

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended June 30, 2021**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from to**  
**Commission file number: 001-37935**

**Acushnet Holdings Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**333 Bridge Street**

(Address of principal executive offices)

**Fairhaven, Massachusetts**

**45-2644353**

(I.R.S. Employer Identification No.)

**02719**

(Zip Code)

**(800) 225-8500**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - \$0.001 par value per share	GOLF	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The registrant had 73,905,679 shares of common stock outstanding as of July 30, 2021.

**ACUSHNET HOLDINGS CORP.**  
**FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2021**  
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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are subject to the “safe harbor” created by that section. These forward-looking statements are included throughout this report, including in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. The forward-looking statements also reflect our current views with respect to the impact of the novel coronavirus (“COVID-19”) pandemic on our business, results of operations, financial position and cash flows. We have used the words “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “future,” “will,” “seek,” “foreseeable” and similar terms and phrases to identify forward-looking statements in this report, although not all forward-looking statements use these identifying words.

The forward-looking statements contained in this report are based on management’s current expectations and are subject to uncertainty and changes in circumstances. We cannot assure you that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local economic, business, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that these factors include:

- the duration and impact of the COVID-19 pandemic, which may precipitate or exacerbate one or more of the following risks and uncertainties;
- a reduction in the number of rounds of golf played or in the number of golf participants;
- unfavorable weather conditions may impact the number of playable days and rounds played in a given year;
- consumer spending habits and macroeconomic factors may affect the number of rounds of golf played and related spending on golf products;
- demographic factors may affect the number of golf participants and related spending on our products;
- changes to the Rules of Golf with respect to equipment;
- a significant disruption in the operations of our manufacturing, assembly or distribution facilities;
- our ability to procure raw materials or components of our products;
- a disruption in the operations of our suppliers;
- the cost of raw materials and components;
- currency transaction and translation risk;
- our ability to successfully manage the frequent introduction of new products or satisfy changing consumer preferences, quality and regulatory standards;
- our reliance on technical innovation and high-quality products;
- our ability to adequately enforce and protect our intellectual property rights;
- involvement in lawsuits to protect, defend or enforce our intellectual property rights;
- our ability to prevent infringement of intellectual property rights by others;
- changes to patent laws;
- intense competition and our ability to maintain a competitive advantage in each of our markets;
- limited opportunities for future growth in sales of certain of our products, including golf balls, golf shoes and golf gloves;
- our customers’ financial condition, their levels of business activity and their ability to pay trade obligations;
- a decrease in corporate spending on our custom logo golf balls;
- our ability to maintain and further develop our sales channels;
- consolidation of retailers or concentration of retail market share;
- our ability to maintain and enhance our brands;
- seasonal fluctuations of our business;
- fluctuations of our business based on the timing of new product introductions;
- risks associated with doing business globally;
- compliance with laws, regulations and policies, including the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, as well as federal, state and local policies and executive orders regarding the COVID-19 pandemic;
- our ability to secure professional golfers to endorse or use our products;
- negative publicity relating to us or the golfers who use our products or the golf industry in general;
- our ability to accurately forecast demand for our products;
- a disruption in the service, or a significant increase in the cost, of our primary delivery and shipping services or a significant disruption at shipping ports;

- our ability to maintain our information systems to adequately perform their functions;
- cybersecurity risks;
- the ability of our eCommerce systems to function effectively;
- impairment of goodwill and identifiable intangible assets;
- our ability to attract and/or retain management and other key employees and hire qualified management, technical and manufacturing personnel;
- our ability to prohibit sales of our products by unauthorized retailers or distributors;
- our ability to grow our presence in existing international markets and expand into additional international markets;
- tax uncertainties, including potential changes in tax laws, unanticipated tax liabilities and limitations on utilization of tax attributes after any change of control;
- adequate levels of coverage of our insurance policies;
- product liability, warranty and recall claims;
- litigation and other regulatory proceedings;
- compliance with environmental, health and safety laws and regulations;
- our ability to secure additional capital at all or on terms acceptable to us and potential dilution of holders of our common stock;
- risks associated with acquisitions and investments;
- our estimates or judgments relating to our critical accounting estimates;
- terrorist activities and international political instability;
- occurrence of natural disasters or pandemic diseases, including the COVID-19 pandemic;
- our substantial leverage, ability to service our indebtedness, ability to incur more indebtedness and restrictions in the agreements governing our indebtedness;
- our use of derivative financial instruments;
- the ability of our controlling shareholder to control significant corporate activities, and that our controlling shareholder's interests may conflict with yours;
- our status as a controlled company;
- the market price of shares of our common stock;
- our ability to maintain effective internal controls over financial reporting;
- our ability to pay dividends;
- our status as a holding company;
- dilution from future issuances or sales of our common stock;
- anti-takeover provisions in our organizational documents and Delaware law;
- reports from securities analysts; and
- other factors discussed under the heading "Risk Factors" in our most recent Annual Report on Form 10-K and in any other reports we file with the Securities and Exchange Commission ("SEC"), including this Quarterly Report on Form 10-Q.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

Any forward-looking statement made by us in this report speaks only as of the date of this report. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments or other strategic transactions we may make. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

#### **Website Disclosure**

We use our website ([www.acushnetholdingscorp.com](http://www.acushnetholdingscorp.com)) as a channel of distribution of company information. The information we post through this channel may be material. Accordingly, investors should monitor this channel, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about Acushnet Holdings Corp. when you enroll your e-mail address by visiting the “Resources” section of our website at <https://www.acushnetholdingscorp.com/investors/resources>. In addition, on our website, we post the following filings free of charge as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: our annual reports on Form 10-K, our proxy statements, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. The contents of our website are not, however, a part of this report.

**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

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**ACUSHNET HOLDINGS CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

<i>(in thousands, except share and per share amounts)</i>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>		
Current assets		
Cash, cash equivalents and restricted cash (\$11,600 and \$6,843 attributable to the variable interest entity ("VIE"))	\$ 253,251	\$ 151,452
Accounts receivable, net	377,922	201,518
Inventories (\$10,123 and \$13,830 attributable to the VIE)	300,324	357,682
Prepaid and other assets	102,063	89,155
Total current assets	1,033,560	799,807
Property, plant and equipment, net (\$10,392 and \$10,538 attributable to the VIE)	219,379	222,811
Goodwill (\$32,312 and \$32,312 attributable to the VIE)	213,541	215,186
Intangible assets, net	469,438	473,533
Deferred income taxes	56,649	80,060
Other assets (\$2,196 and \$2,239 attributable to the VIE)	74,125	75,158
Total assets	<u>\$ 2,066,692</u>	<u>\$ 1,866,555</u>
<b>Liabilities, Redeemable Noncontrolling Interest and Shareholders' Equity</b>		
Current liabilities		
Short-term debt	\$ 21,485	\$ 2,810
Current portion of long-term debt	17,500	17,500
Accounts payable (\$8,966 and \$8,702 attributable to the VIE)	126,644	112,867
Accrued taxes	59,179	40,952
Accrued compensation and benefits (\$1,011 and \$1,454 attributable to the VIE)	78,669	82,290
Accrued expenses and other liabilities (\$3,615 and \$3,699 attributable to the VIE)	119,336	101,260
Total current liabilities	422,813	357,679
Long-term debt	305,346	313,619
Deferred income taxes	3,751	3,821
Accrued pension and other postretirement benefits	122,651	121,929
Other noncurrent liabilities (\$2,282 and \$2,261 attributable to the VIE)	50,558	52,128
Total liabilities	905,119	849,176
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interest	1,521	126
Shareholders' equity		
Common stock, \$0.001 par value, 500,000,000 shares authorized; 75,855,036 and 75,666,367 shares issued	76	76
Additional paid-in capital	934,919	925,385
Accumulated other comprehensive loss, net of tax	(96,245)	(96,182)
Retained earnings	338,633	199,776
Treasury stock, at cost; 1,871,857 and 1,671,754 shares (including 299,894 of accrued share repurchases as of December 31, 2020) (Note 10)	(54,213)	(45,106)
Total equity attributable to Acushnet Holdings Corp.	1,123,170	983,949
Noncontrolling interests	36,882	33,304
Total shareholders' equity	1,160,052	1,017,253
Total liabilities, redeemable noncontrolling interest and shareholders' equity	<u>\$ 2,066,692</u>	<u>\$ 1,866,555</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

## ACUSHNET HOLDINGS CORP.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<i>(in thousands, except share and per share amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 624,850	\$ 300,002	\$ 1,205,735	\$ 708,743
Cost of goods sold	290,424	143,545	560,570	351,331
Gross profit	334,426	156,457	645,165	357,412
Operating expenses:				
Selling, general and administrative	210,255	130,535	386,624	283,258
Research and development	13,021	11,132	25,350	24,352
Intangible amortization	1,970	1,955	3,942	3,911
Restructuring charges	—	1,104	—	12,732
Income from operations	109,180	11,731	229,249	33,159
Interest expense, net	1,848	4,402	5,464	8,525
Other expense, net	239	4,174	2,231	4,864
Income before income taxes	107,093	3,155	221,554	19,770
Income tax expense (benefit)	24,573	(598)	52,407	7,042
Net income	82,520	3,753	169,147	12,728
Less: Net income attributable to noncontrolling interests	(1,435)	(1,440)	(3,104)	(1,538)
Net income attributable to Acushnet Holdings Corp.	\$ 81,085	\$ 2,313	\$ 166,043	\$ 11,190
Net income per common share attributable to Acushnet Holdings Corp.:				
Basic	\$ 1.09	\$ 0.03	\$ 2.22	\$ 0.15
Diluted	1.08	0.03	2.21	0.15
Weighted average number of common shares:				
Basic	74,661,356	74,252,981	74,719,450	74,394,967
Diluted	75,200,906	74,875,219	75,227,787	74,983,411

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



## ACUSHNET HOLDINGS CORP.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net income	\$ 82,520	\$ 3,753	\$ 169,147	\$ 12,728
Other comprehensive income:				
Foreign currency translation adjustments	(962)	18,043	(8,042)	(4,740)
Cash flow derivative instruments:				
Unrealized holding gains (losses) arising during period	677	(5,794)	5,044	1,608
Reclassification adjustments included in net income	2,520	881	3,083	(843)
Tax (expense) benefit	(917)	1,663	(2,581)	(185)
Cash flow derivative instruments, net	2,280	(3,250)	5,546	580
Pension and other postretirement benefits:				
Pension and other postretirement benefits adjustments	781	4,376	3,356	6,066
Tax expense	(184)	(1,083)	(923)	(1,451)
Pension and other postretirement benefits adjustments, net	597	3,293	2,433	4,615
Total other comprehensive income (loss)	1,915	18,086	(63)	455
Comprehensive income	84,435	21,839	169,084	13,183
Less: Comprehensive income attributable to noncontrolling interests	(1,467)	(1,537)	(2,996)	(1,655)
Comprehensive income attributable to Acushnet Holdings Corp.	\$ 82,968	\$ 20,302	\$ 166,088	\$ 11,528

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**ACUSHNET HOLDINGS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

<i>(in thousands)</i>	Six months ended June 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net income	\$ 169,147	\$ 12,728
Adjustments to reconcile net income to cash flows provided by (used in) operating activities		
Depreciation and amortization	20,638	20,571
Unrealized foreign exchange (gains) losses	(3,824)	2,184
Amortization of debt issuance costs	1,131	425
Share-based compensation	13,810	6,403
Loss (gain) on disposals of property, plant and equipment	127	(53)
Deferred income taxes	19,121	(4,244)
Changes in operating assets and liabilities		
Accounts receivable	(180,474)	(56,640)
Inventories	54,744	30,066
Accounts payable	13,925	(23,187)
Accrued taxes	19,776	(1,626)
Other assets and liabilities	24,290	12,534
Cash flows provided by (used in) operating activities	152,411	(839)
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(12,401)	(10,355)
Cash flows used in investing activities	(12,401)	(10,355)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings, net	18,543	127,616
Repayments of term loan facility	(8,750)	(8,750)
Purchases of common stock	(17,885)	(6,976)
Debt issuance costs	—	(14)
Dividends paid on common stock	(24,872)	(23,034)
Dividends paid to noncontrolling interests	(111)	—
Payment of employee restricted stock tax withholdings	(3,946)	(496)
Cash flows (used in) provided by financing activities	(37,021)	88,346
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(1,190)	(307)
Net increase in cash, cash equivalents and restricted cash	101,799	76,845
Cash, cash equivalents and restricted cash, beginning of year	151,452	34,184
Cash, cash equivalents and restricted cash, end of period	\$ 253,251	\$ 111,029
<b>Supplemental information</b>		
Non-cash additions to property, plant and equipment	\$ 2,782	\$ 1,014
Non-cash additions to right-of-use assets obtained in exchange for operating lease obligations	6,302	3,237
Non-cash additions to right-of-use assets obtained in exchange for finance lease obligations	150	427
Dividend equivalents rights ("DERs") declared not paid	1,031	477
Share repurchase liability (Note 10)	—	6,976

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**ACUSHNET HOLDINGS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)**

