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 March 31, 2017

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)	**45-5644353** (I.R.S. Employer Identification No.)
333 Bridge Street **Fairhaven, Massachusetts** (Address of principal executive offices)	**02719** (Zip Code)

(800) 225-8500

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a smaller reporting company)	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 74,451,977 shares of common stock outstanding as of May 5, 2017.

ACUSHNET HOLDINGS CORP.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED March 31, 2017
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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. 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.

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, but are not limited to:

- 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;
- 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;
- 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;
- cost of raw materials and components;
- currency transaction and translation risk;
- our ability to successfully manage the frequent introduction of new products;
- our reliance on technical innovation and high-quality products;
- changes of the Rules of Golf with respect to equipment;
- 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;
- recent changes to U.S. patent laws and proposed changes to the rules of the U.S. Patent and Trademark Office;
- intense competition and our ability to maintain a competitive advantage in each of our markets;

- limited opportunities for future growth in sales of 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 (the "FCPA") or other applicable anti-corruption legislation;
- 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 increase in 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;
- occurrence of natural disasters or pandemic diseases;
- 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;
- terrorist activities and international political instability;
- 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 on terms acceptable to us and potential dilution of holders of our common stock;
- our estimates or judgments relating to our critical accounting policies;
- our substantial leverage, ability to service our indebtedness, ability to incur more indebtedness and restrictions in the agreements governing our indebtedness;
- a sale, foreclosure, liquidation or other transfer of the shares of our common stock owned by Magnus Holdings Co., Ltd. ("Magnus") as a result of the term loan agreement entered into by Magnus to finance the purchase of shares of our common stock by Magnus in connection with our initial public offering;
- the ability of our controlling stockholder to control significant corporate activities, and our controlling stockholder's interests may conflict with yours;
- the pledge by Fila Korea Co., Ltd. ("Fila Korea") of the common stock of Magnus and any future pledges by Fila Korea of the common stock of Magnus;
- the insolvency laws of Korea are different from U.S. bankruptcy laws;
- our status as a controlled company;
- increased costs and regulatory requirements of operating as a public company;
- our ability to maintain effective internal controls over financial reporting;
- our ability to pay dividends;
- dilution from future issuances or sales of our common stock;
- anti-takeover provisions in our organizational documents; and
- reports from securities analysts.

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) as a channel of distribution of company information. The information we post through this channel may be deemed 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/default.aspx. The contents of our website are not, however, a part of this report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ACUSHNET HOLDINGS CORP.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share and per share amounts)	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and restricted cash ($18,111 and $13,811 attributable to the variable interest entity ("VIE"))	$ 72,738	$ 79,140
Accounts receivable, net	321,440	177,506
Inventories ($10,100 and $14,633 attributable to the VIE)	314,155	323,289
Other assets	81,519	84,596
Total current assets	789,852	664,531
Property, plant and equipment, net ($10,487 and $10,709 attributable to the VIE)	234,401	239,748
Goodwill ($32,312 and $32,312 attributable to the VIE)	182,136	179,241
Intangible assets, net	487,894	489,988
Deferred income taxes	120,085	130,416
Other assets ($2,622 and $2,642 attributable to the VIE)	30,959	32,247
Total assets	$ 1,845,327	$ 1,736,171
Liabilities and Equity		
Current liabilities		
Short-term debt	$ 169,312	$ 42,495
Current portion of long-term debt	23,750	18,750
Accounts payable ($7,259 and $10,397 attributable to the VIE)	95,388	87,608
Accrued taxes	32,465	41,962
Accrued compensation and benefits ($180 and $780 attributable to the VIE)	57,553	224,230
Accrued expenses and other liabilities ($5,078 and $4,121 attributable to the VIE)	68,212	47,063
Total current liabilities	446,680	462,108
Long-term debt and capital lease obligations	437,432	348,348
Deferred income taxes	7,533	7,452
Accrued pension and other postretirement benefits ($1,958 and $1,946 attributable to the VIE)	137,434	135,339
Other noncurrent liabilities ($3,578 and $3,368 attributable to the VIE)	15,366	14,101
Total liabilities	1,044,445	967,348
Commitments and contingencies (Note 14)		
Shareholders' Equity		
Common stock, $0.001 par value, 500,000,000 shares authorized; 74,451,977 and 74,093,598 shares issued and outstanding	74	74
Additional paid-in capital	883,520	880,576
Accumulated other comprehensive loss, net of tax	(89,797)	(90,834)
Retained deficit	(24,989)	(53,951)
Total equity attributable to Acushnet Holdings Corp.	768,808	735,865
Noncontrolling interests	32,074	32,958
Total shareholders' equity	800,882	768,823
Total liabilities and shareholders' equity	$ 1,845,327	$ 1,736,171

