Callaway Golf Company

First Quarter 2022
Earnings Conference Call

May 10, 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 and Segment Adjusted EBITDA), 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, post-pandemic consumer trends and behavior, future industry and market conditions, the benefits of the Topgolf merger, capital allocation priorities, 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, 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 May 10, 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 information provided in this presentation, reconciliation of such forward-looking Adjusted EBITDA to the most closely comparable GAAP financial measure (net income) 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 net income in the future but would not impact Adjusted EBITDA. 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. The Company currently expects to continue to exclude these items in future disclosures of 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 net income.

BUSINESS OVERVIEW

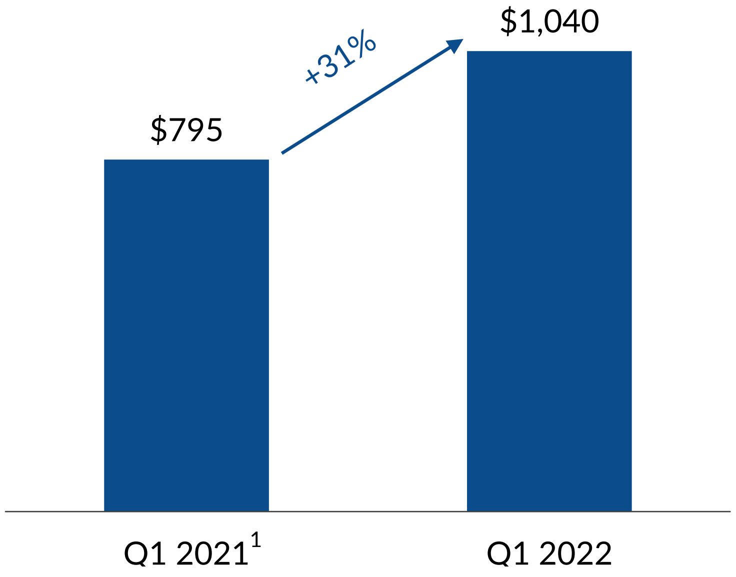
Chip Brewer

President & Chief Executive Officer

STRONG Q1 PERFORMANCE

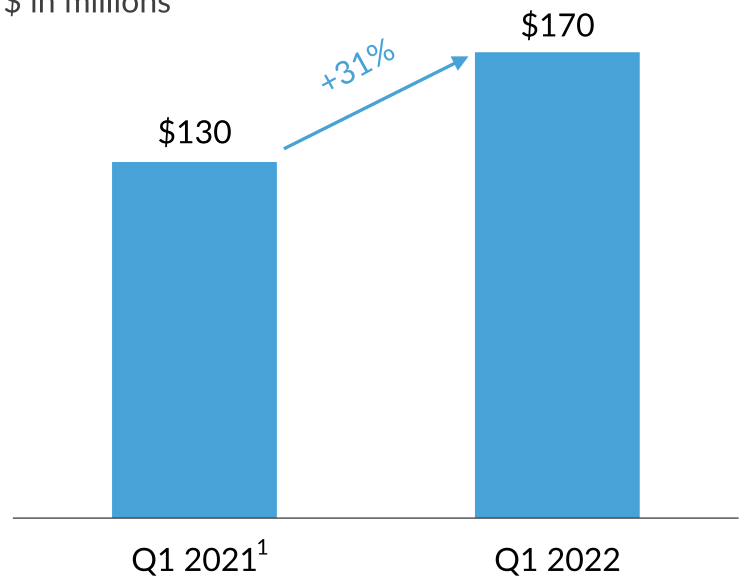
NET REVENUE

$ in millions



ADJUSTED EBITDA[2]

$ in millions



Continued momentum and broad-based strength across all segments

1. Due to the timing of the Topgolf merger on March 8, 2021, Callaway's reported first quarter financial results for 2021 only include approximately one month of Topgolf 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. The charts presented above reflect pro forma results, which include results for the full three-month period.
2. 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

TOPGOLF VENUES | TOPTRACER | TOPGOLF MEDIA

- 2.3% SVS growth in Q1[1]
- Opened 1 new owned and operated venue and 1 new franchise venue in Q1
- Increasing FY22 SVS growth outlook to mid-to-high single digits[1]

GOLF EQUIPMENT

Callaway | ODYSSEY #1 PUTTER IN GOLF.