<i>(in thousands)</i>	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss, Net of Tax	Retained Earnings	Treasury Stock	Total Shareholders' Equity Attributable to Acushnet Holdings Corp.	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount							
<b>Balances as of March 31, 2020</b>	75,649	\$ 76	\$ 912,162	\$ (129,659)	\$ 148,181	\$ (45,106)	\$ 885,654	\$ 32,910	\$ 918,564
Net income	—	—	—	—	2,313	—	2,313	1,834	4,147
Other comprehensive income	—	—	—	18,086	—	—	18,086	—	18,086
Share-based compensation	—	—	4,052	—	—	—	4,052	—	4,052
Vesting of restricted common stock, including impact of DERs, net of shares withheld for employee taxes (Note 11)	7	—	(117)	—	—	—	(117)	—	(117)
Dividends and dividend equivalents declared	—	—	—	—	(11,761)	—	(11,761)	—	(11,761)
<b>Balances as of June 30, 2020</b>	<u>75,656</u>	<u>\$ 76</u>	<u>\$ 916,097</u>	<u>\$ (111,573)</u>	<u>\$ 138,733</u>	<u>\$ (45,106)</u>	<u>\$ 898,227</u>	<u>\$ 34,744</u>	<u>\$ 932,971</u>
<b>Balances as of March 31, 2021</b>	75,847	\$ 76	\$ 926,809	\$ (98,160)	\$ 271,967	\$ (49,830)	\$ 1,050,862	\$ 35,118	\$ 1,085,980
Net income	—	—	—	—	81,085	—	81,085	1,827	82,912
Other comprehensive income	—	—	—	1,915	—	—	1,915	—	1,915
Share-based compensation	—	—	8,110	—	—	—	8,110	—	8,110
Vesting of restricted common stock, including impact of DERs, net of shares withheld for employee taxes (Note 11)	8	—	—	—	—	—	—	—	—
Purchases of common stock (Note 10)	—	—	—	—	—	(4,383)	(4,383)	—	(4,383)
Dividends and dividend equivalents declared	—	—	—	—	(12,768)	—	(12,768)	—	(12,768)
Dividends declared to noncontrolling interests	—	—	—	—	—	—	—	(63)	(63)
Redemption value adjustment (Note 1)	—	—	—	—	(1,651)	—	(1,651)	—	(1,651)
<b>Balances as of June 30, 2021</b>	<u>75,855</u>	<u>\$ 76</u>	<u>\$ 934,919</u>	<u>\$ (96,245)</u>	<u>\$ 338,633</u>	<u>\$ (54,213)</u>	<u>\$ 1,123,170</u>	<u>\$ 36,882</u>	<u>\$ 1,160,052</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**ACUSHNET HOLDINGS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)**

<i>(in thousands)</i>	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss, Net of Tax	Retained Earnings	Treasury Stock	Total Shareholders' Equity Attributable to Acushnet Holdings Corp.	Noncontrolling Interests	Total Shareholders' Equity
	Shares	Amount							
<b>Balances as of December 31, 2019</b>	75,620	\$ 76	\$ 910,507	\$ (112,028)	\$ 151,039	\$ (31,154)	\$ 918,440	\$ 32,386	\$ 950,826
Net income	—	—	—	—	11,190	—	11,190	2,358	13,548
Other comprehensive income	—	—	—	455	—	—	455	—	455
Share-based compensation	—	—	6,075	—	—	—	6,075	—	6,075
Vesting of restricted common stock, including impact of DERs, net of shares withheld for employee taxes (Note 11)	36	—	(485)	—	—	—	(485)	—	(485)
Purchases of common stock (Note 10)	—	—	—	—	—	(6,976)	(6,976)	—	(6,976)
Share repurchase liability (Note 10)	—	—	—	—	—	(6,976)	(6,976)	—	(6,976)
Dividends and dividend equivalents declared	—	—	—	—	(23,496)	—	(23,496)	—	(23,496)
<b>Balances as of June 30, 2020</b>	<u>75,656</u>	<u>\$ 76</u>	<u>\$ 916,097</u>	<u>\$ (111,573)</u>	<u>\$ 138,733</u>	<u>\$ (45,106)</u>	<u>\$ 898,227</u>	<u>\$ 34,744</u>	<u>\$ 932,971</u>
<b>Balances as of December 31, 2020</b>	75,666	\$ 76	\$ 925,385	\$ (96,182)	\$ 199,776	\$ (45,106)	\$ 983,949	\$ 33,304	\$ 1,017,253
Net income	—	—	—	—	166,043	—	166,043	3,689	169,732
Other comprehensive loss	—	—	—	(63)	—	—	(63)	—	(63)
Share-based compensation	—	—	13,479	—	—	—	13,479	—	13,479
Vesting of restricted common stock, including impact of DERs, net of shares withheld for employee taxes (Note 11)	189	—	(3,945)	—	—	—	(3,945)	—	(3,945)
Purchases of common stock (Note 10)	—	—	—	—	—	(9,107)	(9,107)	—	(9,107)
Dividends and dividend equivalents declared	—	—	—	—	(25,535)	—	(25,535)	—	(25,535)
Dividends declared to noncontrolling interests	—	—	—	—	—	—	—	(111)	(111)
Redemption value adjustment (Note 1)	—	—	—	—	(1,651)	—	(1,651)	—	(1,651)
<b>Balances as of June 30, 2021</b>	<u>75,855</u>	<u>\$ 76</u>	<u>\$ 934,919</u>	<u>\$ (96,245)</u>	<u>\$ 338,633</u>	<u>\$ (54,213)</u>	<u>\$ 1,123,170</u>	<u>\$ 36,882</u>	<u>\$ 1,160,052</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”) and include the accounts of Acushnet Holdings Corp. (the “Company”), its wholly-owned subsidiaries and less than wholly-owned subsidiaries, including a variable interest entity (“VIE”) in which the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

Certain information in footnote disclosures normally included in annual financial statements has been condensed or omitted for the interim periods presented in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) and U.S. GAAP. The year-end balance sheet data was derived from audited financial statements; however, the accompanying interim notes to the unaudited condensed consolidated financial statements do not include all disclosures required by U.S. GAAP. In the opinion of management, the financial statements contain all normal and recurring adjustments necessary to state fairly the financial position and results of operations of the Company. The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of results to be expected for the full year ending December 31, 2021, nor were those of the comparable 2020 period representative of those actually experienced for the full year ended December 31, 2020. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and related notes for the fiscal year ended December 31, 2020 included in its Annual Report on Form 10-K filed with the SEC on February 25, 2021.

**Risks and Uncertainties**

In March 2020, the World Health Organization declared a pandemic related to the novel coronavirus (“COVID-19”), which led to government-ordered shutdowns of non-essential businesses, travel restrictions and restrictions on public gatherings. As restrictions were eased, the game of golf experienced a surge in rounds of play around the world, which resulted in increased demand for the Company’s products. The Company quickly began to experience demand pressures across all brands and product categories, which challenged, and continue to challenge, our supply chain and our ability to service our trade partners and golfers.

While government-ordered shutdowns and restrictions have eased in most regions and mass vaccination programs are underway, the emergence of virus variants and resurgences of positive cases has led to a return to tighter restrictions in some regions and could prompt tighter restrictions in other regions which could further disrupt the Company’s supply chain. Although the Company has seen increased rounds of play and demand for golf-related products, over the course of the pandemic, this could change as mass vaccination programs continue to advance and restrictions are further eased on other activities.

The Company has evaluated and continues to evaluate the potential impact of the COVID-19 pandemic on its consolidated financial statements. The impact of the COVID-19 pandemic continues to evolve, and both the full impact and duration of the COVID-19 pandemic remain highly uncertain. Accordingly, the Company’s business, results of operations, financial position and cash flows could be materially impacted in ways that the Company cannot currently predict.

**Use of Estimates**

The preparation of the Company’s unaudited condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company has also made estimates related to the impact of the COVID-19 pandemic within its unaudited condensed consolidated financial statements and there may be changes to those estimates in future periods. Actual results could differ from these estimates.

**Variable Interest Entities**

VIEs are entities that, by design, either (i) lack sufficient equity to permit the entity to finance its activities independently, or (ii) have equity holders that do not have the power to direct the activities of the entity that most significantly impact its economic performance, the obligation to absorb the entity’s expected losses, or the right to receive the entity’s

expected residual returns. The Company consolidates a VIE when it is the primary beneficiary, which is the party that has both (i) the power to direct the activities that most significantly impact the VIE's economic performance and (ii) through its interests in the VIE, the obligation to absorb expected losses or the right to receive expected benefits from the VIE that could potentially be significant to the VIE.

The Company consolidates the accounts of Acushnet Lionscore Limited, a VIE which is 40% owned by the Company. The sole purpose of the VIE is to manufacture the Company's golf footwear and as such, the Company is deemed to be the primary beneficiary. The Company has presented separately on its consolidated balance sheets, to the extent material, the assets of its consolidated VIE that can only be used to settle specific obligations of its consolidated VIE and the liabilities of its consolidated VIE for which creditors do not have recourse to its general credit. The general creditors of the VIE do not have recourse to the Company. Certain directors of the VIE have guaranteed the credit lines of the VIE, for which there were no outstanding borrowings as of June 30, 2021 and December 31, 2020. In addition, pursuant to the terms of the agreement governing the VIE, the Company is not required to provide financial support to the VIE.

#### **Noncontrolling Interests and Redeemable Noncontrolling Interest**

The ownership interests held by owners other than the Company in less than wholly-owned subsidiaries are classified as noncontrolling interests. The financial results and position of noncontrolling interests are included in the Company's unaudited condensed consolidated financial statements. The value attributable to the noncontrolling interests is presented on the unaudited condensed consolidated balance sheets, separately from the equity attributable to the Company. Net income (loss) and comprehensive income (loss) attributable to noncontrolling interests are presented separately on the unaudited condensed consolidated statements of operations and unaudited condensed consolidated statements of comprehensive income, respectively.

Redeemable noncontrolling interests are those noncontrolling interests which are or may become redeemable at a fixed or determinable price on a fixed or determinable date, at the option of the holder, or upon occurrence of an event. The Company initially recorded the redeemable noncontrolling interest at its acquisition date fair value. The carrying amount of the redeemable noncontrolling interest is subsequently adjusted to the greater amount of either the initial carrying amount, increased or decreased for the redeemable noncontrolling interest's share of net income (loss) or the redemption value, assuming the noncontrolling interest is redeemable at the balance sheet date. During the three and six months ended June 30, 2021, the Company recorded a \$1.7 million redemption value adjustment. This adjustment was recognized through retained earnings and was not reflected in net income (loss) or comprehensive income (loss). The value attributable to the redeemable noncontrolling interest and the related loan to the minority shareholders, which is recorded as a reduction to redeemable noncontrolling interest, is presented in the unaudited condensed consolidated balance sheets as temporary equity between liabilities and shareholders' equity. The amount of the loan to minority shareholders included in temporary equity on the unaudited condensed consolidated balance sheets was \$4.4 million as of both June 30, 2021 and December 31, 2020.

#### **Cash, Cash Equivalents and Restricted Cash**

Cash held in Company checking accounts is included in cash. Cash equivalents consist of short-term highly liquid investments with original maturities of three months or less which are readily convertible into cash. The Company classifies as restricted certain cash that is not available for use in its operations. As of both June 30, 2021 and December 31, 2020, the amount of restricted cash included in cash, cash equivalents and restricted cash on the unaudited condensed consolidated balance sheets was \$2.0 million.

#### **Foreign Currency Translation and Transactions**

Foreign currency transaction gains (losses) included in selling, general and administrative expense were losses of \$0.2 million and gains of \$2.6 million for the three months ended June 30, 2021 and 2020, respectively. Foreign currency transaction gains (losses) included in selling, general and administrative expense were losses of \$1.2 million and gains of \$1.6 million for the six months ended June 30, 2021 and 2020, respectively.

#### **Recently Adopted Accounting Standards**

##### ***Income Taxes***

On January 1, 2021, the Company adopted Accounting Standards Update ("ASU") 2019-12, "*Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes*" ("ASU 2019-12"). The amendments in this update simplified the accounting for income taxes by removing certain exceptions to general principles in Topic 740. The amendments also improved consistent application and simplified U.S. GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The adoption of this standard did not have a material impact on the consolidated financial statements.

## 2. Accounts Receivable

The Company estimates expected credit losses using a number of factors, including customer credit ratings, age of receivables, historical credit loss information and current and forecasted economic conditions (including the impact of the COVID-19 pandemic) which could affect the collectability of the reported amounts. All of these factors have been considered in the estimate of expected credit losses.