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

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except share and per share amounts)	Three months ended March 31, 2017	Three months ended March 31, 2016
Net sales	$ 433,615	$ 439,935
Cost of goods sold	207,200	214,066
Gross profit	226,415	225,869
Operating expenses		
Selling, general and administrative	147,998	155,318
Research and development	12,507	11,130
Intangible amortization	1,622	1,649
Restructuring charges	-	587
Income from operations	64,288	57,185
Interest expense, net	2,922	13,841
Other (income) expense, net	(749)	1,383
Income before income taxes	62,115	41,961
Income tax expense	22,485	16,769
Net income	39,630	25,192
Less: Net income attributable to noncontrolling interests	(1,516)	(1,530)
Net income attributable to Acushnet Holdings Corp.	$ 38,114	$ 23,662
Net income per common share attributable to Acushnet Holdings Corp.:		
Basic	$ 0.51	$ 0.53
Diluted	0.51	0.35
Cash dividends declared per common share:	$ 0.12	$ -
Weighted average number of common shares:		
Basic	74,220,771	21,821,255
Diluted	74,250,155	54,449,338

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

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(in thousands)	Three months ended March 31, 2017	2016
Net income	$ 39,630	$ 25,192
Other comprehensive income (loss)		
Foreign currency translation adjustments	11,580	6,977
Foreign exchange derivative instruments		
Unrealized holding gains (losses) arising during period	(11,745)	(11,489)
Reclassification adjustments included in net income	(1,811)	(4,911)
Tax benefit	3,197	6,019
Foreign exchange derivative instruments, net	(10,359)	(10,381)
Available-for-sale securities		
Unrealized holding gains (losses) arising during period	(105)	(303)
Tax benefit	40	115
Available-for-sale securities, net	(65)	(188)
Pension and other postretirement benefits adjustments		
Net gain (loss) arising during period	(182)	300
Tax benefit	63	59
Pension and other postretirement benefits adjustments, net	(119)	359
Total other comprehensive income (loss)	1,037	(3,233)
Comprehensive income	40,667	21,959
Less: Comprehensive income attributable to noncontrolling interests	(1,516)	(1,530)
Comprehensive income attributable to Acushnet Holdings Corp.	$ 39,151	$ 20,429

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

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Three months ended March 31, 2017	2016
Cash flows from operating activities		
Net income	$ 39,630	$ 25,192
Adjustments to reconcile net income to cash used in operating activities		
Depreciation and amortization	10,161	10,270
Unrealized foreign exchange gain (loss)	37	(618)
Amortization of debt issuance costs	330	1,095
Amortization of discount on bonds payable	—	143
Change in fair value of common stock warrants	—	1,879
Share-based compensation	3,847	—
Loss on disposals of property, plant and equipment	319	96
Deferred income taxes	13,499	12,305
Changes in operating assets and liabilities		
Accounts receivable	(138,926)	(144,597)
Inventories	14,720	8,686
Accounts payable	6,427	9,706
Accrued taxes	(10,960)	1,831
Accrued expenses and other liabilities	(159,669)	121,117
Other assets	(4,580)	(1,934)
Other noncurrent liabilities	1,677	(146,604)
Interest due to related parties	—	7,423
Cash flows used in operating activities	(223,488)	(94,010)
Cash flows from investing activities		
Additions to property, plant and equipment	(3,676)	(4,508)
Cash flows used in investing activities	(3,676)	(4,508)
Cash flows from financing activities		
Increase in short-term borrowings, net	125,982	45,688
Proceeds from delayed draw term loan A facility	100,000	—
Repayment of term loan facilities	(5,938)	—
Proceeds from revolver loan facility	—	63,000
Payment of employee restricted stock tax withholdings	(903)	—
Cash flows provided by financing activities	219,141	108,688
Effect of foreign exchange rate changes on cash	1,621	1,233
Net increase (decrease) in cash	(6,402)	11,403
Cash and restricted cash, beginning of year	79,140	59,134
Cash and restricted cash, end of period	$ 72,738	$ 70,537
Supplemental information		
Non-cash additions to property, plant and equipment	$ 121	$ 149
Dividends declared to noncontrolling interests but not paid	2,400	-
Dividends declared to stockholders but not paid	9,152	-

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

ACUSHNET HOLDINGS CORP.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total Shareholders' Equity Attributable to Acushnet Holdings Corp.	Noncontrolling Interest	Total Shareholders' Equity
Balances at December 31, 2016	74,094	$ 74	$ 880,576	$ (90,834)	$ (53,951)	$ 735,865	$ 32,958	$ 768,823
Net income	-	-	-	-	38,114	38,114	1,516	39,630
Other comprehensive income	-	-	-	1,037	-	1,037	-	1,037
Stock-based compensation expense	-	-	3,847	-	-	3,847	-	3,847
Vesting of restricted common stock, net of shares withheld related to minimum statutory tax withholding requirements	358	-	(903)	-	-	(903)	-	(903)
Dividends declared on common stock	-	-	-	-	(9,152)	(9,152)	-	(9,152)
Dividends declared to noncontrolling interests	-	-	-	-	-	-	(2,400)	(2,400)
Balances at March 31, 2017	74,452	$ 74	$ 883,520	$ (89,797)	$ (24,989)	$ 768,808	$ 32,074	$ 800,882