- Continued strong demand
- #1 hard goods brand in US[2]
- Record 22% US golf ball share[2]
- Expect segment to be up 10% in FY22 vs. FY21

APPAREL, GEAR & OTHER

TravisMathew | Jack Wolfskin | Callaway | OGIO

- Market share and revenue increases in golf glove and bag
- TravisMathew own retail comp store sale ~50% in Q1
- TravisMathew launched first dedicated women's apparel line
- Jack Wolfskin making progress despite macro headwinds

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 represents quarterly data for Q1 2022. Golf ball market share represents monthly data for March 2022.
3. Comparable store sales is a comparison of net sales to the same period of prior year for the comparable store base. A comparable TravisMathew store includes only those stores open for 12 months or longer.

INTRODUCING TRAVISMATHEW WOMEN'S

Launched **first-ever women's apparel collection** on May 3, 2022

Looking to expand to a full fashion line in the fall of 2022, with **more to come in 2023**

UNIQUE AND COMPELLING INVESTMENT OPPORTUNITY

Proven	Scaled	Diversified	Protected	Growth-Oriented
Demonstrated Results Across All Segments	Unmatched Global Reach in Modern Golf	Growth Not Determined by Any One Segment	High Barriers to Entry Create Deep Moats	Positioned for Sustainable Growth

FINANCIALS & OUTLOOK

Brian Lynch

Chief Financial Officer & Chief Legal Officer

Q1 2022 FINANCIAL RESULTS

($ in millions, except per share data)

GAAP RESULTS[1]

	Q1 2022	Q1 2021	Change
Net Revenues	$1,040.2	$651.6	$388.6
Income from Operations	$94.3	$76.1	$18.2
Other (Expense)/Income, net	($23.3)	$244.1	($267.4)
Income Before Income Taxes	$71.0	$320.2	($249.2)
Net Income	$86.7	$272.5	($185.8)
Earnings per Share – Diluted	$0.44	$2.19	($1.75)

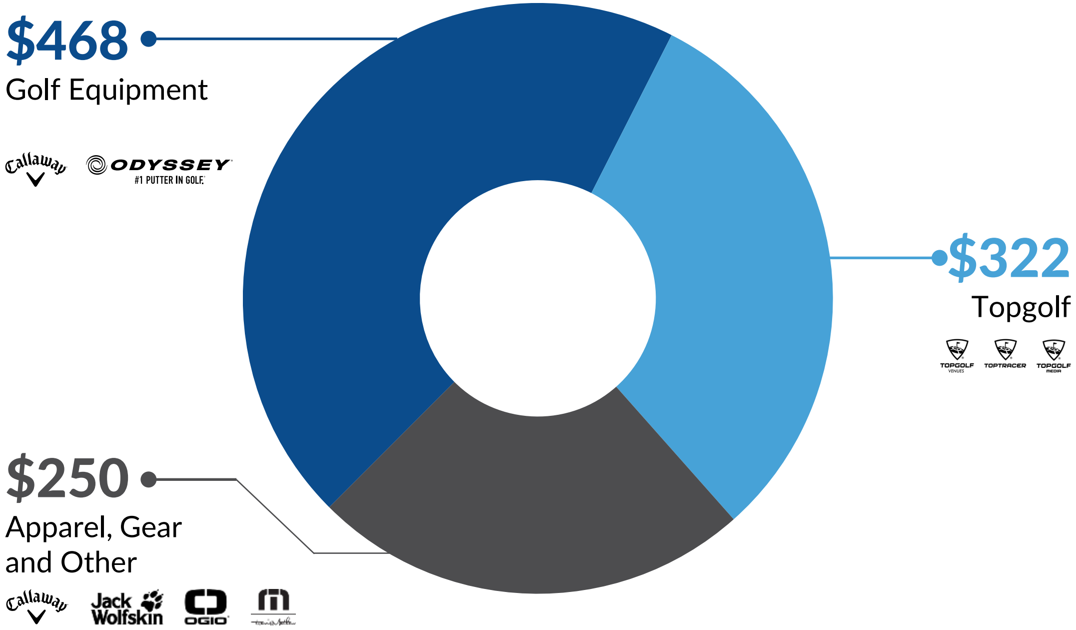
NON-GAAP RESULTS[1,2]