The activity related to the allowance for doubtful accounts for the periods presented was as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Balance at beginning of period</b>	\$ 7,077	\$ 5,782	\$ 7,698	\$ 5,338
Bad debt expense (recovery)	143	1,792	(302)	2,708
Amount of receivables recovered (written off)	100	12	(44)	(274)
Foreign currency translation and other	14	157	(18)	(29)
<b>Balance at end of period</b>	<u>\$ 7,334</u>	<u>\$ 7,743</u>	<u>\$ 7,334</u>	<u>\$ 7,743</u>

## 3. Inventories

The components of inventories were as follows:

<i>(in thousands)</i>	June 30,	December 31,
	2021	2020
Raw materials and supplies	\$ 82,146	\$ 74,302
Work-in-process	23,915	22,913
Finished goods	194,263	260,467
Inventories	<u>\$ 300,324</u>	<u>\$ 357,682</u>

## 4. Product Warranty

The Company has defined warranties generally ranging from one to two years. Products covered by the defined warranty policies primarily include all Titleist golf products, FootJoy golf shoes and FootJoy golf outerwear. These product warranties generally obligate the Company to pay for the cost of replacement products, including the cost of shipping replacement products to its customers. The estimated cost of satisfying future warranty claims is accrued at the time the sale is recorded. In estimating future warranty obligations, the Company considers various factors, including its warranty policies and practices, the historical frequency of claims and the cost to replace or repair products under warranty.

The activity related to the Company's warranty obligation for accrued warranty expense was as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Balance at beginning of period</b>	\$ 3,899	\$ 4,149	\$ 3,831	\$ 4,048
Provision	1,656	121	2,685	1,330
Claims paid/costs incurred	(1,229)	(786)	(2,147)	(1,730)
Foreign currency translation and other	7	110	(36)	(54)
<b>Balance at end of period</b>	<u>\$ 4,333</u>	<u>\$ 3,594</u>	<u>\$ 4,333</u>	<u>\$ 3,594</u>

## 5. Debt and Financing Arrangements

### Credit Facility

The credit facility includes a revolving credit facility and a term loan facility. There were outstanding borrowings under the revolving credit facility of \$21.5 million as of June 30, 2021. The weighted average interest rate applicable to these outstanding borrowings was 1.12% as of June 30, 2021. There were no outstanding borrowings under the revolving credit facility as of December 31, 2020. As of June 30, 2021, the Company had available borrowings under its revolving credit facility of \$366.6 million after giving effect to \$11.9 million of outstanding letters of credit.

On July 3, 2020, the Company amended its credit agreement dated December 23, 2019 (the “First Amendment”) to, among other things, modify the maximum net average total leverage ratio, the interest rate margins, commitment fee and covenant baskets for each of the fiscal quarters ending after June 30, 2020 and on or before September 30, 2021 (the “Covenant Relief Period”). On March 5, 2021, the Company issued a notice exercising its right to an early termination of the Covenant Relief Period and as such is now required to comply with the previous maximum net average total leverage ratio, and the interest rate margins, commitment fee and covenant baskets reverted to the levels in effect prior to the First Amendment as discussed below. During the six months ended June 30, 2021, the Company recorded additional interest expense of approximately \$0.7 million related to the acceleration of unamortized debt issuance costs in connection with terminating the Covenant Relief Period, none of which was recorded during the three months ended June 30, 2021.

Borrowings under the credit facility bear interest at a rate per annum equal to, at the applicable Borrower’s option, either (a) a base rate determined by reference to the highest of (1) the prime rate of Wells Fargo, (2) the federal funds effective rate plus 0.50% and (3) a Eurodollar Rate, subject to certain adjustments, plus 1.00% or (b) a Eurodollar Rate (or, in the case of Canadian borrowings, a Canadian Dollar Offered Rate), subject to certain adjustments, in each case, plus an applicable margin. Under the credit agreement, the applicable margin is 0% to 0.75% for base rate borrowings and 1.00% to 1.75% for Eurodollar rate or Canadian Dollar Offered Rate borrowings, in each case, depending on the Net Average Total Leverage Ratio (as defined in the credit agreement). In addition, the Company is required to pay a commitment fee on any unutilized commitments under the revolving credit facility. The commitment fee rate payable in respect of unused portions of the revolving credit facility is 0.15% to 0.30% per annum, depending on the Net Average Total Leverage Ratio. The maximum net average total leverage ratio under the credit facility is 3.50 to 1.00, which is subject to increase to 3.75 to 1.00 in connection with certain acquisitions, and the minimum consolidated interest coverage ratio (as defined in the credit agreement) is 3.00 to 1.00.

The credit agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on the Company’s leverage and interest coverage ratios. The credit agreement also includes customary events of default, the occurrence of which, following any applicable cure period, would permit the lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable. As of June 30, 2021, the Company was in compliance with all covenants under the credit agreement.

### Other Short-Term Borrowings

The Company has certain unsecured local credit facilities available through its subsidiaries. There were no outstanding borrowings under the Company’s local credit facilities as of June 30, 2021. There were outstanding borrowings under the Company’s local credit facilities of \$2.8 million as of December 31, 2020. The weighted average interest rate applicable to the outstanding borrowings was 2.00% as of December 31, 2020. As of June 30, 2021, the Company had available borrowings remaining under these local credit facilities of \$58.5 million.

### Letters of Credit

As of June 30, 2021 and December 31, 2020, there were outstanding letters of credit related to agreements, including the Company’s credit facility, totaling \$15.6 million and \$11.7 million, respectively, of which \$12.4 million and \$8.3 million, respectively, was secured. These agreements provided a maximum commitment for letters of credit of \$57.5 million as of June 30, 2021.

## 6. Derivative Financial Instruments

The Company principally uses derivative financial instruments to reduce the impact of foreign currency fluctuations and interest rate variability on the Company’s results of operations. The principal derivative financial instruments the Company enters into are foreign exchange forward contracts and interest rate swaps. The Company does not enter into derivative financial instrument contracts for trading or speculative purposes.



### Foreign Exchange Derivative Instruments

Foreign exchange forward contracts are foreign exchange derivative instruments primarily used to reduce foreign currency risk related to transactions denominated in a currency other than functional currency. These instruments are designated as cash flow hedges. The periods of the foreign exchange forward contracts correspond to the periods of the hedged forecasted transactions, which do not exceed 24 months subsequent to the latest balance sheet date. The primary foreign exchange forward contracts pertain to the U.S. dollar, the Japanese yen, the British pound sterling, the Canadian dollar, the Korean won and the euro. The gross U.S. dollar equivalent notional amount outstanding of all foreign exchange forward contracts designated under hedge accounting as of June 30, 2021 and December 31, 2020 was \$203.7 million and \$248.1 million, respectively.

As a result of the impact of the COVID-19 pandemic, during the six months ended June 30, 2020, the Company de-designated certain foreign exchange cash flow hedges deemed ineffective, none of which were outstanding as of June 30, 2021 or December 31, 2020.

The Company also enters into foreign exchange forward contracts, which do not qualify as hedging instruments, to reduce foreign currency transaction risk related to certain intercompany assets and liabilities denominated in a currency other than functional currency. These undesignated instruments are recorded at fair value as a derivative asset or liability with the corresponding change in fair value recognized in selling, general and administrative expense. There were no outstanding foreign exchange forward contracts not designated under hedge accounting as of June 30, 2021 and December 31, 2020.

### Interest Rate Derivative Instruments

The Company enters into interest rate swap contracts to reduce interest rate risk related to floating rate debt. Under the contracts, the Company pays fixed and receives variable rate interest, in effect converting a portion of its floating rate debt to fixed rate debt. Interest rate swap contracts are accounted for as cash flow hedges. As of June 30, 2021, there were no interest rate swap contracts outstanding. As of December 31, 2020, the notional value of the Company's outstanding interest rate swap contracts was \$140.0 million.

### Impact on Financial Statements

The fair value of hedge instruments recognized on the unaudited condensed consolidated balance sheets was as follows:

<i>(in thousands)</i>	Balance Sheet Location	Hedge Instrument Type	June 30, 2021	December 31, 2020
	Prepaid and other assets	Foreign exchange forward	\$ 3,720	\$ 1,166
	Other assets	Foreign exchange forward	1,569	30
	Accrued expenses and other liabilities	Foreign exchange forward	2,332	6,400
		Interest rate swap	—	1,571
	Other noncurrent liabilities	Foreign exchange forward	—	985

The hedge instrument gain (loss) recognized in accumulated other comprehensive loss, net of tax was as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Type of hedge</b>				
Foreign exchange forward	\$ 676	\$ (5,637)	\$ 5,052	\$ 3,830
Interest rate swap	1	(157)	(8)	(2,222)
Total	<u>\$ 677</u>	<u>\$ (5,794)</u>	<u>\$ 5,044</u>	<u>\$ 1,608</u>

Gains and losses on derivative instruments designated as cash flow hedges are reclassified from accumulated other comprehensive loss, net of tax at the time the forecasted hedged transaction impacts the statements of operations or at the time the hedge is determined to be ineffective. Based on the current valuation, during the next 12 months the Company expects to reclassify a net loss of \$1.2 million related to foreign exchange derivative instruments from accumulated other comprehensive loss, net of tax, into cost of goods sold. For further information related to amounts recognized in accumulated other comprehensive loss, net of tax, see Note 12.

The hedge instrument gain (loss) recognized on the unaudited condensed consolidated statements of operations was as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Location of gain (loss) in statement of operations</b>				
Foreign exchange forward:				
Cost of goods sold	\$ (1,910)	\$ 232	\$ (1,514)	\$ 1,774
Selling, general and administrative <sup>(1)(2)</sup>	(7)	(2,063)	633	(529)
Total	<u>\$ (1,917)</u>	<u>\$ (1,831)</u>	<u>\$ (881)</u>	<u>\$ 1,245</u>
Interest Rate Swap:				
Interest expense, net	\$ (610)	\$ (902)	\$ (1,569)	\$ (1,380)
Total	<u>\$ (610)</u>	<u>\$ (902)</u>	<u>\$ (1,569)</u>	<u>\$ (1,380)</u>

(1) Relates to net gains (losses) on foreign exchange forward contracts derived from previously designated cash flow hedges.

(2) Selling, general and administrative expense excludes net losses of \$0.2 million and net gains of \$0.4 million reclassified out of accumulated other comprehensive loss, net of tax related to hedges deemed ineffective for the three and six months ended June 30, 2020, respectively.

### Credit Risk

The Company enters into derivative contracts with major financial institutions with investment grade credit ratings and is exposed to credit losses in the event of non-performance by these financial institutions. This credit risk is generally limited to the unrealized gains in the derivative contracts. However, the Company monitors the credit quality of these financial institutions, as well as its own credit quality, and considers the risk of counterparty default to be minimal.

### 7. Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 were as follows:

<i>(in thousands)</i>	Fair Value Measurements as of June 30, 2021 using:			Balance Sheet Location
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Rabbi trust	\$ 5,188	\$ —	\$ —	Prepaid and other assets
Foreign exchange derivative instruments	—	3,720	—	Prepaid and other assets
Deferred compensation program assets	827	—	—	Other assets
Foreign exchange derivative instruments	—	1,569	—	Other assets
Total assets	<u>\$ 6,015</u>	<u>\$ 5,289</u>	<u>\$ —</u>	
<b>Liabilities</b>				
Foreign exchange derivative instruments	\$ —	\$ 2,332	\$ —	Accrued expenses and other liabilities
Deferred compensation program liabilities	827	—	—	Other noncurrent liabilities
Total liabilities	<u>\$ 827</u>	<u>\$ 2,332</u>	<u>\$ —</u>	

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 were as follows:

<i>(in thousands)</i>	Fair Value Measurements as of December 31, 2020 using:			Balance Sheet Location
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Rabbi trust	\$ 5,160	\$ —	\$ —	Prepaid and other assets
Foreign exchange derivative instruments	—	1,166	—	Prepaid and other assets
Deferred compensation program assets	802	—	—	Other assets
Foreign exchange derivative instruments	—	30	—	Other assets
Total assets	<u>\$ 5,962</u>	<u>\$ 1,196</u>	<u>\$ —</u>	
<b>Liabilities</b>				
Foreign exchange derivative instruments	\$ —	\$ 6,400	\$ —	Accrued expenses and other liabilities
Interest rate derivative instruments	—	1,571	—	Accrued expenses and other liabilities
Deferred compensation program liabilities	802	—	—	Other noncurrent liabilities
Foreign exchange derivative instruments	—	985	—	Other noncurrent liabilities
Total liabilities	<u>\$ 802</u>	<u>\$ 8,956</u>	<u>\$ —</u>	

Rabbi trust assets are used to fund certain retirement obligations of the Company. The assets underlying the Rabbi trust are equity and fixed income exchange-traded funds.

Deferred compensation program assets and liabilities represent a program where select employees could defer compensation until termination of employment. Effective July 29, 2011, this program was amended to cease all employee compensation deferrals and provided for the distribution of all previously deferred employee compensation. The program remains in effect with respect to the value attributable to the employer match contributed prior to July 29, 2011.

Foreign exchange derivative instruments are foreign exchange forward contracts primarily used to limit currency risk that would otherwise result from changes in foreign exchange rates (Note 6). The Company uses the mid-price of foreign exchange forward rates as of the close of business on the valuation date to value each foreign exchange forward contract at each reporting period.

Interest rate derivative instruments are interest rate swap contracts used to reduce interest rate risk related to the Company's floating rate debt (Note 6). Prior to maturing in May 2021, the valuation for the interest rate swap contracts was calculated as the net of the discounted future cash flows of the pay and receive legs of the swap. Mid-market interest rates on the valuation date were used to create the forward curve for floating legs and discount curve.