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

ACUSHNET HOLDINGS CORP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying 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 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 (the "SEC") and 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 months ended March 31, 2017 are not necessarily indicative of results to be expected for the full year ended December 31, 2017, nor were those of the comparable 2016 period representative of those actually experienced for the full year ended December 31, 2016. These unaudited interim consolidated financial statements should be read in conjunction with the Company's filed audited consolidated financial statements and related notes for the fiscal year ended December 31, 2016 included in its Annual Report on Form 10-K filed with the SEC on March 30, 2017.

Use of Estimates

The preparation of the Company's consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and judgments that affect reported amounts of assets, liabilities, stockholders' equity, net sales and expenses, and the disclosure of contingent assets and liabilities in its consolidated financial statements. Actual results could differ from those estimates.

Acquisition

Acushnet Holdings Corp. was incorporated in Delaware on May 9, 2011 as Alexandria Holdings Corp., an entity owned by Fila Korea Co., Ltd. ("Fila Korea"), a leading sport and leisure apparel and footwear company which is a public company listed on the Korea Exchange, and a consortium of investors (the "Financial Investors") led by Mirae Asset Global Investments, a global investment management firm. Acushnet Holdings Corp. acquired Acushnet Company, our operating subsidiary, from Beam Suntory, Inc. (at the time known as Fortune Brands, Inc.) ("Beam") on July 29, 2011 (the "Acquisition").

Initial Public Offering

On November 2, 2016, the Company completed an initial public offering of 19,333,333 shares of its common stock sold by selling stockholders at a public offering price of $17.00 per share. Upon the closing of the Company's initial public offering, all remaining outstanding shares of the Company's Series A preferred stock were automatically converted into 11,556,495 shares of the Company's common stock and the Company's convertible notes were automatically converted into 22,791,852 shares of the Company's common stock. The underwriters of the Company's initial public offering exercised their over-allotment option to purchase an additional 2,899,999 shares of common stock from the selling stockholders at the initial public offering price of $17.00 per share.

Following the pricing of the initial public offering, Magnus Holdings Co., Ltd. ("Magnus"), a wholly-owned subsidiary of Fila Korea, purchased from the Financial Investors on a pro rata basis 14,818,720 shares of the Company's common stock, resulting in Magnus holding a controlling ownership interest of 53.1% of the Company's outstanding common stock. The 14,818,720 shares of the Company's common stock sold by the Financial Investors were received

upon the automatic conversion of certain of the Company's outstanding convertible notes and Series A preferred stock. The remaining outstanding convertible notes and Series A preferred stock automatically converted into shares of the Company's common stock prior to the closing of the initial public offering.

On October 14, 2016, the Company effected a nine-for-one stock split of its issued and outstanding shares of common stock and a proportional adjustment to the existing conversion ratios for its 7.5% convertible notes due 2021 ("convertible notes"), Series A redeemable convertible preferred stock ("Series A preferred stock"), and the exercise price for the common stock warrants and the strike price of stock-based compensation. Accordingly, all share and per share amounts for all periods presented in the accompanying financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect this stock split and adjustment of the common stock warrant exercise price, and convertible notes and Series A preferred stock conversion ratios.

Dividend Declaration

On March 22, 2017, the board of directors declared a dividend of $0.12 per share to shareholders on record as of April 5, 2017, payable on April 19, 2017. On April 4, 2017, the board of directors changed the record date from April 5, 2017 to April 13, 2017. The dividend payment date of April 19, 2017 and the dividend amount of $0.12 per share of common stock remained unchanged.

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 as defined by Accounting Standards Codification ("ASC") 810. 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 noncontrolling entities have guaranteed the credit lines of the VIE, for which there were no outstanding borrowings as of March 31, 2017 and December 31, 2016. In addition, pursuant to the terms of the agreement governing the VIE, the Company is not required to provide financial support to the VIE.

Cash and Restricted Cash

Cash held in Company checking accounts is included in cash. Book overdrafts not subject to offset with other accounts with the same financial institution are classified as accounts payable. The Company classifies as restricted certain cash that is not available for use in its operations. Restricted cash is primarily related to a standby letter of credit used for insurance purposes. As of March 31, 2017 and December 31, 2016, the amount of restricted cash included in cash and restricted cash on the balance sheet was $3.2 million and $3.1 million, respectively.

Accounts Receivable

As of March 31, 2017 and December 31, 2016, the allowance for doubtful accounts was $12.9 million and $12.3 million, respectively.

Foreign Currency Translation and Transactions

Foreign currency transaction gains included in selling, general and administrative expense were $2.3 million and $1.9 million for the three months ended March 31, 2017 and 2016, respectively.

