro forma results include Topgolf's results for the full year.
2. See Appendix for Adjusted EBITDA reconciliations.
3. Estimated Adjusted EBITDA margin is based off the mid-point of the guidance range.
4. See Appendix for share count assumptions and suggestions to account for Callaway's convertible notes and capped call.
5. Non-GAAP Depreciation & Amortization expense excludes purchase price amortization and fair-value write-up of PP&E related to any acquisitions or the Topgolf merger

APPENDIX

SHARE COUNT ASSUMPTIONS

As-Converted EPS Calculation

Adjusted Net Income (for EPS calculations only)
- Add ~$1.6M per quarter of after-tax convertible debt interest expense

Diluted share count 2022 projection of 204.2M shares
- Includes 14.7M of shares related to convertible notes

Capped call protects 3-5M shares depending on share price
- Included above upon conversion

~200M diluted shares, taking into account the capped call

For valuation purposes, if using ~200M for your share count, the $259M debt related to convertible notes should be excluded from the total net debt calculation

CAPITAL ALLOCATION STRATEGY

CAPITAL ALLOCATION PRIORITIES

Reinvest in the business to unlock high ROI embedded growth
Ability to invest in high return Topgolf venues and TravisMathew stores

Maintain healthy balance sheet by prudently managing leverage
2025 target of less than 3.0x Net Leverage

Opportunistically explore investments in complementary areas
Strong liquidity position provides flexibility

Return capital to shareholders through buybacks
Purchased $50M in stock over the past year

2022 TOPGOLF KEY METRICS OUTLOOK

($ in millions)	2022 Guidance	FY 2021 Reported Results[1] (10 months)	FY 2021 Pro Forma Results[1] (12 months)
Net Revenue	$1,560	$1,088	$1,231
Segment Adjusted EBITDA[2]	$235 -$245	$177	$179
Depreciation & Amortization[3]	$120	$93	$111
Capital Expenditures[4]	~$250	$173	$185
Venue Financing Liability[5]	~$1,000	$593	$593
Venue Financing Interest	~$60	$33	$35

OUTLOOK ASSUMPTIONS

Open 11 new Topgolf domestic venues in 2022, with 6 expected to open in the fourth quarter 2022

Install 8,000+ Toptracer range bays

Same venue sales expected to be up mid-to-high single digits for full year 2022 compared to 2019

Capital expenditures are higher than normal due primarily to the timing of REIT reimbursements for 2022 venues and catch-up on deferred items

1. Due to the close of the merger with Topgolf on March 8, 2021, Callaway's reported full year financial results only include 10 months of Topgolf's results in 2021. The pro forma YTD results detailed on this slide include Topgolf's financials for January and February 2021.
2. Segment Adjusted EBITDA is a non-GAAP measure calculated as segment income from operations plus depreciation & amortization, non-cash rent and non-cash compensation expense. See the Regulation G disclaimers on page 2 of this presentation and the Appendix for a reconciliation to GAAP.
3. Depreciation & Amortization excludes purchase price amortization and write-up of PP&E related to any acquisitions or the Topgolf merger.
4. Capital expenditures are net of expected REIT reimbursement.
5. Venue Financing Liability combines Venue Finance Lease Obligations and Deemed Landlord Financing, which are expected to be $275 million and $725 million, respectively, at December 31, 2022. As of December 31, 2021, Venue Finance Lease Obligations and Deemed Landlord Financing were $134 million and $462 million, respectively.

Q2 SEGMENT OPERATING INCOME

Supplemental Financial Information
($ in millions)
(Unaudited)

	Reported Results for the Three Months Ended June 30,			Reported Results for the Six Months Ended June 30,		
	2022	2021	Change	2022	2021[1]	Change
Topgolf	$ 44.2	$ 24.2	$ 20.0	$ 50.7	$ 28.2	$ 22.5
% of segment revenue	10.9 %	7.4 %	350 bps	7.0 %	6.7 %	30 bps
Golf Equipment	100.3	98.1	2.2	201.1	183.0	18.1
% of segment revenue	22.2 %	24.4 %	(220) bps	21.9 %	23.5 %	(160) bps
Active Lifestyle	22.5	15.7	6.8	49.2	36.2	13.0
% of segment revenue	8.7 %	8.4 %	30 bps	9.6 %	9.8 %	(20) bps
Total segment operating income	$ 167.0	$ 138.0	$ 29.0	$ 301.0	$ 247.4	$ 53.6
% of segment revenue	15.0 %	15.1 %	(10) bps	14.0 %	15.8 %	(180) bps