## 8. Pension and Other Postretirement Benefits

Components of net periodic benefit cost (income) were as follows:

<i>(in thousands)</i>	Pension Benefits		Postretirement Benefits	
	Three months ended June 30,			
	2021	2020	2021	2020
<b>Components of net periodic benefit cost (income)</b>				
Service cost	\$ 1,992	\$ 2,462	\$ 173	\$ 129
Interest cost	2,194	2,538	76	104
Expected return on plan assets	(2,399)	(2,902)	—	—
Settlement expense	118	3,850	—	—
Amortization of net loss (gain)	695	1,343	(95)	(270)
Amortization of prior service cost (credit)	70	69	(34)	(34)
Net periodic benefit cost (income)	<u>\$ 2,670</u>	<u>\$ 7,360</u>	<u>\$ 120</u>	<u>\$ (71)</u>

Components of net periodic benefit cost (income) were as follows:

<i>(in thousands)</i>	Pension Benefits		Postretirement Benefits	
	Six months ended June 30,			
	2021	2020	2021	2020
<b>Components of net periodic benefit cost (income)</b>				
Service cost	\$ 4,127	\$ 4,778	\$ 335	\$ 300
Interest cost	4,145	5,050	151	216
Expected return on plan assets	(4,946)	(5,805)	—	—
Settlement expense	1,537	3,850	—	—
Amortization of net loss (gain)	2,116	2,307	(160)	(484)
Amortization of prior service cost (credit)	141	139	(68)	(68)
Net periodic benefit cost (income)	<u>\$ 7,120</u>	<u>\$ 10,319</u>	<u>\$ 258</u>	<u>\$ (36)</u>

The non-service cost components of net periodic benefit cost (income) are included in other expense, net in the unaudited condensed consolidated statements of operations.

## 9. Income Taxes

Income tax expense increased by \$25.2 million to \$24.6 million for the three months ended June 30, 2021 compared to an income tax benefit of \$0.6 million for the three months ended June 30, 2020. The Company's effective tax rate ("ETR") was 22.9% for the three months ended June 30, 2021 compared to (19.0)% for the three months ended June 30, 2020. Income tax expense increased by \$45.4 million to \$52.4 million for the six months ended June 30, 2021 compared to \$7.0 million for the six months ended June 30, 2020. The Company's ETR was 23.7% for the six months ended June 30, 2021 compared to 35.6% for the six months ended June 30, 2020.

The ETR for the three and six months ended June 30, 2021 differed from the U.S. statutory tax rate primarily due to the U.S. taxation of foreign income and the geographic mix of income earned by the Company's international subsidiaries, partially offset by the impact of the U.S. deduction for foreign derived intangible income and federal and state tax credits. The ETR for the three and six months ended June 30, 2020 differed from the U.S. statutory tax rate primarily due to the U.S. taxation of foreign income and the geographic mix of income earned by the Company's international subsidiaries, as well as a discrete tax benefit related to a reduction of foreign withholding taxes.

**10. Common Stock****Dividends**

The Company declared dividends per common share, including DERs (Note 11), during the periods presented as follows:

	Dividends per Common Share	Amou (in thousands)
2021:		
Second Quarter	\$ 0.165	\$
First Quarter	0.165	
Total dividends declared in 2021	\$ 0.330	\$
2020:		
Fourth Quarter	\$ 0.155	\$
Third Quarter	0.155	
Second Quarter	0.155	
First Quarter	0.155	
Total dividends declared in 2020	\$ 0.620	\$

During the third quarter of 2021, the Company's Board of Directors declared a dividend of \$0.165 per share of common stock to shareholders of record as of September 3, 2021 and payable on September 17, 2021.

**Share Repurchase Program**

As of June 30, 2021, the Board of Directors had authorized the Company to repurchase up to an aggregate of \$100.0 million of its issued and outstanding common stock. In April 2020, the Company temporarily suspended stock repurchases under its share repurchase program in light of the COVID-19 pandemic. In March 2021, the Company resumed share repurchases under its share repurchase program.

Share repurchases may be effected from time to time in open market or privately negotiated transactions, including transactions with affiliates, with the timing of purchases and the amount of stock purchased generally determined at the discretion of the Company consistent with the Company's general working capital needs and within the constraints of the Company's credit agreement. As previously disclosed, in connection with this share repurchase program, the Company entered into an agreement with Magnus Holdings Co., Ltd. ("Magnus"), a wholly-owned subsidiary of Fila Holdings Corp., to purchase from Magnus an equal amount of its common stock as it purchases on the open market, up to an aggregate of \$24.9 million, at the same weighted average per share price.

As the Company repurchased a cumulative total of \$24.9 million of common stock through open market purchases, the determination date, as defined in the Magnus share repurchase agreement, was automatically triggered on March 18, 2021. As a result, on April 2, 2021, the Company repurchased from Magnus 355,341 shares of common stock for an aggregate of \$11.1 million, in completion of the Company's previously discussed share repurchase obligations. In relation to the Magnus share repurchase agreement, the Company had recorded a share repurchase liability of \$8.8 million for 299,894 shares of common stock to be repurchased from Magnus related to shares repurchased in the open market from the initial determination date up through the time that the Company temporarily suspended its share repurchase program, which was included in accrued expenses and other liabilities and treasury stock on the unaudited condensed consolidated balance sheet as of December 31, 2020.

The Company's share repurchase activity was as follows:

<i>(in thousands, except share and per share amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Shares repurchased in the open market:</b>				
Shares repurchased	88,500	—	144,656	243,894
Average price	\$ 49.51	\$ —	\$ 46.73	\$ 28.60
Aggregate value	\$ 4,383	\$ —	\$ 6,760	\$ 6,976
<b>Shares repurchased from Magnus:</b>				
Shares repurchased	355,341	—	355,341	—
Average price	\$ 31.31	\$ —	\$ 31.31	\$ —
Aggregate value	\$ 11,125	\$ —	\$ 11,125	\$ —
<b>Total shares repurchased:</b>				
Shares repurchased	443,841	—	499,997	243,894
Average price	\$ 34.94	\$ —	\$ 35.77	\$ 28.60
Aggregate value	\$ 15,508	\$ —	\$ 17,885	\$ 6,976

As of June 30, 2021, the Company had \$45.8 million remaining under the current share repurchase authorization. This program will remain in effect until completed or until terminated by the Board of Directors.

## 11. Equity Incentive Plans

Under the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan ("2015 Plan"), the Company may grant stock options, stock appreciation rights, restricted shares of common stock, restricted stock units ("RSUs"), performance stock units ("PSUs") and other share-based and cash-based awards to members of the Board of Directors, officers, employees, consultants and advisors of the Company. As of June 30, 2021, the only awards granted under the 2015 Plan were RSUs and PSUs.

### Restricted Stock and Performance Stock Units

RSUs granted to members of the Board of Directors vest immediately into shares of common stock. RSUs granted to Company officers generally vest over three years, with one-third of each grant vesting annually, subject to the recipient's continued employment with the Company. RSUs granted to other employees, consultants and advisors of the Company vest in accordance with the terms of the grants, generally over three years, subject to the recipient's continued service to the Company. PSUs vest, subject to the recipient's continued employment with the Company, based upon the Company's performance against specified metrics which are generally over a three year performance period. At the end of the performance period, the number of shares of common stock that could be issued is determined based upon the Company's performance against these metrics. The number of shares that could be issued can range from 0% to 200% of the recipient's target award. Recipients of the awards granted under the 2015 Plan may elect to defer receipt of all or any portion of any shares of common stock issuable upon vesting to a future date elected by the recipient.

All RSUs and PSUs granted under the 2015 Plan have DERs, which entitle holders of RSUs and PSUs to the same dividend value per share as holders of common stock and can be paid in either cash or common stock. DERs are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs and PSUs. DERs are paid when the underlying shares of common stock are delivered.

A summary of the Company's RSUs and PSUs as of June 30, 2021 and changes during the six months then ended is presented below:

	Number of RSUs	Weighted- Average Fair Value RSUs	Number of PSUs	Weighted- Average Fair Value PSUs
<b>Outstanding as of December 31, 2020</b>	1,253,173	\$ 24.33	457,576	\$ 24.55
Granted	309,066	45.72	145,882	45.36
Vested <sup>(1)</sup>	(380,097)	25.39	—	—
Forfeited	(34,271)	25.53	(2,631)	25.45
<b>Outstanding as of June 30, 2021</b>	<u>1,147,871</u>	<u>\$ 29.70</u>	<u>600,827</u>	<u>\$ 29.60</u>

(1) Includes 120,178 shares of common stock related to RSUs and no shares of common stock related to PSUs that were not delivered as of June 30, 2021.

A summary of shares of common stock issued related to the 2015 Plan, including the impact of any DERs issued in common stock, is presented below:

	Six months ended June 30, 2021		Six months ended June 30, 2020	
	RSUs	PSUs	RSUs	PSUs
Shares of common stock issued	278,607	—	52,512	789
Shares of common stock withheld by the Company as payment by employees in lieu of cash to satisfy tax withholding obligations	(89,938)	—	(16,973)	(269)
Net shares of common stock issued	<u>188,669</u>	<u>—</u>	<u>35,539</u>	<u>520</u>
Cumulative undelivered shares of common stock	405,334	—	262,568	—

Compensation expense recorded related to RSUs and PSUs in the unaudited condensed consolidated statements of operations was as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
RSUs	\$ 3,951	\$ 3,787	\$ 6,310	\$ 6,265
PSUs	4,159	265	7,169	(190)

During the three and six months ended June 30, 2020, the Company adjusted the estimate of its performance against metrics for certain PSUs downward, resulting in a reversal of previously recognized share-based compensation expense. During the three and six months ended June 30, 2021, based on updated forecast information, the Company increased the estimate of its performance against metrics for these PSUs and recognized additional cumulative share-based compensation expense in both periods.

The remaining unrecognized compensation expense related to unvested RSUs and unvested PSUs was \$20.1 million and \$15.9 million, respectively, as of June 30, 2021 and both are expected to be recognized over the related weighted average period of 2.1 years.

### Compensation Expense

The allocation of share-based compensation expense in the unaudited condensed consolidated statements of operations was as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Cost of goods sold	\$ 259	\$ 403	\$ 252	\$ 628
Selling, general and administrative	7,527	3,575	12,908	5,289
Research and development	491	238	650	486
Total compensation expense before income tax	<u>8,277</u>	<u>4,216</u>	<u>13,810</u>	<u>6,403</u>
Income tax benefit	1,845	849	3,112	1,312
Total compensation expense, net of income tax	<u>\$ 6,432</u>	<u>\$ 3,367</u>	<u>\$ 10,698</u>	<u>\$ 5,091</u>

## 12. Accumulated Other Comprehensive Loss, Net of Tax

Accumulated other comprehensive loss, net of tax consists of foreign currency translation adjustments, unrealized gains and losses from derivative instruments designated as cash flow hedges (Note 6) and pension and other postretirement adjustments (Note 8).

The components of and changes in accumulated other comprehensive loss, net of tax, were as follows:

<i>(in thousands)</i>	Foreign Currency Translation Adjustments	Gains (Losses) on Foreign Exchange Derivative Instruments	Gains (Losses) on Interest Rate Swap Derivative Instruments	Pension and Other Postretirement Adjustments	Accumulated Other Comprehensive Loss, Net of Tax
Balance as of December 31, 2020	\$ (43,906)	\$ (4,471)	\$ (1,179)	\$ (46,626)	\$ (96,182)
Other comprehensive income (loss) before reclassifications	(8,042)	5,052	(8)	(210)	(3,208)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	1,514	1,569	3,566	6,649
Tax expense	—	(2,199)	(382)	(923)	(3,504)
Balance as of June 30, 2021	<u>\$ (51,948)</u>	<u>\$ (104)</u>	<u>\$ —</u>	<u>\$ (44,193)</u>	<u>\$ (96,245)</u>

## 13. Net Income per Common Share

The following is a computation of basic and diluted net income per common share attributable to Acushnet Holdings Corp.:

<i>(in thousands, except share and per share amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Net income attributable to Acushnet Holdings Corp.	\$ 81,085	\$ 2,313	\$ 166,043	\$ —
Weighted average number of common shares:				
Basic	74,661,356	74,252,981	74,719,450	74,300,000
Diluted	75,200,906	74,875,219	75,227,787	74,900,000
Net income per common share attributable to Acushnet Holdings Corp.:				
Basic	\$ 1.09	\$ 0.03	\$ 2.22	\$ —
Diluted	\$ 1.08	\$ 0.03	\$ 2.21	\$ —

Net income per common share attributable to Acushnet Holdings Corp. for the three and six months ended June 30, 2021 and 2020 was calculated using the treasury stock method.

The Company's potential dilutive securities for the three and six months ended June 30, 2021 and 2020 include RSUs and PSUs. PSUs vest based upon achievement of performance targets and are excluded from the diluted shares outstanding unless the performance targets have been met as of the end of the applicable reporting period regardless of whether such performance targets are probable of achievement.