Recently Adopted Accounting Standards

Consolidation — Interest Held Through Related Parties

In October 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") ASU 2016-17, "*Consolidation: Interests Held through Related Parties that are under Common Control.*" ASU 2016-17 changes the evaluation of whether a reporting entity is the primary beneficiary of a VIE by changing how a reporting entity that is a single decision maker of a VIE treats indirect interests in the entity held through related parties that are under common control with the reporting entity. The Company adopted the provisions of this standard during the three months ended March 31, 2017. The adoption of this standard did not have an impact on the consolidated financial statements.

Compensation—Stock Compensation

In March 2016, the FASB issued ASU 2016-09, *"Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting"* to simplify accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The Company adopted the provisions of this standard during the three months ended March 31, 2017. The adoption of this standard did not have a significant impact on the consolidated financial statements.

Recently Issued Accounting Standards

Compensation—Retirement Benefits

In March 2017, the FASB issued ASU 2017-07, "*Compensation—Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post Retirement Benefit Cost.*" ASU 2017-07 requires that an employer report the service cost component of net periodic pension and net periodic post retirement cost in the same line item as other compensation costs arising from services rendered by the employees during the period. It also requires the other components of net periodic pension and net periodic postretirement benefit cost to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. Additionally, only the service cost component is eligible for capitalization. ASU 2017-07 is effective for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted as of the beginning of an annual period for which financial statements have not been issued or made available for issuance.The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

Intangibles—Goodwill and Other—Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued ASU 2017-04, "*Intangibles—Goodwill and Other: Simplifying the Test for Goodwill Impairment.*" ASU 2017-04 removes the second step of the goodwill impairment test. Instead an entity will perform a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for annual periods beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

Business Combination—Clarifying the Definition of a Business

In January 2017, the FASB issued ASU 2017-01, "*Business Combinations: Clarifying the Definition of a Business.*" ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with

evaluating whether transactions should be accounted for as acquisitions (or disposals) of businesses. ASU 2017-01 is effective for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early application is permitted for transactions for which the acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance. The adoption of this standard is not expected to have a significant impact on the consolidated financial statements.

Revenue from Contracts with Customers

In May 2016, the FASB issued ASU 2016-12, "*Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients.*" ASU 2016-12 addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition and provides a practical expedient for contract modifications and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. In March 2016, the FASB issued ASU 2016-08, "*Revenue from Contracts with Customers: Principal versus Agent Considerations*" clarifying the implementation guidance on principal versus agent considerations. In August 2015, the FASB issued ASU 2015-14, "*Revenue from Contracts with Customers: Deferral of the Effective Date*." deferring the adoption of previously issued guidance published in May 2014, ASU 2014-09, "*Revenue from Contracts with Customers.*" ASU 2014-09 amends revenue recognition guidance and requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2016-08 and 2015-14 are effective for reporting periods beginning after December 15, 2017, including interim periods within those fiscal years. The new standard permits the use of either the retrospective or modified retrospective approach on adoption. The Company is in the process of evaluating the new standard against its existing accounting policies, including the timing of revenue recognition, and its contracts with customers, to determine the effect the guidance will have on its consolidated financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, "*Leases*," which will require lessees to recognize right-of-use assets and lease liabilities for leases which were formerly classified as operating leases. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. While the Company is still in the process of completing its analysis on the complete impact this ASU will have on its consolidated financial statements and related disclosures, it does expect the ASU to have a material impact on its consolidated balance sheet for recognition of lease-related assets and liabilities.

2. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out inventory method. The inventory balance, which includes material, labor and manufacturing overhead costs, is recorded net of an allowance for obsolete or slow-moving inventory.

The components of inventories were as follows:

(in thousands)	March 31, 2017	December 31, 2016
Raw materials and supplies	$ 49,743	$ 55,424
Work-in-process	25,371	21,558
Finished goods	239,041	246,307
Inventories	$ 314,155	$ 323,289

3. Product Warranty

The Company has defined warranties ranging from one to two years. Products covered by the defined warranty policies 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:

(in thousands)	Three months ended March 31, 2017	Three months ended March 31, 2016
Balance at beginning of period	$ 3,526	$ 3,345
Provision	1,086	1,271
Claims paid/costs incurred	(901)	(1,030)
Foreign currency translation	53	9
Balance at end of period	$ 3,764	$ 3,595

4. Related Party Transactions

Other assets includes receivables from related parties of $0.3 million and $0.9 million as of March 31, 2017 and December 31, 2016, respectively. As noted previously, on March 22, 2017 the board of directors declared a dividend of $0.12 per share to shareholders, of which $4.7 million is payable to Fila Korea. Prior to its initial public offering, the Company had historically incurred interest expense payable to related parties on its outstanding convertible notes and bonds with common stock warrants. Related party interest expense totaled $7.5 million for the three months ended March 31, 2016.