	Q1 2022	Q1 2021	Change
Net Revenues	$1,040.2	$651.6	$388.6
Income from Operations	$106.0	$96.5	$9.5
Other (Expense)/Income, net	($22.1)	($5.5)	($16.6)
Income Before Income Taxes	$83.9	$91.0	($7.1)
Net Income	$70.9	$76.6	($5.7)
Earnings per Share – Diluted	$0.36	$0.62	($0.26)
Adjusted EBITDA	$169.8	$127.8	$42.0

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

Q1 2022 SEGMENT RESULTS

Q1 2022 REVENUE BY SEGMENT



KEY PERFORMANCE DRIVERS

- Golf Equipment revenue growth driven by continued high demand and improved supply
- Topgolf results driven by healthy walk-in traffic and increased event bookings, as events recovered to above 2019 levels
- Apparel sales increased 45%, primarily driven by TravisMathew and Callaway brands, while Gear and Other grew 29%

TOGOLF DETAILED FINANCIAL DISCLOSURE

	Q1 2022	Q1 2021 Reported[1] (1 month)	Q1 2021 Pro Forma[1] (3 months)
Net Revenue	$322	$93	$236
Segment Income from Operations[2]	$7	$4	($14)
Depreciation & Amortization[3]	$28	$9	$27
Non-cash Rent	$3	$1	$1
Non-cash Compensation Expense	$4	$1	$3
Segment Adjusted EBITDA[4]	$42	$15	$17
Capital Expenditures[5]	$58	$13	$25
Venue Financing Liability[6]	$627		

1. Due to the timing of the Topgolf acquisition on March 8, 2021, Callaway's reported first quarter 2021 financial results only include one month of Topgolf results. The pro forma first quarter 2021 results detailed on this slide include Topgolf financials for January and February.
2. Segment income from operations does not include interest expense or tax expense.
3. Depreciation & Amortization excludes purchase price amortization and fair-value write-up of PP&E related to any of the acquisitions or the Topgolf merger.
4. 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.
5. Capital expenditures are net of expected REIT reimbursement.
6. Venue Financing Liability combines Venue Finance Lease Obligations and Deemed Landlord Financing, which were $162 million and $465 million, respectively, as of March 31, 2022.

Callaway

KEY BALANCE SHEET METRICS

($ in millions)

	As of March 31, 2022	As of March 31, 2021
Available Liquidity[1]	$576	$713
Net Debt[2]	$1,710	$1,167
Net Debt (Excluding Convertible Notes)[3]	$1,451	$908
Leverage Ratio[4]	3.5x	5.0x

	Q1 2022	Q1 2021 (Reported)[5]	Q1 2021 (Pro Forma)[5]
Capital Expenditures[6]	$74	$26	$38
Depreciation & Amortization[7]	$38	$17	$35

1. Available Liquidity defined as cash on hand + 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 on January 1, 2022, the Company's fully diluted share count assumes the conversion of the Company's $259 million of 2.75% Convertible Notes, increasing the share count to approximately 201 million shares as of March 31, 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 note.
4. Net debt leverage ratio 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.
5. Due to the timing of the Topgolf merger on March 8, 2021, Callaway's reported first quarter financial results only include 1 month of Topgolf results in 2021. The pro forma first quarter 2021 results detailed on this slide include Topgolf financials for January and February.
6. Capital expenditures are net of proceeds from lease financing.
7. Depreciation & Amortization excludes purchase price amortization and fair-value write-up of PP&E related to any acquisitions or the Topgolf merger.

