Second Quarter 2021 Earnings Conference Call

August 9, 2021

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 International, Inc.'s ("Topgolf") 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, long term benefits from increased participation and interest in golf, creation of larger market for golf, the Company's ability to continue to capture the demand for golf equipment and apparel, gear and other segments, strength of embedded growth and creation of long term shareholder value, continued investments in the Company's business and undertaking of strategic growth initiatives, the Company's efforts to manage its operating costs and create efficiencies, the Company's ability to handle challenges in supply chain, logistics and labor and create synergies, impact from increased freight costs and inflationary pressures, the Company's brand momentum and strength of its products and services, the projected operating expenses, capital expenditures, liquidity, depreciation and amortization, one-time expenses and foreign currency hedging, the benefits of the merger with Topgolf, including the anticipated operations, financial position, liquidity, performance, strategies, prospects, plans (including new venue openings and Toptracer bay installations) 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, subject to the Safe Harbor provisions of 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 projected in the forward-looking statements as a result of certain risks and uncertainties applicable to the Company and its business. For details concerning these and other risks and uncertainties, you should consult the Company's earnings release issued on August 9, 2021, as well as Part I, Item 1A of the Company's most recent Annual Report on Form 10-K, and Part II, Item 1A of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, together with the Company's other reports subsequently filed with the SEC from time to time. 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. This information excludes 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.. 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 9, 2021 earnings release, which is available on the Investor Relations section of the Company's website located at http://ir.callawaygolf.com/.

Chip Brewer
President and CEO

Company & Strategic Overview

Q2 BUSINESS UPDATE

Achieved record results, exceeding expectations across all business segments and showing strong growth over 2019 pre-pandemic levels

	Q2 2021	Change vs. Q2 2020	Change vs. Q2 2019
Consolidated Revenue	**$914 million**	**+208%**	**+105%**
Golf Equipment	$401 million	+91%	+37%
Apparel, Gear & Other	$187 million	+115%	+21%
Topgolf	$325 million	-	-
Adjusted EBITDA	**$164 million**	**+466%**	**+150%**

- Demand for golf equipment and related soft goods remains high amid sustained increase in interest in the sport
- Accelerated growth in apparel brands reflects strong brand momentum and improved retail sales following significant closures due to COVID-19
- Topgolf outperforming with Q2 same venue sales[1] in the low 90s as a percent of Q2 2019

ADVANCING GROWTH INITIATIVES TO CAPITALIZE ON TREMENDOUS MARKET OPPORTUNITY

1. Same venue sales 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.

OVERVIEW OF GOLF EQUIPMENT SEGMENT

- Demand for clubs and balls remains very high
- Continue to see new entrants driving demand for package sets, junior clubs and women's clubs
- Rounds played in June remained at an all-time high[1] as core golfers continue to show strong enthusiasm for the game
- Monitoring supply chain disruption due to resurgence of COVID-19 Delta variant in Southeast Asia
  - Moving a portion of production to less impacted factories
  - Field inventories expected to stay low this year
  - Shifting production shortly toward 2022 launch to protect supply
  - Anticipate approximately $55 million negative impact to second half 2021 revenue, almost all in golf equipment segment in Q3 2021
- Expect to deliver record performance for golf equipment segment this year
- Continue to believe the outlook for the golf equipment category is highly positive with a larger total addressable market and a higher embedded growth rate

DESPITE SUPPLY CHAIN CONSTRAINTS, MAINTAIN OPTIMISTIC OUTLOOK AMID UNPRECEDENTED DEMAND

1. Per Golf Datatech

OVERVIEW OF APPAREL, GEAR AND OTHER SEGMENT

- Quarterly growth exceeded expectations as retail locations reopened across the world and brands continued to gain momentum
- TravisMathew experienced incredible growth highlighted by over 30% comp store sales growth in own retail stores vs 2019 pre-pandemic levels
- Jack Wolfskin retail revenue approached 2019 revenue levels as European stores fully re-opened mid-quarter and brand positioning remained strong in China
- Korea apparel business brought under Callaway operations in late June, following several years of third-party licensing
- With demand levels high across the business segment, expect to enter 2022 with low retail inventory across all soft goods brands