5. Debt and Financing Arrangements

The Company's debt and capital lease obligations were as follows:

(in thousands)	March 31, 2017	December 31, 2016
Term loan	$ 362,122	$ 366,607
Delayed draw term loan A facility	98,750	-
Revolving credit facility	151,352	42,495
Other short-term borrowings	17,960	-
Capital lease obligations	310	491
Total	630,494	409,593
Less: short-term debt and current portion of long-term debt	193,062	61,245
Total long-term debt and capital lease obligations	$ 437,432	$ 348,348

The term loan is net of debt issuance costs of $3.5 million and $3.7 million as of March 31, 2017 and December 31, 2016, respectively.

Senior Secured Credit Facility

On April 27, 2016, the Company entered into a senior secured credit facilities agreement arranged by Wells Fargo Bank, National Association which provides for (i) a $275.0 million multi-currency revolving credit facility, including a $20.0 million letter of credit sublimit, a $25.0 million swing line sublimit, a C$25.0 million sublimit for Acushnet Canada, Inc., a £20.0 million sublimit for Acushnet Europe Limited and an alternative currency sublimit of $100.0 million for borrowings in Canadian dollars, euros, pounds sterling and Japanese yen ("revolving credit facility"), (ii) a $375.0 million term loan A facility and (iii) a $100.0 million delayed draw term loan A facility. The revolving and

term loan facilities mature on July 28, 2021. The credit agreement allows for the incurrence of additional term loans or increases in the revolving credit facility in an aggregate principal amount not to exceed (i) $200.0 million plus (ii) an unlimited amount so long as the net average secured leverage ratio (as defined in the credit agreement) does not exceed 2.00:1.00 on a pro forma basis. The applicable interest rate for the Canadian borrowings under the senior secured credit facility is based on the Canadian Dollar Offered Rate ("CDOR") plus a margin ranging from 1.25% to 2.00% depending on the Net Average Total Leverage Ratio as defined in the credit agreement. The applicable interest for the swing line sublimit is the highest of (a) Federal Funds Rate plus 0.50%, (b) the Prime Rate and (c) the one-month London Interbank Offered Rate ("LIBOR") rate plus 1.00% plus a margin ranging from 0.25% to 1.00% depending on the Net Average Total Leverage Ratio as defined in the credit agreement. The applicable interest rate for all remaining borrowings under the senior secured credit facilities is LIBOR plus a margin ranging from 1.25% to 2.00% depending on the Net Average Total Leverage Ratio as defined in the credit agreement or the highest of (a) Federal Funds Rate plus 0.50%, (b) the Prime Rate and (c) the one-month LIBOR rate plus 1.00% plus a margin ranging from 0.25% to 1.00% depending on the Net Average Total Leverage Ratio as defined in the credit agreement.

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 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 March 31, 2017, the Company was in compliance with all covenants under the credit agreement and anticipates compliance with all covenants under the credit agreement for the foreseeable future.

A change of control is an event of default under the credit agreement which could result in the acceleration of all outstanding indebtedness and the termination of all commitments under the credit agreement and would allow the lenders under the credit agreement to enforce their rights with respect to the collateral granted. A change of control occurs if any person (other than certain permitted parties, including Fila Korea) becomes the beneficial owner of 35% or more of the outstanding common stock of the Company. On October 28, 2016, Magnus Holdings Co., Ltd. ("Magnus"), a wholly owned subsidiary of Fila Korea, entered into a one-year term loan which is secured by a pledge on all of the Company's common stock owned by Magnus, except for 5% of the Company's outstanding common stock owned by Magnus that is subject to a negative pledge under Fila Korea's credit facility, which equals 48.1% of the Company's outstanding common stock. If Fila Korea or Magnus are unable to repay the amounts due on the term loan at maturity, the lenders of such debt can foreclose on the pledged shares of the Company's common stock.

The credit agreement was signed and became effective on April 27, 2016 and initial funding under the credit agreement occurred on July 28, 2016. The proceeds of the $375.0 million term loan A facility, borrowings of C$4.0 million (equivalent to approximately $3.0 million) under the revolving credit facility and cash on hand of $23.6 million were used to repay all amounts outstanding under the secured floating rate notes and certain former working credit facilities. The secured floating rate notes, certain former working credit facilities and the former senior revolving credit facility were terminated.

During the first quarter of 2017, the Company drew down $100.0 million on the delayed draw term loan A facility and $47.8 million under the revolving credit facility to substantially fund the equity appreciation rights plan ("EAR Plan") payout (Note 10).

There were outstanding borrowings under the revolving credit facility of $151.4 million as of March 31, 2017 and the weighted average interest rate applicable to the outstanding borrowings was 2.7%.

6. Derivative Financial Instruments

Foreign Exchange Derivative Instruments

The Company principally uses financial instruments to reduce the impact of changes in foreign currency exchange rates. The principal derivative financial instruments the Company enters into on a routine basis are foreign exchange forward contracts. The Company does not enter into foreign exchange forward contracts for trading or speculative purposes.