Callaway

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 2 quarters

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	$3,935 - $3,970	$3,780 – $3,820	$3,133	$3,276
Adjusted EBITDA[2]	$535 - $555	$490 - $515	$445	$448
Adjusted EBITDA Margin[2,3]	13.8%	13.2%	14.2%	13.7%

Full Year Guidance Assumptions

- FY2022 Adjusted EBITDA guidance increasing by $42.5 million at the midpoint compared to previous guidance. Excluding any impact of foreign currency changes, this represents a $49.5 million increase compared to prior guidance, and a $27.5 million increase for Q2-Q4 2022.
- Topgolf expected to generate $1.56 billion in net revenue and $225 - $240 million in Adjusted EBITDA, with same venue sales up mid-to-high single digits for the full year compared to 2019
- Golf Equipment up 10% year-over-year
- Apparel, Gear and Other reaching approximately $1 billion in net revenue
- Negative foreign currency impact of approximately $115 million on revenue
- Shares outstanding of approximately 204.2 million shares[4]
- Non-GAAP Depreciation and Amortization expense of approximately $170 million
- Capital Expenditures of $315 million, net of REIT reimbursements (includes ~$230 million from Topgolf)

SECOND QUARTER 2022

($ in millions)	Q2 2022 Guidance	Q2 2021 Reported Results
Net Revenue	$1,085 - $1,105	$914
Adjusted EBITDA[2]	$185 - $200	$164
Adjusted EBITDA Margin[2,3]	17.6%	17.9%

Second Quarter 2022 Guidance Assumptions

- Revenue estimate assumes all segments continue to outperform 2021
- Adjusted EBITDA estimate assumes profit margins continue to largely outrun any input, freight and foreign exchange pressures, as price, volume and continuing efficiencies continue to offset those pressures

1. Due to the timing of the Topgolf merger on March 8, 2021, Callaway's reported full year financial results only include 10 months of Topgolf results in 2021. Pro forma results include Topgolf results for the full year.
2. See Appendix for Adjusted EBITDA reconciliations.
3. 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.

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]	$225 -$240	$177	$179
Depreciation & Amortization[3]	$120	$93	$111
Capital Expenditures[4]	~$230	$173	$185
Venue Financing Liability[5]	~$1,000	$593	$593

OUTLOOK ASSUMPTIONS

Open 11 new Topgolf domestic venues in 2022, with 5 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 timing of the Topgolf merger on March 8, 2021, Callaway's reported full year financial results only include 10 months of Topgolf results in 2021. The pro forma YTD results detailed on this slide include Topgolf 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 $132 million and $461 million, respectively.

APPENDIX

SHARE COUNT ASSUMPTIONS

As-Converted EPS Calculation

Adjusted Net Income (for EPS calculations only)

- Add ~$1.6M of after-tax convertible debt interest expense

Diluted share count 2022 projection of 204.2M shares

- Includes 14.7M of shares related to convertible ntoes

Capped call protects 4-5M shares

- 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

NON-GAAP RECONCILIATION

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

	Three Months Ended March 31, 2022					Three Months Ended March 31, 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	$ 1,040.2	$ —	$ —	$ —	$ 1,040.2	$ 651.6	$ —	$ —	$ —	$ —	651.6
Total costs and expenses	945.9	4.8	6.9	—	934.2	575.5	3.5	—	16.9	—	555.1
Income/(loss) from operations	94.3	(4.8)	(6.9)	—	106.0	76.1	(3.5)	—	(16.9)	—	96.5
Other (expense)/income, net	(23.3)	(0.9)	(0.3)	—	(22.1)	244.1	(0.3)	(2.5)	252.4	—	(5.5)
Income/(loss) before income taxes	71.0	(5.7)	(7.2)	—	83.9	320.2	(3.8)	(2.5)	235.5	—	91.0
Income tax (benefit)/provision	(15.7)	(1.4)	(0.8)	(26.5)	13.0	47.7	(0.9)	(0.6)	(4.1)	38.9	14.4
Net income/(loss)	$ 86.7	$ (4.3)	$ (6.4)	$ 26.5	$ 70.9	$ 272.5	$ (2.9)	$ (1.9)	$ 239.6	$ (38.9)	$ 76.6
Earnings per share - diluted[6]	$ 0.44	$ (0.02)	$ (0.03)	$ 0.13	$ 0.36	$ 2.19	$ (0.02)	$ (0.02)	$ 1.92	$ (0.31)	$ 0.62
Weighted-average shares outstanding - diluted	200.8	200.8	200.8	200.8	200.8	124.6	124.6	124.6	124.6	124.6	124.6