POSITIONED TO CONTRIBUTE SUBSTANTIALLY TOWARD ELY GROWTH IN 2021 AND BEYOND

OVERVIEW OF THE TOPGOLF BUSINESS

- First full quarter of Topgolf results within the ELY portfolio outperformed expectations

- Same venue sales[1] compared to 2019 continued to improve as COVID-19 restrictions eased
  - Q2 same venue sales in the low 90s as compared to same venue sales in Q2 2019
  - Expect Q3 2021 to be slightly above Q2 2021
  - Expect Q4 2021 to be slightly lower than Q2 2021, due to the events mix in the quarter
  - Projecting full year same venues sales to be approximately 90% of full year 2019 levels

- Results driven by a mix of strong walk-in sales and continued recovery in the events business

- New venue expansion update:
  - Added four new venues during the quarter
  - Clear pipeline visibility through rest of year; Expect to open a total of nine new domestic venues in 2021
  - Expect to end the year with 67 domestic venues and three owned UK venues in operation for a total of 70 owned venues in operation

- Toptracer installed a record 2,014 bays during Q2 2021
  - On track to meet or exceed 8,000 new bay target installation for year

TOPGOLF PERFORMANCE EXCEEDING INITIAL EXPECTATIONS AT TIME OF MERGER

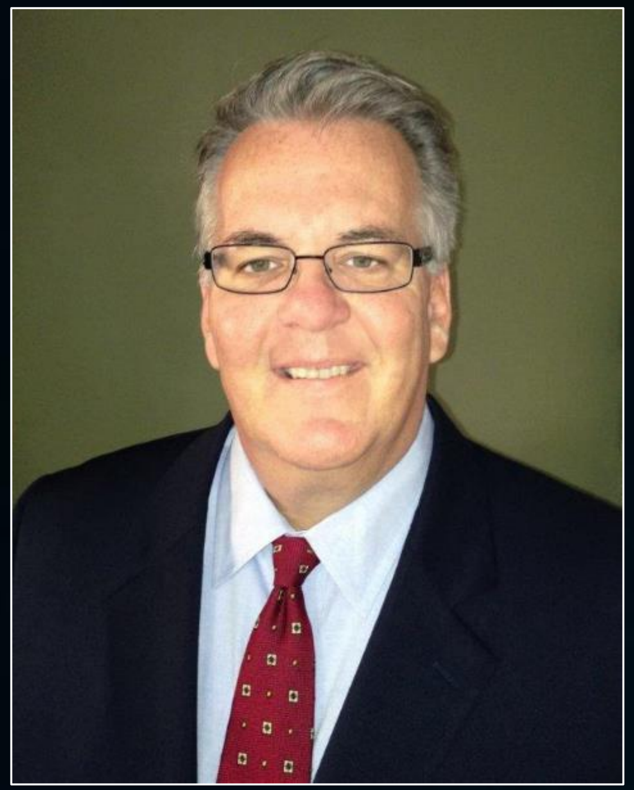
1. Same venue sales represents sales for the comparable venue base, which is defined as the number of company-operated venues with at least 24 full fiscal months of operations.

LOOKING AHEAD

Positioned for long-term success as complimentary business segments work together to grow the total enterprise

Operate in great categories that appeal to wide consumer audience
Unique portfolio of coveted golf and outdoor brands underpinned by strong momentum
Embedded growth set to drive value
Expect to achieve 2021 Adjusted EBITDA of $345-$360 million – a full year ahead of plan

STRONG EMBEDDED GROWTH WITH UNIQUE PORTFOLIO OF BUSINESSES



Brian Lynch

EVP, CFO

First Quarter 2021 Financial Results

Q2 & FIRST HALF 2021 FINANCIAL RESULTS

($ in millions, except EPS)

GAAP RESULTS

	Q2 2021	Q2 2020	Change	1H 2021	1H 2020	Change
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

	Q2 2021	Q2 2020	Change	1H 2021	1H 2020	Change
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[1]	$164	$29	$135	$292	$89	$203