Foreign exchange contracts are primarily used to hedge purchases denominated in select foreign currencies, thereby limiting currency risk that would otherwise result from changes in exchange rates. The periods of the foreign exchange contracts correspond to the periods of the forecasted transactions, which do not exceed 24 months subsequent to the latest balance sheet date. The primary foreign currency hedge 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 of all foreign currency derivative hedges outstanding as of March 31, 2017 was $347.2 million.

The counterparties to derivative contracts are major financial institutions. The credit risk of counterparties does not have a significant impact on the valuation of the Company's derivative instruments.

The fair values of foreign exchange derivative instruments on the consolidated balance sheets were as follows:

(in thousands)	Balance Sheet Location	March 31, 2017	December 31, 2016
Asset derivatives	Other current assets	$ 4,500	$ 11,357
	Other noncurrent assets	2,226	5,286
Liability derivatives	Other current liabilities	5,489	1,106
	Other noncurrent liabilities	646	32

The effect of foreign exchange derivative instruments on accumulated other comprehensive income (loss) and the consolidated statements of operations was as follows:

(in thousands)	Gain (Loss) Recognized in Other Comprehensive Income (Loss) Three months ended March 31, 2017	2016
Type of hedge		
Cash flow	$ (11,745)	$ (11,489)
	$ (11,745)	$ (11,489)

(in thousands)	Gain (Loss) Recognized in Statement of Operations Three months ended March 31, 2017	2016
Location of gain (loss) in statement of operations		
Cost of goods sold	$ 1,811	$ 4,911
Selling, general and administrative expense	(1,719)	(1,755)
	$ 92	$ 3,156

Based on the current valuation, the Company expects to reclassify a net loss of $0.5 million from accumulated other comprehensive income (loss) into cost of goods sold during the next 12 months.

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 were as follows:

(in thousands)	Fair Value Measurements as of March 31, 2017 using: Level 1	Level 2	Level 3	Balance Sheet Location
Assets				
Rabbi trust	$ 6,994	$ -	$ -	Other current assets
Foreign exchange derivative instruments	-	4,500	-	Other current assets
Rabbi trust	6,696	-	-	Other noncurrent assets
Deferred compensation program assets	1,838	-	-	Other noncurrent assets
Foreign exchange derivative instruments	-	2,226	-	Other noncurrent assets
Total assets	$ 15,528	$ 6,726	$ -	
Liabilities				
Foreign exchange derivative instruments	$ -	$ 5,489	$ -	Other current liabilities
Deferred compensation program liabilities	1,951	-	-	Other noncurrent liabilities
Foreign exchange derivative instruments	-	646	-	Other noncurrent liabilities
Total liabilities	$ 1,951	$ 6,135	$ -	

(in thousands)	Fair Value Measurements as of December 31, 2016 using: Level 1	Level 2	Level 3	Balance Sheet Location
Assets				
Rabbi trust	$ 6,994	$ -	$ -	Other current assets
Foreign exchange derivative instruments	-	11,357	-	Other current assets
Rabbi trust	5,248	-	-	Other noncurrent assets
Deferred compensation program assets	1,846	-	-	Other noncurrent assets
Foreign exchange derivative instruments	-	5,286	-	Other noncurrent assets
Total assets	$14,088	$ 16,643	$ -	
Liabilities				
Foreign exchange derivative instruments	$ -	$ 1,106	$ -	Other current liabilities
Deferred compensation program liabilities	1,846	-	-	Other noncurrent liabilities
Foreign exchange derivative instruments	-	32	-	Other noncurrent liabilities
Total liabilities	$ 1,846	$ 1,138	$ -	

During the three months ended March 31, 2017 and the year ended December 31, 2016, there were no transfers between Level 1, Level 2 and Level 3.

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 can 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 forward contracts used to hedge currency fluctuations for transactions denominated in a foreign currency. 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.

8. Pension and Other Postretirement Benefits

Components of net periodic benefit cost were as follows:

(in thousands)	Pension Benefits		Postretirement Benefits	
	Three months ended March 31,			
	2017	2016	2017	2016
Components of net periodic benefit cost				
Service cost	$ 2,337	$ 2,453	$ 235	$ 250
Interest cost	3,018	3,171	174	211
Expected return on plan assets	(3,013)	(3,139)	-	-
Settlement expense	131	-	-	-
Amortization of net (gain) loss	39	125	(166)	(174)
Amortization of prior service cost (credit)	44	44	(41)	(42)
Net periodic benefit cost	$ 2,556	$ 2,654	$ 202	$ 245

9. Income Taxes

Income tax expense increased by $5.7 million, to $22.5 million for the three months ended March 31, 2017 compared to $16.8 million for the three months ended March 31, 2016. The Company's effective tax rate ("ETR") was 36.2% for the three months ended March 31, 2017, compared to 40.0% for the three months ended March 31, 2016. The decrease in ETR was primarily driven by a decrease in non-deductible transaction costs, a reduction in non-cash fair value losses on common stock warrants, which are not tax effected, offset by incremental tax expense associated with the settlement of vested Restricted Stock Units and changes to the geographic mix of earnings.