(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 amortization expense related to fair market value adjustments for leases acquired and debt 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 $3.8 million in impairment losses to write-down the net assets of Jack Wolfskin Russia due to the suspension of operations resulting from the Russia-Ukraine war.

(3) Includes the recognition of a valuation allowance against certain deferred tax assets in the first quarter of 2021 as the result of the merger with Topgolf as well as the subsequent release of a portion of the valuation allowance upon the Company's completion of its assessment of these deferred taxes in the first quarter of 2022.

(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) Includes a $252.5 million gain to step-up the Company's pre-acquisition investment in Topgolf to its fair value, and $16.2 million in transaction and transition costs related to the merger with 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.

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				
	Three Months Ended					Three Months Ended				
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	Total	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	Total
Net income/(loss)	$ 91.7	$ (16.0)	$ (26.2)	$ 86.7	$ 136.2	$ (167.7)	$ 52.4	$ (40.6)	$ 272.5	$ 116.6
Interest expense, net	28.9	28.7	40.5	31.4	129.5	12.2	12.7	12.9	17.5	55.3
Income tax (benefit)/provision	(15.8)	66.2	(69.4)	(15.7)	(34.7)	(7.9)	5.4	(7.1)	47.7	38.1
Depreciation and amortization expense	43.3	44.4	47.9	42.5	178.1	9.4	10.3	10.8	20.3	50.8
JW goodwill and trade name impairment[(1)]	—	—	—	—	—	174.3	—	—	—	174.3
Non-cash stock compensation and stock warrant expense, net	11.0	10.8	12.0	14.5	48.3	2.9	3.3	2.9	4.6	13.7
Non-cash lease amortization expense	2.1	2.8	7.7	3.5	16.1	0.2	(0.1)	—	0.8	0.9
Acquisitions & other non-recurring costs, before taxes[(2)]	3.3	1.9	1.8	6.9	13.9	5.8	4.4	8.6	(235.6)	(216.8)
Adjusted EBITDA	$ 164.5	$ 138.8	$ 14.3	$ 169.8	$ 487.4	$ 29.2	$ 88.4	$ (12.5)	$ 127.8	$ 232.9

(1) Amounts include an impairment charge related to Jack Wolfskin.

(2) In 2022, amounts include $3.8 million in impairment losses to write-down the net assets of Jack Wolfskin Russia due to suspension of operations resulting from the Russia-Ukraine conflict, as well as costs associated with the implementation of new IT systems for Topgolf, and $2.7 million in legal 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 $21.2 million in transaction, transition, and other non-recurring costs associated with the merger with Topgolf, and $2.8 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, $2.8 million related to the Company's transition to its new North America Distribution Center, and $1.5 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 March 31, 2022	Three Months Ended March 31, 2021
Segment operating income[(1)]:	$ 6.5	$ 4.0
Depreciation and amortization expense	28.1	8.7
Non-cash stock compensation expense	3.7	0.9
Non-cash lease amortization expense	3.2	0.6
Foreign currency	—	0.5
Adjusted segment EBITDA	$ 41.5	$ 14.7
Topgolf pre-merger EBITDA contribution for Jan. and Feb. 2021	—	2.3
Pro forma segment adjusted EBITDA	41.5	17.0

(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 release.