1. See appendix for Adjusted EBITDA reconciliation

Q2 & FIRST HALF 2021 SEGMENT RESULTS

($ in millions)

NET REVENUE BY SEGMENT

	Q2 2021	Q2 2020	$ Change	% Change	1H 2021	1H 2020	$ Change	% Change
Golf Equipment	$401	$210	$191	+91%	$778	$502	$276	+55%
Apparel, Gear & Other	$187	$87	$100	+115%	$369	$238	$131	+55%
Topgolf	$325	-	$325	-	$418	-	$418	-
Total Net Revenue	**$914**	**$297**	**$617**	**+208%**	**$1,565**	**$739**	**$826**	**+112%**

OPERATING INCOME BY SEGMENT

	Q2 2021	Q2 2020	Change	1H 2021	1H 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%*	-	-
Total Segment Operating Income	**$138**	**$17**	**$121**	**$247**	**$72**	**$175**
% of total net revenue	***15.1%***	***5.9%***	***920 bps***	***15.8%***	***9.8%***	***600 Bps***

BALANCE SHEET & OTHER ITEMS

($ in millions)

	As of June 30, 2021	As of June 30, 2020	% Change
Available Liquidity	$877	$483	+82%
Net Debt[1]	$1,079	$621	+74%
Net Accounts Receivables	$325	$214	+52%
Inventory	$335	$379	-12%

	1H 2021	1H 2020	Change
Capital Expenditures[2]	$96	$25	+284%
Depreciation & Amortization[3]	$53	$16	+231%

1. Net Debt includes $263 million of Deemed Landlord Financing relate to the Topgolf venues.
2. Capital Expenditures are net of proceeds from lease financing.
3. Depreciation & Amortization excludes purchase price amortization and any write-up of P,P&E related to any of the acquisitions or the Topgolf merger.

2021 OUTLOOK AND GUIDANCE

($ in millions)

FULL YEAR 2021

	2021 Estimate[1]	2020 Results	2019 Results
Net Revenue	$3,025 – $3,055	$1,590	$1,701
Adjusted EBITDA	$345 – $360	$163	$210

THIRD QUARTER 2021

Q3 2021 Estimate	Q3 2020 Results	Q3 2019 Results
$775 - $790	$476	$426
$51 - $58	$87	$57

- **Full year Net Revenue guidance assumptions:**
  - Continued positive demand fundamentals for Callaway's Golf Equipment and Apparel, Gear and Other segments
  - Topgolf 2021 10-month segment revenue approaching 2019 full year (12-month) levels of $1,060 million
  - $55 million of revenue risk due to short-term supply chain constraints (almost all occurring in Q3 2021)

- **Full year 2021 Adjusted EBITDA guidance assumptions:**
  - Topgolf segment to deliver over $100 million in Adjusted EBITDA for the 10 months beginning March 8, 2021
  - Expect continued elevated freight costs in the second half of 2021
  - Non-GAAP operating expenses to be approximately $100 million higher than full year 2019 due to:
    - Cost of living and inflationary pressures over two years
    - Impact of foreign currency changes
    - Variable costs associated with strong performance YTD
    - Accelerated investment in growth
  - Expect 85% of the incremental $100 million in non-GAAP operating expense to be incurred in the second half of 2021

EXPECT TO ACHIEVE OUR PREVIOUS 2022 EBITDA TARGET A FULL YEAR AHEAD OF PLAN

1. Based on 10 months of Topgolf business included in consolidated results.

APPENDIX

REVENUE BY REGION

($ in millions, except EPS)

Q2 2021 NET REVENUES

	Q2 2021	Q2 2020	$ Change	% Change	% Change (Constant Currency)
United States	$643	$172	$471	+274%	+274%
Europe	$121	$50	$71	+142%	+119%
Japan	$62	$25	$37	+151%	+155%
Rest of World	$88	$51	$37	+74%	+59%
Total Net Revenue	**$914**	**$297**	**$617**	**+208%**	**+202%**