10. Equity Incentive Plans

The Company measures stock-based awards granted to employees based on the fair value on the date of the grant and recognizes the corresponding compensation expense of those awards over the requisite service period, which is generally the vesting period of the respective award. The Company issues stock-based awards to employees with service-based vesting conditions and performance-based vesting conditions. Compensation expense for awards with only service-based vesting conditions is recorded using the straight-line method. Compensation expense for awards with service-based and performance-based vesting conditions is recorded on a straight-line method once the Company has determined that the likelihood of meeting the performance conditions is probable, which requires management judgment.

The Company recognizes the effect of forfeitures in compensation cost when they occur. Previously recognized compensation cost is then reversed in the period that the award is forfeited.

Restricted Stock and Performance Stock Units

On January 22, 2016, the Company's board of directors adopted the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan ("2015 Plan") pursuant to which the Company may grant stock options, stock appreciation rights, restricted shares of common stock, restricted stock units, and other stock-based and cash-based awards to members of the board of directors, officers, employees, consultants and advisors of the Company. The 2015 Plan is administered by the compensation committee (the "Administrator"). The Administrator has the authority to establish the terms and

conditions of any award issued or granted under the 2015 Plan. As of March 31, 2017, a total of 4,501,257 authorized shares of the Company's common stock remain available for issuance under the 2015 Plan.

	Number of RSUs and PSUs	Weighted-Average Fair Value
Outstanding at December 31, 2016	2,459,166	$ 20.40
Granted	-	
Vested	(409,846)	
Forfeited	(110,136)	
Outstanding at March 31, 2017	1,939,184	$ 20.40

On June 15, 2016, the Company's board of directors, in accordance with the 2015 Plan, approved a grant of multi-year restricted stock units ("RSUs") and performance stock units ("PSUs") to certain key members of management. The initial fair value of the grant was estimated at $45.8 million.

On August 9, 2016, the Company's board of directors approved an additional grant of multi-year RSU's and PSU's to certain key members of management. The initial fair value of the grants was estimated at $3.8 million.

On October 28, 2016, the Company's board of directors approved an additional grant of multi-year RSUs and PSUs in connection with the IPO. The initial fair value of the grant was $0.6 million.

Each of the grants were made 50% in RSUs and 50% in PSUs. One-third of the RSUs vest on January 1 of 2017, 2018 and 2019, subject to the employee's continued employment with the Company, and the PSUs cliff-vest on December 31, 2018, subject to the employee's continued employment with the Company and the Company's level of achievement of the applicable cumulative Adjusted EBITDA performance metrics (as defined in the applicable award agreements) measured over the three-year performance period. Each PSU reflects the right to receive between 0% and 200% of the target number of shares based on the actual three-year cumulative Adjusted EBITDA. The determination of the target value gave consideration to executive performance, potential future contributions and peer group analysis.

The first tranche of the RSUs was settled during the first quarter of 2017, resulting in the issuance of 358,379 shares of common stock. As of March 31, 2017 no PSUs had vested. The remaining unrecognized compensation expense for non-vested RSUs and non-vested PSUs granted was $15.3 million and $12.2 million, respectively, as of March 31, 2017 and is expected to be recognized over the related weighted average period of 1.8 years.

The compensation expense recorded for the three months ended March 31, 2017 related to the PSUs was based on the Company's best estimate of the three-year cumulative Adjusted EBITDA forecast as of March 31, 2017. The Company will reassess the estimate of the three-year cumulative Adjusted EBITDA forecast at the end of each reporting period. The Company recorded compensation expense for the RSUs and PSUs of $2.1 million and $1.7 million, respectively, during the three months ended March 31, 2017.

Equity Appreciation Rights

During the first quarter of 2017, the outstanding equity appreciation rights ("EAR") liability was settled in full by a cash payment to participants. The Company's liability related to the EAR Plan was $151.5 million as of December 31, 2016 and was recorded within accrued compensation and benefits on the consolidated balance sheet.

11. Accumulated Other Comprehensive Income (Loss), Net of Tax

Accumulated other comprehensive income (loss), net of tax consists of foreign currency translation adjustments, unrealized gains and losses from foreign exchange derivative instruments designated as cash flow hedges, unrealized gains and losses from available-for-sale securities and pension and other postretirement adjustments.