For the three and six months ended June 30, 2021 and 2020, the following securities have been excluded from the calculation of diluted weighted-average common shares outstanding as their impact was determined to be anti-dilutive:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
RSUs	—	—	145,742	—



#### 14. Segment Information

The Company's operating segments are based on how the Chief Operating Decision Maker ("CODM") makes decisions about assessing performance and allocating resources. The Company has four reportable segments that are organized on the basis of product categories. These segments include Titleist golf balls, Titleist golf clubs, Titleist golf gear and FootJoy golf wear.

The CODM primarily evaluates performance using segment operating income (loss). Segment operating income (loss) includes directly attributable expenses and certain shared costs of corporate administration that are allocated to the reportable segments, but excludes interest expense, net, restructuring charges, the non-service cost component of net periodic benefit cost, transaction fees and other non-operating gains and losses as the Company does not allocate these to the reportable segments. The CODM does not evaluate a measure of assets when assessing performance.

Results shown for the three and six months ended June 30, 2021 and 2020 are not necessarily those which would be achieved if each segment was an unaffiliated business enterprise. There are no intersegment transactions.

Information by reportable segment and a reconciliation to reported amounts are as follows:

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Net sales</b>				
Titleist golf balls	\$ 202,265	\$ 102,139	\$ 375,902	\$ 218,378
Titleist golf clubs	152,821	72,396	308,648	165,610
Titleist golf gear	64,975	32,369	118,095	75,894
FootJoy golf wear	164,636	68,336	324,070	198,723
Other	40,153	24,762	79,020	50,138
Total net sales	<u>\$ 624,850</u>	<u>\$ 300,002</u>	<u>\$ 1,205,735</u>	<u>\$ 708,743</u>
<b>Segment operating income (loss)</b>				
Titleist golf balls	\$ 40,494	\$ 10,048	\$ 74,811	\$ 13,291
Titleist golf clubs	29,379	(2,361)	71,178	2,142
Titleist golf gear	12,399	4,659	22,127	13,524
FootJoy golf wear	21,011	(1,855)	49,128	12,442
Other	6,548	2,667	13,019	3,747
Total segment operating income	109,831	13,158	230,263	45,146
Reconciling items:				
Interest expense, net	(1,848)	(4,402)	(5,464)	(8,525)
Restructuring charges	—	(1,104)	—	(12,732)
Non-service cost component of net periodic benefit cost	(625)	(4,698)	(2,916)	(5,205)
Other	(265)	201	(329)	1,086
Total income before income tax	<u>\$ 107,093</u>	<u>\$ 3,155</u>	<u>\$ 221,554</u>	<u>\$ 19,770</u>

Information as to the Company's operations in different geographical areas is presented below. Net sales are categorized based on the location in which the sale originates.

<i>(in thousands)</i>	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
United States	\$ 315,323	\$ 145,230	\$ 623,959	\$ 356,238
EMEA <sup>(1)</sup>	97,374	34,126	177,949	108,797
Japan	45,588	22,142	101,965	59,698
Korea	96,954	65,889	176,051	116,338
Rest of world	69,611	32,615	125,811	67,672
<b>Total net sales</b>	<u>\$ 624,850</u>	<u>\$ 300,002</u>	<u>\$ 1,205,735</u>	<u>\$ 708,743</u>

(1) Europe, the Middle East and Africa ("EMEA")

## 15. Commitments and Contingencies

### Purchase Obligations

During the normal course of its business, the Company enters into agreements to purchase goods and services, including purchase commitments for production materials, finished goods inventory, capital expenditures and endorsement arrangements with professional golfers.

The Company's purchase obligations as of June 30, 2021 were as follows:

<i>(in thousands)</i>	Payments Due by Period					
	Remainder of 2021	2022	2023	2024	2025	Thereafter
Purchase obligations <sup>(1)</sup>	\$ 193,483	\$ 25,139	\$ 4,345	\$ 2,565	\$ 2,556	\$ 1,284

(1) The reported amounts exclude those liabilities included on the unaudited condensed consolidated balance sheet as of June 30, 2021.

### Litigation

The Company and its subsidiaries are defendants in lawsuits associated with the normal conduct of their businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that some of these actions could be decided unfavorably. Consequently, the Company is unable to estimate the ultimate aggregate amount of monetary loss, amounts covered by insurance or the financial impact that will result from such matters and has not recorded a liability related to potential losses.

## 16. Restructuring Charges

During the first quarter of 2020, management approved a restructuring program to refine its business model and improve operational efficiencies, which included both a voluntary bridge to retirement ("VBR") program for certain eligible employees and involuntary headcount reductions ("Other"). The Company recorded cumulative severance and other benefits expense of \$11.2 million related to its VBR program and \$2.0 million related to its Other restructuring program. There are no further costs expected to be incurred in relation to these programs.

The activity related to the Company's restructuring programs was as follows:

<i>(in thousands)</i>	Six months ended June 30, 2021	
	VBR	Other
Balance at beginning of period	\$ 243	778
Payments	(4,127)	(591)
Foreign currency translation and other	(19)	(1)
Balance at end of period	\$ 807	186

The restructuring program liabilities recognized on the unaudited condensed consolidated balance sheets were as follows:

<i>(in thousands)</i>	Balance Sheet Location	Restructuring Program	June 30, 2021	December 31, 2020
Accrued compensation and benefits	VBR		\$ 2,097	\$ 6,018
	Other		186	778
Other noncurrent liabilities	VBR		—	225

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion contains management's discussion and analysis of our financial condition and results of operations and should be read together with our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including those described in "Part II, Item 1A. Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the Securities and Exchange Commission ("SEC"). Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Special Note Regarding Forward-Looking Statements" following the Table of Contents. Unless otherwise noted, the figures in the following discussion are unaudited.*

### **Overview**

We are the global leader in the design, development, manufacture and distribution of performance-driven golf products, which are widely recognized for their quality excellence. Today, we are the steward of two of the most revered brands in golf—Titleist, one of golf's leading performance equipment brands, and FootJoy, one of golf's leading performance wear brands.

Our target market is dedicated golfers, who are the cornerstone of the worldwide golf industry. These dedicated golfers are avid and skill-biased, prioritize performance and commit the time, effort and money to improve their game. We believe our focus on innovation and process excellence yields golf products that represent superior performance and consistent product quality, which are the key attributes sought after by dedicated golfers. Many of the game's professional players, who represent the most dedicated golfers, prefer our products, thereby validating our performance and quality promise, while also driving brand awareness. We seek to leverage a pyramid of influence product and promotion strategy, whereby our products are the most played by the best players, creating aspirational appeal for a broad range of golfers who want to emulate the performance of the game's best players.

Our net sales are diversified by both product category and mix as well as geography. Our product categories include golf balls, golf clubs, wedges and putters, golf shoes, golf gloves, golf gear and golf outerwear and apparel. Our product portfolio contains a favorable mix of consumable products, which we consider to be golf balls and golf gloves, and more durable products, which we consider to be golf clubs, golf shoes, golf gear and golf outerwear and apparel. Our net sales are also diversified by geography with a substantial majority of our net sales generated in five countries: the United States, Japan, Korea, the United Kingdom and Canada. We have the following reportable segments: Titleist golf balls; Titleist golf clubs; Titleist golf gear; and FootJoy golf wear.

### **Impact of COVID-19 on our Business**

In March 2020, the World Health Organization declared a pandemic related to the novel coronavirus ("COVID-19"), which led to government-ordered shutdowns of non-essential businesses, travel restrictions and restrictions on public gatherings and, as a result, our results of operations for the second quarter and first half of 2020 were negatively impacted. As restrictions were eased, the game of golf experienced a surge in rounds of play around the world, which resulted in increased demand for our products. On a Company-wide basis, we quickly began to experience demand pressures across all brands and product categories, which challenged, and continue to challenge, our supply chain and our ability to service our trade partners and golfers.

During the first half of 2021, rounds of play remained high and we continued to see an increase in demand for our products, leading to increased sales volumes across all reportable segments. However, during this period, we also experienced supply chain disruptions causing shortages of various raw materials and increased freight charges.

While government-ordered shutdowns and restrictions have eased in most regions and mass vaccination programs are underway, the emergence of virus variants and resurgences of positive cases has led to a return to tighter restrictions in some regions and could prompt tighter restrictions in other regions which could further disrupt our supply chain. Although we have seen increased rounds of play and demand for golf-related products, over the course of the pandemic, this could change as mass vaccination programs continue to advance and restrictions are further eased on other activities. Accordingly, our business, results of operations, financial position and cash flows could be materially impacted in ways that we cannot currently predict.

## Key Performance Measures

We use various financial metrics to measure and evaluate our business, including, among others: (i) net sales on a constant currency basis, (ii) Adjusted EBITDA on a consolidated basis, (iii) Adjusted EBITDA margin on a consolidated basis and (iv) segment operating income (loss).

Since a significant percentage of our net sales are generated outside of the United States, we use net sales on a constant currency basis to evaluate the sales performance of our business in period over period comparisons and for forecasting our business going forward. Constant currency information allows us to estimate what our sales performance would have been without changes in foreign currency exchange rates. This information is calculated by taking the current period local currency sales and translating them into U.S. dollars based upon the foreign currency exchange rates for the applicable comparable prior period. This constant currency information should not be considered in isolation or as a substitute for any measure derived in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). Our presentation of constant currency information may not be consistent with the manner in which similar measures are derived or used by other companies.

We primarily use Adjusted EBITDA on a consolidated basis to evaluate the effectiveness of our business strategies, assess our consolidated operating performance and make decisions regarding pricing of our products, go to market execution and costs to incur across our business. We present Adjusted EBITDA as a supplemental measure of our operating performance because it excludes the impact of certain items that we do not consider indicative of our ongoing operating performance. We define Adjusted EBITDA in a manner consistent with the term “Consolidated EBITDA” as it is defined in our credit agreement. Adjusted EBITDA represents net income (loss) attributable to Acushnet Holdings Corp. plus interest expense, net, income tax expense (benefit), depreciation and amortization and other items defined in the agreement, including: share-based compensation expense; restructuring and transformation costs; certain transaction fees; extraordinary, unusual or non-recurring losses or charges; indemnification expense (income); certain pension settlement costs; certain other non-cash (gains) losses, net and the net income relating to noncontrolling interests. Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP. It should not be considered an alternative to net income (loss) attributable to Acushnet Holdings Corp. as a measure of our operating performance or any other measure of performance derived in accordance with U.S. GAAP. In addition, Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items, or affected by similar non-recurring items. Adjusted EBITDA has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under U.S. GAAP. Our definition and calculation of Adjusted EBITDA is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation. For a reconciliation of Adjusted EBITDA to net income (loss) attributable to Acushnet Holdings Corp., see “—Results of Operations” below.

We also use Adjusted EBITDA margin on a consolidated basis, which measures our Adjusted EBITDA as a percentage of net sales, because our management uses it to evaluate the effectiveness of our business strategies, assess our consolidated operating performance and make decisions regarding pricing of our products, go to market execution and costs to incur across our business. We present Adjusted EBITDA margin as a supplemental measure of our operating performance because it excludes the impact of certain items that we do not consider indicative of our ongoing operating performance. Adjusted EBITDA margin is not a measurement of financial performance under U.S. GAAP. It should not be considered an alternative to any measure of performance derived in accordance with U.S. GAAP. In addition, Adjusted EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items, or affected by similar non-recurring items. Adjusted EBITDA margin has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under U.S. GAAP. Our definition and calculation of Adjusted EBITDA margin is not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation.

Lastly, we use segment operating income (loss) to evaluate and assess the performance of each of our reportable segments and to make budgeting decisions. Segment operating income (loss) includes directly attributable expenses and certain shared costs of corporate administration that are allocated to the reportable segments, but excludes interest expense, net; restructuring charges; the non-service cost component of net periodic benefit cost; transaction fees and other non-operating gains and losses as we do not allocate these to the reportable segments.

## Results of Operations

The following table sets forth, for the periods indicated, our results of operations.

<i>(in thousands)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net sales	\$ 624,850	\$ 300,002	\$ 1,205,735	\$ 708,743
Cost of goods sold	290,424	143,545	560,570	351,331
Gross profit	334,426	156,457	645,165	357,412
Operating expenses:				
Selling, general and administrative	210,255	130,535	386,624	283,258
Research and development	13,021	11,132	25,350	24,352
Intangible amortization	1,970	1,955	3,942	3,911
Restructuring charges	—	1,104	—	12,732
Income from operations	109,180	11,731	229,249	33,159
Interest expense, net	1,848	4,402	5,464	8,525
Other expense, net	239	4,174	2,231	4,864
Income before income taxes	107,093	3,155	221,554	19,770
Income tax expense (benefit)	24,573	(598)	52,407	7,042
Net income	82,520	3,753	169,147	12,728
Less: Net income attributable to noncontrolling interests	(1,435)	(1,440)	(3,104)	(1,538)
Net income attributable to Acushnet Holdings Corp.	\$ 81,085	\$ 2,313	\$ 166,043	\$ 11,190
<b>Adjusted EBITDA:</b>				
Net income attributable to Acushnet Holdings Corp.	\$ 81,085	\$ 2,313	\$ 166,043	\$ 11,190
Interest expense, net	1,848	4,402	5,464	8,525
Income tax expense (benefit)	24,573	(598)	52,407	7,042
Depreciation and amortization	10,275	10,302	20,638	20,571
Share-based compensation	8,277	4,216	13,810	6,403
Restructuring & transformation costs <sup>(1)</sup>	—	1,439	—	13,067
Other extraordinary, unusual or non-recurring items, net <sup>(2)(3)</sup>	271	9,557	1,582	17,543
Net income attributable to noncontrolling interests	1,435	1,440	3,104	1,538
Adjusted EBITDA	\$ 127,764	\$ 33,071	\$ 263,048	\$ 85,879
Adjusted EBITDA margin	20.4 %	11.0 %	21.8 %	12.1 %

(1) Relates to severance and other costs associated with management's program to refine the Company's business model and improve operational efficiencies.