[1] Due to the closing of the merger with Topgolf on March 8, 2021, the Company's results of operations in the first half of 2021 do not include Topgolf's results for January and February, which in the aggregate totaled $142.9 million in net revenues and a segment operating loss of $18.1 million. Pro forma results including the January and February 2021 revenues and segment operating loss would result in a year-over-year increase of 60bps for the six months Topgolf total segment operating income as a percent of segment revenue.

NON-GAAP RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	Three Months Ended June 30,										
	2022					2021					
	GAAP	Non-Cash Amortization and Depreciation[1]	Non-Recurring Items and Impairment Charges[2]	Tax Valuation Allowance[3]	Non-GAAP	GAAP	Non-Cash Amortization, Depreciation [1]	Non-Cash Amortization of Discount on Convertible Notes[4]	Acquisition & Other Non-Recurring Items[5]	Tax Valuation Allowance[3]	Non-GAAP
Net revenues	$ 1,115.7	$ —	$ —	$ —	$ 1,115.7	$ 913.6	$ —	$ —	$ —	$ —	$ 913.6
Total costs and expenses	986.7	6.7	(0.6)	—	980.6	806.3	7.4	—	3.3	—	795.6
Income/(loss) from operations	129.0	(6.7)	0.6	—	135.1	107.3	(7.4)	—	(3.3)	—	118.0
Other (expense)/income, net	(20.7)	(0.9)	(0.3)	—	(19.5)	(31.4)	(1.5)	(2.6)	(0.3)	—	(27.0)
Income/(loss) before income taxes	108.3	(7.6)	0.3	—	115.6	75.9	(8.9)	(2.6)	(3.6)	—	91.0
Income tax (benefit)/provision	2.9	(1.8)	(0.5)	(16.9)	22.1	(15.8)	(2.1)	(0.6)	(0.9)	(32.7)	20.5
Net income/(loss)	$ 105.4	$ (5.8)	$ 0.8	$ 16.9	$ 93.5	$ 91.7	$ (6.8)	$ (2.0)	$ (2.7)	$ 32.7	$ 70.5
Earnings per share - diluted[6]	$ 0.53	$ (0.03)	$ 0.01	$ 0.08	$ 0.47	$ 0.47	$ (0.03)	$ (0.01)	$ (0.02)	$ 0.17	$ 0.36
Weighted-average shares outstanding - diluted	200.6	200.6	200.6	200.6	200.6	194.3	194.3	194.3	194.3	194.3	194.3

(1) Includes non-cash amortization expense of acquired intangible assets, depreciation expense related to the fair value step-up of PP&E in connection with the merger with Topgolf, as well as depreciation and amortization expense of the fair value adjustments on certain assets acquired and liabilities assumed in connection with the merger with Topgolf.
(2) Includes IT integration and implementation costs at Topgolf and Callaway and charges related to the suspension of the Jack Wolfskin retail business in Russia due to the Russia-Ukraine War.
(3) During the first quarter of 2021, the Company recognized a valuation allowance against certain deferred tax assets as the result of the merger with Topgolf. The Company completed an assessment of these deferred taxes and released a portion of the valuation allowance for the three months ended June 30, 2022 and 2021.
(4) Includes non-cash interest expense related to the debt discount amortization of the convertible notes issued in May 2020. In connection with the adoption of ASC 2020-06, as of January 1, 2022, the Company no longer recognizes the discount associated with the convertible notes, and as such, will no longer recognize amortization expense in future periods.
(5) Includes transaction and transition costs related to the merger with Topgolf and IT implementation expenses at Jack Wolfskin and Topgolf.
(6) In connection with the adoption of ASU 2020-06 in January 2022, the Company excluded $1.6 million of interest expense from net income related to its convertible notes for the purposes of calculating diluted EPS.