FIRST SIX MONTHS OF 2021 NET REVENUES

	1H 2021	1H 2020	$ Change	% Change	% Change (Constant Currency)
United States	$1,031	$389	$642	+165%	+165%
Europe	$229	$147	$83	+56%	+43%
Japan	$134	$102	$32	+31%	+31%
Rest of World	$171	$101	$70	+69%	+55%
Total Net Revenue	**$1,565**	**$739**	**$826**	**+112%**	**+107%**

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[1]	Non-Cash Amortization of Discount on Convertible Notes[2]	Acquisition & Other Non-Recurring Items[3]	Tax Valuation Allowance[4]	Non-GAAP	GAAP	Non-Cash Amortization and Impairment Charges[1]	Non-Cash Amortization of Discount on Convertible Notes[2]	Other Non-Recurring Items[3]	Non-GAAP[5]
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 share:	$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

(1) 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.

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

(3) 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.

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(1)	Non-Cash Amortization of Discount on Convertible Notes(2)	Acquisition & Other Non-Recurring Items(3)	Tax Valuation Allowance(4)	Non-GAAP	GAAP	Non-Cash Amortization and Impairment Charges(1)	Non-Cash Amortization of Discount on Convertible Notes(2)	Other Non-Recurring Items(3)	Non-GAAP(5)
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

(1) 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.

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

(3) 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 it's 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.

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

ADJUSTED EBITDA RECONCILIATION (2020 and 2021)

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

	2021 Trailing Twelve Month Adjusted EBITDA					2020 Trailing Twelve Month Adjusted EBITDA				
	Quarter Ended					Quarter Ended				
	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	Total	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	Total
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, before taxes(1)	2,858	8,607	(235,594)	3,274	(220,855)	3,009	4,090	1,516	5,856	14,471
Adjusted EBITDA	$ 86,852	$ (12,541)	$ 127,820	$ 164,453	$ 366,584	$ 56,679	$ (5,653)	$ 59,798	$ 29,182	$ 140,006

(1) 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.

ADJUSTED EBITDA RECONCILIATION (2019)

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

	2019 Trailing Twelve Month Adjusted EBITDA				
	Quarter Ended				
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	Total
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[1]	13,986	6,939	3,009	4,090	28,024
Adjusted EBITDA	$ 93,100	$ 65,881	$ 56,679	$ (5,653)	$ 210,007

[1] 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.

SEGMENT RECONCILIATION

Operating Segment Information

	Three Months Ended June 30,		Growth		Non-GAAP Constant Currency vs. 2020[1]
	2021	**2020**	**Dollars**	**Percent**	**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	$ 913,641	$ 296,996	$ 616,645	207.6%	201.5%
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[2]	(30,692)	(20,650)	(10,042)	-48.6%	
Goodwill and tradename impairment[3]	—	(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	$ 75,891	$ (175,615)	$ 251,506	143.2%	

[1] Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

[2] 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.

[3] Represents an impairment charge related to Jack Wolfskin recognized in the second quarter of 2020.

Operating Segment Information

	Six Months Ended June 30,		Growth		Non-GAAP Constant Currency vs. 2020[1]
	2021	**2020**	**Dollars**	**Percent**	**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	$ 1,565,262	$ 739,272	$ 825,990	111.7%	107.0%
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[2]	(63,958)	(34,791)	(29,167)	83.8%	
Goodwill and tradename impairment[3]	—	(174,269)	174,269	100.0%	
Total operating income (loss)	183,368	(136,769)	320,137	234.1%	
Gain on Topgolf investment[4]	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	$ 396,095	$ (137,570)	$ 533,665	387.9%	

[1] Calculated by applying 2020 exchange rates to 2021 reported sales in regions outside the U.S.

[2] 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.

[3] Represents an impairment charge related to Jack Wolfskin recognized in the second quarter of 2020.

[4] Amount represents a gain recorded to write-up the Company's former investment in Topgolf to its fair value in connection with the merger.

GUIDANCE RECONCILIATION (2021)

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

	Three Months Ended September 30, 2021	Twelve Months Ended December 31, 2021
Net (loss) income	$(32) - $(38)	$196 - $209
Adjusted EBITDA[1]	$51 - $58	$345 - $360

[1] 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.