(2) The three and six months ended June 30, 2021 include pension settlement costs of \$0.1 million and \$1.5 million, respectively, related to lump-sum distributions to participants in our defined benefit plans as a result of the voluntary retirement program as part of management's approved restructuring program, as well as other immaterial unusual or non-recurring items, net.

(3) The three and six months ended June 30, 2020 include salaries and benefits paid for associates who could not work due to government mandated shutdowns, fringe benefits paid for furloughed associates, spoiled raw materials, incremental costs to support remote work and the cost of additional health and safety equipment of \$6.0 million and \$13.5 million, respectively. The three and six months ended June 30, 2020 also include \$3.9 million of pension settlement costs related to lump-sum distributions to participants in our defined benefit plans as a result of the voluntary retirement plan as part of management's approved restructuring program, as well as other immaterial unusual or non-recurring items, net for the three and six months ended June 30, 2020.

**Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020**

Net sales by reportable segment is summarized as follows:

(in millions)	Three months ended		Increase/(Decrease)		Constant Currency	
	June 30,				Increase/(Decrease)	
	2021	2020	\$ change	% change	\$ change	% change
Titleist golf balls	\$ 202.3	\$ 102.1	\$ 100.2	98.1 %	\$ 93.5	91.6 %
Titleist golf clubs	152.8	72.4	80.4	111.0 %	75.0	103.6 %
Titleist golf gear	65.0	32.4	32.6	100.6 %	30.1	92.9 %
FootJoy golf wear	164.6	68.3	96.3	141.0 %	88.3	129.3 %

Net sales information by region is summarized as follows:

(in millions)	Three months ended		Increase/(Decrease)		Constant Currency	
	June 30,				Increase/(Decrease)	
	2021	2020	\$ change	% change	\$ change	% change
United States	\$ 315.3	\$ 145.2	\$ 170.1	117.1 %	\$ 170.1	117.1 %
EMEA <sup>(1)</sup>	97.4	34.1	63.3	185.6 %	52.8	154.8 %
Japan	45.6	22.1	23.5	106.3 %	24.2	109.5 %
Korea	97.0	65.9	31.1	47.2 %	23.1	35.1 %
Rest of world	69.6	32.7	36.9	112.8 %	29.4	89.9 %
Total net sales	\$ 624.9	\$ 300.0	\$ 324.9	108.3 %	\$ 299.6	99.9 %

(1) Europe, the Middle East and Africa ("EMEA")

Segment operating income (loss) by reportable segment is summarized as follows:

(in millions)	Three months ended		Increase/(Decrease)	
	June 30,			
	2021	2020	\$ change	% change
<b>Segment operating income (loss)</b>				
Titleist golf balls	\$ 40.5	\$ 10.0	\$ 30.5	*
Titleist golf clubs	29.4	(2.4)	31.8	*
Titleist golf gear	12.4	4.7	7.7	163.8 %
FootJoy golf wear	21.0	(1.9)	22.9	*

\*Percentage change not meaningful

#### Net Sales

Net sales increased by \$324.9 million, or 108.3%, to \$624.9 million for the three months ended June 30, 2021 compared to \$300.0 million for the three months ended June 30, 2020. On a constant currency basis, net sales increased by \$299.6 million, or 99.9%, to \$599.6 million. The increase in net sales on a constant currency basis was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020 coupled with sales volume increases across all reportable segments, as rounds of play and consumer demand for golf-related products remained elevated during the second quarter of 2021. Sales volume growth of products that are not allocated to one of our four reportable segments also contributed to the increase in net sales.

The increase in net sales in the United States was driven by an increase of \$65.8 million in Titleist golf balls, an increase of \$43.7 million in FootJoy golf wear, an increase of \$41.1 million in Titleist golf clubs and an increase of \$17.1 million in Titleist golf gear, all driven by the same factors discussed above.

Net sales in regions outside the United States increased by \$154.8 million, or 100.0%, to \$309.6 million for the three months ended June 30, 2021 compared to \$154.8 million for the three months ended June 30, 2020. On a constant currency basis, net sales in regions outside of the United States increased by \$129.5 million, or 83.7%, to \$284.3 million. The increase in

net sales in all regions was primarily driven by increased sales across all reportable segments, driven by the same factors discussed above.

*Gross Profit*

Gross profit increased by \$177.9 million to \$334.4 million for the three months ended June 30, 2021 compared to \$156.5 million for the three months ended June 30, 2020. Gross margin increased to 53.5% for the three months ended June 30, 2021 compared to 52.2% for the three months ended June 30, 2020. The increase in gross profit resulted from an increase of \$60.1 million in Titleist golf balls, an increase of \$49.5 million in Titleist golf clubs, an increase of \$44.9 million in FootJoy golf wear and an increase of \$14.9 million in Titleist golf gear, each primarily due to the sales volume changes discussed above, partially offset by increased inbound freight costs.

The increase in gross margin was primarily due to higher gross margins in Titleist golf balls and Titleist golf clubs due to favorable manufacturing overhead absorption driven by sales volume increases and decreased period costs and higher average selling prices in Titleist golf clubs. The second quarter of 2020 included nonrecurring period costs related to the temporary closure of our United States-based golf ball manufacturing facilities. These gross margin increases were partially offset by lower gross margins in FootJoy golf wear primarily due to higher manufacturing costs in FootJoy footwear and higher inbound freight costs across all reportable segments.

*Selling, General and Administrative Expenses*

SG&A expenses increased by \$79.8 million to \$210.3 million for the three months ended June 30, 2021 compared to \$130.5 million for the three months ended June 30, 2020, primarily driven by lower SG&A in the second quarter of 2020 due to expense reduction measures taken across all reportable segments as a result of the COVID-19 pandemic. This increase was comprised of an increase of \$38.0 million in selling expense due to the higher sales volumes as discussed above, an increase of \$33.9 million in advertising, promotional and professional tour expenses and an increase of \$7.5 million in administrative expense primarily due to consulting expenses and employee-related expenses. Overall, SG&A included a \$5.6 million unfavorable impact of changes in foreign currency exchange rates across all expense categories and reportable segments.

*Research and Development*

R&D expenses increased by \$1.9 million to \$13.0 million for the three months ended June 30, 2021 compared to \$11.1 million for the three months ended June 30, 2020, primarily related to an increase in employee-related costs.

*Interest Expense, net*

Interest expense, net decreased by \$2.6 million to \$1.8 million for the three months ended June 30, 2021 compared to \$4.4 million for the three months ended June 30, 2020. This decrease was primarily due to a decrease in borrowings and interest rates for the three months ended June 30, 2021.

*Other Expense, net*

Other expense, net decreased by \$4.0 million to \$0.2 million for the three months ended June 30, 2021 compared to \$4.2 million for the three months ended June 30, 2020. This decrease was primarily due to a decrease in pension settlement costs recorded related to lump-sum distributions to participants in our defined benefit plans as a result of the voluntary retirement program associated with management's approved restructuring program.

*Income Tax Expense (Benefit)*

Income tax expense increased by \$25.2 million to \$24.6 million for the three months ended June 30, 2021 compared to an income tax benefit of \$0.6 million for the three months ended June 30, 2020. Our Effective Tax Rate ("ETR") was 22.9% for the three months ended June 30, 2021 compared to (19.0)% for the three months ended June 30, 2020. The change in the ETR was primarily driven by the impact of the COVID-19 pandemic on our jurisdictional mix of earnings, as well as a discrete tax benefit recognized for the three months ended June 30, 2020 related to a reduction of foreign withholding taxes.

*Segment Results*

**Titleist Golf Balls Segment**

Net sales in our Titleist golf balls segment increased by \$100.2 million, or 98.1%, to \$202.3 million for the three months ended June 30, 2021 compared to \$102.1 million for the three months ended June 30, 2020. On a constant currency basis, net sales in our Titleist golf balls segment increased by \$93.5 million, or 91.6%, to \$195.6 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020 combined with higher sales volumes of our latest generation Pro V1 and Pro V1x golf balls launched in the first quarter of 2021.

Operating income in our Titleist golf balls segment increased by \$30.5 million to \$40.5 million for the three months ended June 30, 2021 compared to \$10.0 million for the three months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$60.1 million, partially offset by higher operating expenses. The increase in gross profit was primarily driven by the sales volume increase discussed above and favorable manufacturing overhead absorption due to higher production volumes coupled with nonrecurring period costs incurred related to the temporary closure of our United States-based golf ball manufacturing facilities during the second quarter of 2020, partially offset by increased inbound freight costs. Operating expenses increased primarily as a result of increases of \$17.5 million, \$7.8 million and \$2.9 million in advertising and promotional, selling and administrative expenses, respectively.

**Titleist Golf Clubs Segment**

Net sales in our Titleist golf clubs segment increased by \$80.4 million, or 111.0%, to \$152.8 million for the three months ended June 30, 2021 compared to \$72.4 million for the three months ended June 30, 2020. On a constant currency basis, net sales in our Titleist golf clubs segment increased by \$75.0 million, or 103.6%, to \$147.4 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020. Also contributing to the increase were higher sales volumes and average selling prices across all product categories.

Operating income in our Titleist golf clubs segment increased by \$31.8 million to \$29.4 million for the three months ended June 30, 2021 compared to an operating loss of \$2.4 million for the three months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$49.5 million driven by the sales volume increase and higher average selling prices discussed above, partially offset by increased inbound freight costs and higher operating expenses. Higher operating expenses were primarily as a result of increases of \$8.0 million, \$7.5 million and \$2.0 million in advertising and promotional, selling and administrative expenses, respectively.

**Titleist Golf Gear Segment**

Net sales in our Titleist golf gear segment increased by \$32.6 million, or 100.6%, to \$65.0 million for the three months ended June 30, 2021 compared to \$32.4 million for the three months ended June 30, 2020. On a constant currency basis, net sales in our Titleist golf gear segment increased by \$30.1 million, or 92.9%, to \$62.5 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020. Sales volumes increased across all product categories.

Operating income in our Titleist golf gear segment increased by \$7.7 million, or 163.8%, to \$12.4 million for the three months ended June 30, 2021 compared to \$4.7 million for the three months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$14.9 million driven by the sales volume increase discussed above, partially offset by increased inbound freight costs and higher operating expenses. Operating expenses increased primarily as a result of an increase of \$5.1 million in selling expense.

**FootJoy Golf Wear Segment**

Net sales in our FootJoy golf wear segment increased by \$96.3 million, or 141.0%, to \$164.6 million for the three months ended June 30, 2021 compared to \$68.3 million for the three months ended June 30, 2020. On a constant currency basis, net sales in our FootJoy golf wear segment increased by \$88.3 million, or 129.3%, to \$156.6 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020. Sales volumes increased across all product categories and average selling prices were higher in apparel and gloves.

Operating income in our FootJoy golf wear segment increased by \$22.9 million to \$21.0 million for the three months ended June 30, 2021 compared to an operating loss of \$1.9 million for the three months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$44.9 million as a result of the sales volume increase discussed above, partially offset by higher manufacturing costs in footwear, increased inbound freight costs and higher operating expenses.



Operating expenses increased primarily as a result of increases of \$13.9 million and \$6.4 million in selling and advertising and promotional expenses, respectively.

**Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020**

Net sales by reportable segment is summarized as follows:

(in millions)	Six months ended		Increase/(Decrease)		Constant Currency	
	June 30,				Increase/(Decrease)	
	2021	2020	\$ change	% change	\$ change	% change
Titleist golf balls	\$ 375.9	\$ 218.4	\$ 157.5	72.1 %	\$ 146.6	67.1 %
Titleist golf clubs	308.6	165.6	143.0	86.4 %	133.7	80.7 %
Titleist golf gear	118.1	75.9	42.2	55.6 %	37.7	49.7 %
FootJoy golf wear	324.1	198.7	125.4	63.1 %	111.8	56.3 %

Net sales information by region is summarized as follows:

(in millions)	Six months ended		Increase/(Decrease)		Constant Currency	
	June 30,				Increase/(Decrease)	
	2021	2020	\$ change	% change	\$ change	% change
United States	\$ 624.0	\$ 356.2	\$ 267.8	75.2 %	\$ 267.8	75.2 %
EMEA	177.9	108.8	69.1	63.5 %	52.0	47.8 %
Japan	102.0	59.7	42.3	70.9 %	41.6	69.7 %
Korea	176.1	116.3	59.8	51.4 %	46.6	40.1 %
Rest of world	125.7	67.7	58.0	85.7 %	46.0	67.9 %
Total net sales	\$ 1,205.7	\$ 708.7	\$ 497.0	70.1 %	\$ 454.0	64.1 %

Segment operating income by reportable segment is summarized as follows:

(in millions)	Six months ended		Increase/(Decrease)	
	June 30,			
	2021	2020	\$ change	% change
<b>Segment operating income</b>				
Titleist golf balls	\$ 74.8	\$ 13.3	\$ 61.5	*
Titleist golf clubs	71.2	2.1	69.1	*
Titleist golf gear	22.1	13.5	8.6	63.7 %
FootJoy golf wear	49.1	12.4	36.7	*

\* Percentage change not meaningful

*Net Sales*

Net sales increased by \$497.0 million, or 70.1%, to \$1,205.7 million for the six months ended June 30, 2021 compared to \$708.7 million for the six months ended June 30, 2020. On a constant currency basis, net sales increased by \$454.0 million, or 64.1%, to \$1,162.7 million. The increase in net sales on a constant currency basis was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020 coupled with sales volume increases across all reportable segments, as rounds of play and consumer demand for golf-related products remained elevated during the first six months of 2021. Sales volume growth of products that are not allocated to one of our four reportable segments also contributed to the increase in net sales.

The increase in net sales in the United States was driven by an increase of \$107.4 million in Titleist golf balls, an increase of \$78.4 million in Titleist golf clubs, an increase of \$57.1 million in FootJoy golf wear and an increase of \$22.3 million in Titleist golf gear, all driven by the same factors discussed above.

Net sales in regions outside the United States increased by \$229.2 million, or 65.0%, to \$581.7 million for the six months ended June 30, 2021 compared to \$352.5 million for the six months ended June 30, 2020. On a constant currency basis, net sales in such regions increased by \$186.2 million, or 52.8%, to \$538.7 million. The increase in net sales in all regions was primarily driven by increased sales across all reportable segments driven by the same factors discussed above.

### *Gross Profit*

Gross profit increased by \$287.8 million to \$645.2 million for the six months ended June 30, 2021 compared to \$357.4 million for the six months ended June 30, 2020. Gross margin increased to 53.5% for the six months ended June 30, 2021 compared to 50.4% for the six months ended June 30, 2020. The increase in gross profit primarily resulted from an increase of \$95.5 million in Titleist golf balls, an increase of \$90.6 million in Titleist golf clubs, an increase of \$65.0 million in FootJoy golf wear and an increase of \$19.8 million in Titleist golf gear, each primarily due to the sales volume increases discussed above, partially offset by increased inbound freight costs.

The increase in gross margin was primarily driven by higher gross margins in Titleist golf clubs, Titleist golf balls and FootJoy golf wear. The increases in Titleist golf clubs and Titleist golf balls were primarily due to favorable manufacturing overhead absorption primarily driven by sales volume increases, favorable product mix shifts and higher average selling prices. The second quarter of 2020 included nonrecurring period costs related to the temporary closure of our United States-based golf club assembly and golf ball manufacturing facilities. The increase in FootJoy golf wear was primarily driven by a higher percentage of global eCommerce sales and retail sales in Korea. Increased inbound freight costs partially offset the gross margin increases across all reportable segments.

### *Selling, General and Administrative Expenses*

SG&A expenses increased by \$103.3 million to \$386.6 million for the six months ended June 30, 2021 compared to \$283.3 million for the six months ended June 30, 2020. This increase was primarily driven by lower SG&A in the second quarter of 2020 due to expense reduction measures taken across all reportable segments as a result of the COVID-19 pandemic. This increase was comprised of an increase of \$55.8 million in selling expense due to higher sales volumes as described above, an increase of \$31.2 million in advertising, promotional and professional tour expenses and an increase of \$14.6 million in administrative expense primarily due to employee-related and consulting expenses. Overall, SG&A included a \$9.5 million unfavorable impact of changes in foreign currency exchange rates across all expense categories and reportable segments.

### *Interest Expense, net*

Interest expense, net decreased by \$3.0 million to \$5.5 million for the six months ended June 30, 2021 compared to \$8.5 million for the six months ended June 30, 2020. This decrease was primarily due to a decrease in borrowings and interest rates for the six months ended June 30, 2021.

### *Other Expense, net*

Other expense, net decreased by \$2.7 million to \$2.2 million for the six months ended June 30, 2021 compared to \$4.9 million for the six months ended June 30, 2020. This decrease was primarily due to a decrease in the pension settlement costs recorded related to lump-sum distributions to participants in our defined benefit plans as a result of the voluntary retirement program associated with management's approved restructuring program.

### *Income Tax Expense*

Income tax expense increased by \$45.4 million to \$52.4 million for the six months ended June 30, 2021 compared to \$7.0 million for the six months ended June 30, 2020. Our ETR was 23.7% for the six months ended June 30, 2021 compared to 35.6% for the six months ended June 30, 2020. The change in the ETR was primarily driven by the impact of the COVID-19 pandemic on our jurisdictional mix of earnings.

### *Segment Results*

#### **Titleist Golf Balls Segment**

Net sales in our Titleist golf balls segment increased by \$157.5 million, or 72.1%, to \$375.9 million for the six months ended June 30, 2021 compared to \$218.4 million for the six months ended June 30, 2020. On a constant currency basis, net sales in our Titleist golf balls segment increased by \$146.6 million, or 67.1%, to \$365.0 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020 combined with higher sales volumes of our latest generation Pro V1 and Pro V1x golf balls launched in the first quarter of 2021.

Operating income in our Titleist golf balls segment increased by \$61.5 million to \$74.8 million for the six months ended June 30, 2021 compared to \$13.3 million for the six months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$95.5 million, partially offset by higher operating expenses. The increase in gross profit was primarily driven by the sales volume increase discussed above and favorable manufacturing overhead absorption due to higher

production volumes coupled with nonrecurring period costs related to the temporary closure of our United States-based golf ball manufacturing facilities incurred during the second quarter of 2020, as well as higher average selling prices. This increase was partially offset by increased inbound freight costs. Operating expenses increased primarily as a result of increases of \$17.1 million, \$10.3 million and \$5.8 million in advertising and promotional, selling and administrative expenses, respectively.

#### **Titleist Golf Clubs Segment**

Net sales in our Titleist golf clubs segment increased by \$143.0 million, or 86.4%, to \$308.6 million for the six months ended June 30, 2021 compared to \$165.6 million for the six months ended June 30, 2020. On a constant currency basis, net sales in our Titleist golf clubs segment increased by \$133.7 million, or 80.7%, to \$299.3 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020. Also contributing to the increase were higher sales volumes and average selling prices across all product categories.

Operating income in our Titleist golf clubs segment increased by \$69.1 million to \$71.2 million for the six months ended June 30, 2021 compared to \$2.1 million for the six months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$90.6 million driven by the sales volume increase discussed above and higher average selling prices, partially offset by increased inbound freight costs and higher operating expenses. Higher operating expenses were primarily as a result of increases of \$9.7 million, \$7.1 million and \$4.1 million in selling, advertising and promotional and administrative expenses, respectively.

#### **Titleist Golf Gear Segment**

Net sales in our Titleist golf gear segment increased by \$42.2 million, or 55.6%, to \$118.1 million for the six months ended June 30, 2021 compared to \$75.9 million for the six months ended June 30, 2020. On a constant currency basis, net sales in our Titleist golf gear segment increased by \$37.7 million, or 49.7%, to \$113.6 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020. Sales volumes increased across all product categories.

Operating income in our Titleist golf gear segment increased by \$8.6 million, or 63.7%, to \$22.1 million for the six months ended June 30, 2021 compared to \$13.5 million for the six months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$19.8 million driven by the sales volume increase discussed above, partially offset by increased inbound freight costs and higher operating expenses. Operating expenses increased primarily as a result of increases of \$7.9 million, \$1.6 million and \$1.6 million in selling, advertising and promotional, and administrative expenses, respectively.

#### **FootJoy Golf Wear Segment**

Net sales in our FootJoy golf wear segment increased by \$125.4 million, or 63.1%, to \$324.1 million for the six months ended June 30, 2021 compared to \$198.7 million for the six months ended June 30, 2020. On a constant currency basis, net sales in our FootJoy golf wear segment increased by \$111.8 million, or 56.3%, to \$310.5 million. This increase was largely due to the adverse impact of government-ordered shutdowns in the second quarter of 2020. Sales volumes increased and average selling prices were higher across all product categories.

Operating income in our FootJoy golf wear segment increased by \$36.7 million to \$49.1 million for the six months ended June 30, 2021 compared to \$12.4 million for the six months ended June 30, 2020. The increase in operating income resulted from higher gross profit of \$65.0 million primarily as a result of the sales volume increase discussed above and a higher percentage of global eCommerce sales and retail sales in Korea, partially offset by increased inbound freight costs and higher operating expenses. Operating expenses increased primarily as a result of increases of \$20.5 million, \$4.9 million and \$2.9 million in selling, advertising and promotional, and administrative expenses, respectively.

## **Liquidity and Capital Resources**

Our primary cash needs relate to working capital, capital expenditures, servicing of our debt, paying dividends, pension contributions and repurchasing shares of our common stock. We expect to rely on cash flows from operations and borrowings under our revolving credit facility and local credit facilities as our primary sources of liquidity.

Our liquidity is impacted by our level of working capital, which is cyclical as a result of the general seasonality of our business. Our accounts receivable balance is generally at its highest starting at the end of the first quarter and continuing through the second quarter, and declines during the third and fourth quarters as a result of both an increase in cash collections and lower sales. Our inventory balance also fluctuates as a result of the seasonality of our business. Generally, our buildup of inventory starts during the fourth quarter and continues through the first quarter and into the beginning of the second quarter in order to meet demand for our initial sell-in during the first quarter and reorders in the second quarter. Both accounts receivable and inventory balances are impacted by the timing of new product launches.

As of June 30, 2021, we had \$251.3 million of unrestricted cash and cash equivalents (including \$10.8 million attributable to our FootJoy golf shoe variable interest entity). As of June 30, 2021, 49.0% of our total unrestricted cash and cash equivalents was held at our non-U.S. subsidiaries. We manage our worldwide cash requirements by monitoring the funds available among our subsidiaries and determining the extent to which we can access those funds on a cost effective basis. We are not aware of any restrictions on repatriation of these funds and, subject to foreign withholding taxes, those funds could be repatriated, if necessary. We have repatriated, and intend to repatriate, funds to the United States from time to time to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs related to debt service requirements.

As noted previously, the COVID-19 pandemic could impact our results of operations in ways we cannot currently predict. Subject to the length and severity of the COVID-19 pandemic, we believe that cash expected to be provided by operating activities, together with our cash on hand and the availability of borrowings under our revolving credit facility and our local credit facilities (subject to customary borrowing conditions) will be sufficient to meet our liquidity requirements for at least the next 12 months. Our ability to generate sufficient cash flows from operations is, however, subject to many risks and uncertainties, including future economic trends and conditions, including the current COVID-19 pandemic, demand for our products, foreign currency exchange rates and other risks and uncertainties applicable to our business, as described in our Annual Report on Form 10-K for the year ended December 31, 2020.

## **Debt and Financing Arrangement**

As of June 30, 2021, we had \$366.6 million of availability under our revolving credit facility after giving effect to \$11.9 million of outstanding letters of credit. Additionally, we had \$58.5 million available under our local credit facilities.

Our credit agreement contains customary affirmative and restrictive covenants, including, among others, financial covenants based on our leverage and interest coverage ratios. On March 5, 2021, we issued a notice exercising our right to an early termination of the covenant relief period under our credit agreement and as such are now required to comply with the previous maximum net average total leverage ratio, and the interest rate margins, commitment fee and covenant baskets in effect prior to the July 23, 2020 amendment of our credit agreement. See "Notes to Unaudited Condensed Consolidated Financial Statements-Note-5-Debt and Financing Arrangements," Item 1 of Part I included elsewhere in this report for a description of our credit agreement. The credit agreement also includes customary events of default, the occurrence of which, following any applicable cure period, would permit the lenders to, among other things, declare the principal, accrued interest and other obligations to be immediately due and payable. As of June 30, 2021, we were in compliance with all covenants under the credit agreement.

See "Notes to Consolidated Financial Statements-Note-10-Debt and Financing Arrangements" in our Annual Report on Form 10-K for the year ended December 31, 2020 for a further description of our credit facilities. Additionally, see "Risk Factors - Risks Related to Our Indebtedness" as described in our Annual Report on Form 10-K for the year ended December 31, 2020.

## **Capital Expenditures**

We made \$12.4 million of capital expenditures during the six months ended June 30, 2021. Capital expenditures for the full year are expected to be in the range of \$45 to \$50 million, although the actual amount may vary depending upon a variety of factors, including the timing of implementation of certain capital projects. Capital expenditures generally relate to investments to support the manufacturing and distribution of products, our go-to-market activities and continued investments in information technology to support our global strategic initiatives. Our projected capital expenditures in 2021 are primarily related to key strategic investments in our golf ball operations and precision manufacturing capabilities.