NON-GAAP RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	Six months ended June 30,										
	2022					2021					
	GAAP	Non-Cash Amortization and Depreciation(1)	Non-Recurring Items and Impairment Charges(2)	Tax Valuation Allowance(3)	Non-GAAP	GAAP	Non-Cash Amortization, Depreciation (1)	Non-Cash Amortization of Discount on Convertible Notes(4)	Acquisition & Other Non-Recurring Items(5)	Tax Valuation Allowance(3)	Non-GAAP
Net revenues	$ 2,155.9	$ —	$ —	$ —	$ 2,155.9	$ 1,565.2	$ —	$ —	$ —	$ —	$ 1,565.2
Total costs and expenses	1,932.6	11.5	6.3	—	1,914.8	1,381.8	11.0	—	20.2	—	1,350.6
Income/(loss) from operations	223.3	(11.5)	(6.3)	—	241.1	183.4	(11.0)	—	(20.2)	—	214.6
Other (expense)/income, net	(44.0)	(1.8)	(0.6)	—	(41.6)	212.7	(1.8)	(5.1)	252.1	—	(32.5)
Income/(loss) before income taxes	179.3	(13.3)	(6.9)	—	199.5	396.1	(12.8)	(5.1)	231.9	—	182.1
Income tax (benefit)/provision	(12.8)	(3.2)	(1.3)	(43.4)	35.1	31.9	(3.1)	(1.2)	(5.0)	6.2	35.0
Net income/(loss)	$ 192.1	$ (10.1)	$ (5.6)	$ 43.4	$ 164.4	$ 364.2	$ (9.7)	$ (3.9)	$ 236.9	$ (6.2)	$ 147.1
Earnings per share - diluted(6)	$ 0.97	$ (0.05)	$ (0.03)	$ 0.21	$ 0.84	$ 2.28	$ (0.06)	$ (0.02)	$ 1.48	$ (0.04)	$ 0.92
Weighted-average shares outstanding - diluted	200.7	200.7	200.7	200.7	200.7	159.6	159.6	159.6	159.6	159.6	159.6

(1) Includes non-cash amortization expense of acquired intangible assets, in addition to depreciation and amortization expense of the fair value adjustments on certain assets acquired and liabilities assumed in connection with the merger with Topgolf.
(2) Includes IT integration and implementation costs at Topgolf, legal and credit agency fees related to a postponed debt refinancing, and charges related to the suspension of the Jack Wolfskin retail business in Russia due to the Russia-Ukraine War.
(3) During the first quarter of 2021, the Company recognized a valuation allowance against certain deferred tax assets as the result of the merger with Topgolf. The Company completed an assessment of these deferred taxes and released a portion of the valuation allowance for the six months ended June 30, 2022 and 2021.
(4) Includes non-cash interest expense related to the debt discount amortization of the convertible notes issued in May 2020. In connection with the adoption of ASC 2020-06, as of January 1, 2022, the Company derecognized the discount associated with the convertible notes, and as such, will no longer recognize amortization expense in future periods.
(5) 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.
(6) In connection with the adoption of ASU 2020-06 in January 2022, the Company excluded $3.2 million of interest expense from net income related to its convertible notes for the purposes of calculating diluted EPS.

ADJUSTED EBITDA RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	2022 Trailing Twelve Month Adjusted EBITDA					2021 Trailing Twelve Month Adjusted EBITDA				
	Quarter Ended					Quarter Ended				
	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	Total	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	Total
Net income (loss)	$ (16.0)	$ (26.2)	$ 86.7	$ 105.4	$ 149.9	$ 52.4	$ (40.6)	$ 272.5	$ 91.7	$ 376.0
Interest expense, net	28.7	40.5	31.4	32.5	133.1	12.7	12.9	17.5	28.9	72.0
Income tax provision (benefit)	66.2	(69.4)	(15.7)	2.9	(16.0)	5.4	(7.1)	47.7	(15.8)	30.2
Depreciation and amortization expense	44.4	47.9	42.5	48.9	183.7	10.3	10.8	20.3	43.3	84.7
Non-cash stock compensation and stock warrant expense, net	10.8	12.0	14.5	11.6	48.9	3.3	2.9	4.6	11.0	21.8
Non-cash lease amortization expense	2.8	7.7	3.5	6.6	20.6	(0.1)	—	0.8	2.1	2.8
Acquisitions & other non-recurring costs, before taxes[1]	1.9	1.8	6.9	(0.6)	10.0	4.4	8.6	(235.6)	3.3	(219.3)
Adjusted EBITDA	$ 138.8	$ 14.3	$ 169.8	$ 207.3	$ 530.2	$ 88.4	$ (12.5)	$ 127.8	$ 164.5	$ 368.2

[1] In 2022, amounts include charges of $1.4 million associated with the suspension of the Jack Wolfskin retail operations in Russia due to the Russia-Ukraine war, $2.0 million in costs associated with the implementation of new IT systems for Topgolf, and $2.9 million legal costs and credit agency fees related to a postponed debt refinancing. In 2021, amounts include the recognition of a $252.5 million gain on the Company's pre-merger investment in Topgolf, as well as $18.6 million in transaction, transition, and other non-recurring costs associated with the merger with Topgolf, and $1.5 million in expenses related to the implementation of new IT systems for Jack Wolfskin. In 2020, amounts include transaction costs of $8.5 million related to the merger with Topgolf, $1.7 million related to the Company's transition to its new North America Distribution Center, and $1.1 million in IT implementation costs for Jack Wolfskin.

TOPGOLF ADJUSTED EBITDA RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Twelve Months Ended December 31, 2021
Segment operating income[1]:	$ 44.2	$ 24.2	$ 58.2
Depreciation and amortization expense	32.0	27.1	93.1
Non-cash stock compensation expense	4.5	4.2	13.8
Non-cash lease amortization expense	6.6	2.1	12
Foreign Currency	(1.0)	(0.5)	-
Adjusted segment EBITDA	86.3	57.1	$ 177.1
Topgolf pre-merger EBITDA contribution for Jan. and Feb. 2021[2]			2.3
Pro Forma segment adjusted EBITDA			$ 179.4

[1] The Company does not calculate GAAP net income at the operating segment level, but has provided Topgolf's segment income from operations as a relevant measurement of profitability. Segment income from operations does not include interest expense and taxes as well as other non-cash and non-recurring items. Segment operating income is reconciled to the Company's consolidated pre-tax income in the Consolidated Net Revenues and Operating Segment Information included in this presentation.

[2] Amount reflects Topgolf's Adjusted EBITDA contribution for January and February 2021.

LEVERAGE RATIO

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	June 30, 2022	June 30, 2021
Total debt	$ 1,203.0	$ 1,201.1
Add: Deemed landlord financing obligations	505.4	263.7
Add: Finance lease obligations[1]	165.6	2.8
Less: Unrestricted cash	(178.3)	(415.2)
Net debt	1,695.7	1,052.4
Trailing twelve month Adjusted EBITDA[2]	$ 530.2	$ 368.2
Leverage ratio	3.2x	2.9x
Net debt	1,695.7	1,052.4
Less: Convertible notes	(258.8)	(258.8)
Net debt excluding convertible notes	1,436.9	793.6
Trailing twelve month Adjusted EBITDA[2]	$ 530.2	$ 368.2
Pro Forma leverage ratio	2.7x	2.2x

[1] Includes $164.7 million of Venue Finance Lease Obligations

[2] See slide 21 of this presentation for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure (net income).

ADJUSTED EBITDA MARGIN RECONCILIATION

Non-GAAP Reconciliation and Supplemental Financial Information
($ in millions)
(Unaudited)

	Full Year 2021	2H 2021
Adjusted EBITDA[1]	$ 445.4	$ 153.1
Topgolf pre-merger Adjusted EBITDA[2]	2.3	-
Pro forma Adjusted EBITDA	447.7	153.1
Net revenues	3,133.4	1,568.2
Topgolf pre-merger net revenues[2]	142.9	-
Pro forma net revenue	3,276.3	1,568.2
Adjusted EBITDA margin	14.2%	9.8%
Pro forma Adjusted EBITDA margin	13.7%	9.8%

(1) See slide 21 of this presentation for a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure (net income).

(2) Due to the close of the Topgolf merger on March 8, 2021, Callaway's reported full year financial results for 2021 only include approximately ten months of Topgolf's results and therefore do not include January and February results, which were in the aggregate $142.9 million in revenue and $2.3 million in Adjusted EBITDA and are included in the pro forma results above.