**Dividends and Share Repurchase Program**

The Board of Directors has authorized us to repurchase up to an aggregate of \$100.0 million of our issued and outstanding common stock. Share repurchases may be effected from time to time in open market or privately negotiated transactions, including transactions with affiliates, with the timing of purchases and the amount of stock purchased generally determined at our discretion consistent with our general working capital needs and within the constraints of our credit agreement. This program will remain in effect until completed or until terminated by the Board of Directors.

In March 2021, we resumed share repurchases under our share repurchase program, which we temporarily suspended in April 2020 in light of the COVID-19 pandemic. During the six months ended June 30, 2021, we repurchased 144,656 shares of common stock on the open market at an average price of \$46.73 for an aggregate of \$6.8 million.

In connection with the share repurchase program, we entered into an agreement with Magnus Holdings Co., Ltd. (“Magnus”), a wholly owned subsidiary of Fila Holdings Corp., to purchase from Magnus an equal amount of our common stock as we purchase on the open market, up to an aggregate of \$24.9 million, at the same weighted average per share price. In relation to this share repurchase agreement, on April 2, 2021, we repurchased from Magnus 355,341 shares of common stock for an aggregate of \$11.1 million, in completion of our previously discussed share repurchase obligations. As of June 30, 2021, we had \$45.8 million remaining under the current share repurchase authorization. See “Notes to Unaudited Condensed Consolidated Financial Statements-Note-10-Common Stock,” Item 1 of Part I included elsewhere in this report for a description of our Magnus share repurchase agreement.

During the six months ended June 30, 2021, we paid dividends on our common stock of \$24.9 million to our shareholders. During the third quarter of 2021, our Board of Directors declared a dividend of \$0.165 per share of common stock to shareholders of record as of September 3, 2021 and payable on September 17, 2021.

**Cash Flows**

The following table presents the major components of net cash flows provided by (used in) operating, investing and financing activities for the periods indicated:

<i>(in thousands)</i>	Six months ended June 30,	
	2021	2020
Cash flows provided by (used in):		
Operating activities	\$ 152,411	\$ (839)
Investing activities	(12,401)	(10,355)
Financing activities	(37,021)	88,346
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(1,190)	(307)
Net increase in cash, cash equivalents and restricted cash	<u>\$ 101,799</u>	<u>\$ 76,845</u>

**Cash Flows from Operating Activities**

Net cash provided by operating activities was \$152.4 million for the six months ended June 30, 2021 compared to net cash used in operating activities of \$0.8 million for the six months ended June 30, 2020, an increase in cash provided by operating activities of \$153.2 million. The increase in cash provided by operating activities was primarily driven by an increase in net income offset in part by changes in working capital, both as a result of a significant increase in rounds of play and related consumer demand for golf-related products. Working capital at any specific point in time is subject to many variables including seasonality and inventory management, the timing of cash receipts and payments, vendor payment terms, and fluctuations in foreign exchange rates.

**Cash Flows from Investing Activities**

Net cash used in investing activities was \$12.4 million for the six months ended June 30, 2021 compared to \$10.4 million for the six months ended June 30, 2020, an increase in cash used in investing activities of \$2.0 million driven by changes in capital expenditures.

***Cash Flows from Financing Activities***

Net cash used in financing activities was \$37.0 million for the six months ended June 30, 2021 compared to net cash provided by financing activities of \$88.3 million for the six months ended June 30, 2020, an increase in cash used in financing activities of \$125.3 million. This increase was primarily due to a decrease in net proceeds from borrowings as well as an increase in purchases of common stock.

**Off-Balance Sheet Arrangements**

As of June 30, 2021, other than as discussed above, we did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

**Critical Accounting Estimates**

There have been no material changes to our critical accounting estimates from the information provided in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for the year ended December 31, 2020.

**Recently Issued Accounting Standards**

See "Notes to Unaudited Condensed Consolidated Financial Statements-Note-1-Summary of Significant Accounting Policies," Item 1 of Part I included elsewhere in this report for recently issued accounting standards, if any, including the dates of adoption and estimated effects on our consolidated financial statements.

**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to various market risks, which may result in potential losses arising from adverse changes in market rates, such as interest rates, foreign exchange rates and commodity prices, as well as inflation risk. We do not enter into derivatives or other financial instruments for trading or speculative purposes and do not believe we are exposed to material market risk with respect to our cash and cash equivalents.

**COVID-19 Pandemic**

Uncertainty with respect to the economic impact of the COVID-19 pandemic has introduced significant volatility in the financial markets and has impacted interest rates, foreign exchange rates and commodity prices. The COVID-19 pandemic continues to be fluid and uncertain, making it difficult to forecast the ultimate impact it could have on our future operations.

**Interest Rate Risk**

We are exposed to interest rate risk under our various credit facilities, which accrue interest at variable rates. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates for our floating rate debt. Our floating rate debt requires payments based on a variable interest rate index such as LIBOR. The LIBOR rate, on which the Eurodollar Rate is based, is expected to be discontinued by the end of 2021. The credit agreement permits us to agree with the administrative agent for the credit facility on a replacement benchmark rate subject to certain conditions (including that a majority of the lenders do not object to such replacement rate within a specified period of time following notice thereof from the administrative agent). Increases in interest rates may reduce our net income by increasing the cost of our debt.

During 2018, we entered into interest rate swap contracts to reduce our interest rate risk. Under these contracts, we paid fixed and received variable rate interest, in effect converting a portion of our floating rate debt to fixed rate debt. These contracts matured on May 31, 2021 and as of June 30, 2021, there were no interest rate swap contracts outstanding. See "Notes to Unaudited Condensed Consolidated Financial Statements-Note-6-Derivative Financial Instruments" for further discussion of our interest rate swap contracts.

We performed a sensitivity analysis to assess the potential effect of a hypothetical movement in interest rates on our pre-tax interest expense. As of June 30, 2021, we had \$345.2 million of outstanding indebtedness at variable interest rates (excluding unamortized debt issuance costs). The sensitivity analysis, while not predictive in nature, indicated that a one percentage point increase in the interest rate applied to these borrowings as of June 30, 2021 would have resulted in an increase of \$3.5 million in our annual pre-tax interest expense.

**Foreign Exchange Risk**

We are exposed to foreign currency transaction risk related to transactions denominated in a currency other than functional currency. In addition, we are exposed to currency translation risk resulting from the translation of the financial results of our consolidated subsidiaries from their functional currency into U.S. dollars for financial reporting purposes.

We use financial instruments to reduce the earnings and shareholders' equity volatility relating to transaction risk. The principal financial instruments we enter into on a routine basis are foreign exchange forward contracts, primarily pertaining to the U.S. dollar, the Japanese yen, the British pound sterling, the Canadian dollar, the Korean won and the euro. The periods of the foreign exchange forward contracts designated as hedges correspond to the periods of the forecasted hedged transactions, which do not exceed 24 months subsequent to the latest balance sheet date. See "Notes to Unaudited Condensed Consolidated Financial Statements-Note-6-Derivative Financial Instruments" for further discussion of our foreign currency derivative instruments.

We performed a sensitivity analysis to assess potential changes in the fair value of our foreign exchange forward contracts relating to a hypothetical movement in foreign currency exchange rates. The gross U.S. dollar equivalent notional amount of all foreign exchange forward contracts outstanding at June 30, 2021 was \$203.7 million, representing a net settlement asset of \$3.0 million. The sensitivity analysis of changes in the fair value of our foreign exchange forward contracts outstanding as of June 30, 2021, while not predictive in nature, indicated that the net settlement asset of \$3.0 million would decrease by \$15.2 million resulting in a net settlement liability of \$12.2 million, if the U.S. dollar uniformly weakened by 10% against all currencies covered by our contracts.

The sensitivity analysis described above recalculates the fair value of the foreign exchange forward contracts outstanding by replacing the actual foreign currency exchange rates and current month forward rates with foreign currency exchange rates and forward rates that reflect a 10% weakening of the U.S. dollar against all currencies covered by our contracts. All other factors are held constant. The sensitivity analysis disregards the possibility that currency exchange rates can move in opposite directions and that gains from one currency may or may not be offset by losses from another currency. The analysis also disregards the offsetting change in value of the underlying hedged transactions and balances.

The financial markets and currency volatility may limit our ability to cost-effectively hedge these exposures. The counterparties to derivative contracts are major financial institutions with investment grade credit ratings. We monitor the credit quality of these financial institutions on an ongoing basis.

#### ***Commodity Price Risk***

We are exposed to commodity price risk with respect to certain materials and components used by us, our suppliers and our manufacturers, including polybutadiene, urethane and Surlyn for the manufacturing of our golf balls, titanium and steel for the assembly of our golf clubs, leather and synthetic fabrics for our golf shoes, golf gloves, golf gear and golf apparel, and resin and other petroleum-based materials for a number of our products.

#### **Impact of Inflation**

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have traditionally been immaterial. However, due to the uncertainty that exists with respect to the economic impact of the COVID-19 pandemic, our business, results of operations, financial position and cash flows could be materially impacted.

#### ***ITEM 4. Controls and Procedures***

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the fiscal quarter ended June 30, 2021. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As a result of the COVID-19 pandemic, many of our employees began working remotely in March 2020 and continue to do so. This change to our working environment did not have a material effect on our internal controls over financial reporting during the most recent quarter. We will continue to monitor and assess any impacts from the COVID-19 pandemic on our internal controls over financial reporting.



**PART II. OTHER INFORMATION****ITEM 1. Legal Proceedings**

We are defendants in lawsuits associated with the normal conduct of our businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that some of these actions could be decided unfavorably.

**Item 1A. Risk Factors**

You should carefully consider each of the risk factors included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020, as well as the other information set forth in this report. There have been no material changes to the risk factors as described in our Annual Report on Form 10-K for the year ended December 31, 2020.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table provides information relating to the Company's purchase of common stock for the second quarter of 2021:

Period	Total number of shares purchased <sup>(2)</sup>	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs <sup>(1)(2)</sup> (in thousands)
April 1, 2021 - April 30, 2021	355,341	\$ 31.31	355,341	\$ 50,169
May 1, 2021 - May 31, 2021	—	—	—	50,169
June 1, 2021 - June 30, 2021	88,500	49.51	88,500	45,787
<b>Total</b>	<b>443,841</b>	<b>\$ 34.94</b>	<b>443,841</b>	<b>\$ 45,787</b>

(1) Our Board of Directors has authorized us to repurchase up to an aggregate of \$100.0 million of our issued and outstanding common stock.

(2) In connection with the share repurchase program, we entered into an agreement with Magnus Holdings Co., Ltd. ("Magnus"), a wholly owned subsidiary of Fila Holdings Corp., to purchase from Magnus an equal amount of our common stock as we purchase on the open market up to an aggregate of \$24.9 million at the same weighted average per share price. On April 2, 2021, we repurchased from Magnus 355,341 shares of common stock for an aggregate of \$11.1 million, in completion of our previously discussed share repurchase obligations. See "Notes to Unaudited Condensed Consolidated Financial Statements-Note 10-Common Stock," Item 1 of Part I, included elsewhere in this report, for disclosures related to the Magnus share repurchase agreement.

**ITEM 3. Defaults Upon Senior Securities**

None.

**ITEM 4. Mine Safety Disclosures**

None.

**ITEM 5. Other Information**

None.

**ITEM 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">31.1</a>	<a href="#">Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</a>
<a href="#">31.2</a>	<a href="#">Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</a>
<a href="#">32.1</a>	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</a>
<a href="#">32.2</a>	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</a>
101.SCH	Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACUSHNET HOLDINGS CORP.

Dated: August 5, 2021

By: /s/ David Maher  
David Maher  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

Dated: August 5, 2021

By: /s/ Thomas Pacheco  
Thomas Pacheco  
*Executive Vice President, Chief Financial Officer and Chief Accounting Officer*  
*(Principal Financial Officer and Principal Accounting Officer)*

## CERTIFICATIONS

I, David Maher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acushnet Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ DAVID MAHER

Name: David Maher

*President and Chief Executive Officer*

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## CERTIFICATIONS

I, Thomas Pacheco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Acushnet Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ THOMAS PACHECO

Name: Thomas Pacheco

*Executive Vice President, Chief Financial Officer and Chief Accounting Officer*

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**CERTIFICATION OF PERIODIC FINANCIAL REPORTS**

I, David Maher, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Acushnet Holdings Corp.

Date: August 5, 2021

/s/ DAVID MAHER

Name: David Maher

*President and Chief Executive Officer*

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**CERTIFICATION OF PERIODIC FINANCIAL REPORTS**

I, Thomas Pacheco, Executive Vice President, Chief Financial Officer and Chief Accounting Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Acushnet Holdings Corp.

Date: August 5, 2021

/s/ THOMAS PACHECO

Name: Thomas Pacheco

*Executive Vice President, Chief Financial Officer and Chief Accounting Officer*

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