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

(in thousands)	Foreign Currency Translation Adjustments	Gains (Losses) on Foreign Exchange Derivative Instruments	Gains (Losses) on Available-for-Sale Securities	Pension and Other Postretirement Adjustments	Accumulated Other Comprehensive Loss
Balances at December 31, 2016	$ (84,675)	$ 10,535	$ 1,536	$ (18,230)	$ (90,834)
Other comprehensive income (loss) before reclassifications	11,580	(8,548)	(65)	5	2,972
Amounts reclassified from accumulated other comprehensive loss	-	(1,811)	-	(124)	(1,935)
Balances at March 31, 2017	$ (73,095)	$ 176	$ 1,471	$ (18,349)	$ (89,797)

12. Net Income per Common Share

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

(in thousands, except share and per share amounts)	Three months ended March 31, 2017	Three months ended March 31, 2016
Net income attributable to Acushnet Holdings Corp.	$ 38,114	$ 23,662
Less: dividends earned by preferred shareholders	-	(3,437)
Less: allocation of undistributed earnings to preferred shareholders	-	(8,721)
Net income attributable to common stockholders - basic	38,114	11,504
Adjustments to net income for dilutive securities	-	(7,388)
Net income attributable to common stockholders - diluted	$ 38,114	$ 18,892
Weighted average number of common shares:		
Basic	74,220,771	21,821,255
Diluted	74,250,155	54,449,338
Net income per common share attributable to Acushnet Holdings Corp.:		
Basic	$ 0.51	$ 0.53
Diluted	$ 0.51	$ 0.35

Net income per common share attributable to Acushnet Holdings Corp. for the three months ended March 31, 2016 was calculated under the two-class method. For the three months ended March 31, 2017, there were no outstanding securities requiring use of the two-class method.

The Company's potential dilutive securities for the three months ended March 31, 2017, include RSUs and PSUs. For the three months ended March 31, 2016, the Company's potential dilutive securities include Series A preferred stock, warrants to purchase common stock and convertible notes.

For the three months ended March 31, 2017, there were no securities excluded from the calculation of diluted weighted-average common shares outstanding. For the three months ended March 31, 2016, 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:

Series A preferred stock	16,542,243
Warrants to purchase common stock	3,105,279

13. 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. Segment operating income includes directly attributable expenses and certain shared costs of corporate administration that are allocated to the reportable segments, but excludes interest expense, net; EAR expense; gains and losses on the fair value of common stock warrants 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 months ended March 31, 2017 and 2016 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:

(in thousands)	Three months ended March 31, 2017	Three months ended March 31, 2016
Net sales		
Titleist golf balls	$ 134,192	$ 130,373
Titleist golf clubs	101,942	115,492
Titleist golf gear	42,390	39,552
FootJoy golf wear	142,241	144,630
Other	12,850	9,888
Total net sales	$ 433,615	$ 439,935
Segment operating income		
Titleist golf balls	$ 21,080	$ 15,499
Titleist golf clubs	11,364	19,582
Titleist golf gear	7,292	5,456
FootJoy golf wear	21,103	19,655
Other	2,827	1,183
Total segment operating income	63,666	61,375
Reconciling items:		
Interest expense, net	(2,922)	(13,841)
Loss on fair value of common stock warrants	-	(1,879)
Transaction fees	(94)	(3,701)
Other	1,465	7
Total income before income tax	$ 62,115	$ 41,961

14. 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 reported amounts exclude those liabilities included in accounts payable or accrued liabilities on the consolidated balance sheet as of March 31, 2017.

Purchase obligations by the Company as of March 31, 2017 were as follows:

	Payments Due by Period					
(in thousands)	Remainder of 2017	2018	2019	2020	2021	Thereafter
Purchase obligations	$ 130,121	$ 6,475	$ 3,858	$ 2,254	$ 1,793	$ 3,326

Contingencies

In connection with the Company’s acquisition of Acushnet Company, Beam indemnified the Company for certain tax related obligations that relate to periods during which Fortune Brands, Inc. owned Acushnet Company. As of

March 31, 2017, the Company's estimate of its receivable for these indemnifications is $9.8 million, of which $1.4 million is recorded in other current assets and $8.4 million is recorded in other noncurrent assets on the consolidated balance sheet.

Litigation

Beam

A dispute has arisen between Acushnet Company and Beam with respect to approximately $16.6 million of value-added tax ("VAT") trade receivables. These receivables were reflected on Acushnet Company's consolidated balance sheet at the time of the Company's acquisition of Acushnet Company. Acushnet Company believes that these VAT trade receivables are assets of the Company; Beam claims that these are tax credits or refunds from the period prior to the acquisition of Acushnet Company which are payable to Beam, pursuant to the terms of the Stock Purchase Agreement that covers the sale of the stock of Acushnet Company. Beam has withheld payments in this amount which the Company believes are payable to Acushnet Company in reimbursement of certain other tax liabilities which existed prior to the acquisition of Acushnet Company. On March 27, 2012, Acushnet Company filed a complaint seeking reimbursement of these funds in the Commonwealth of Massachusetts Superior Court Department, Business Litigation Section. Each party filed Motions for Summary Judgment, which motions were denied by the Court on July 29, 2015. Trial was conducted in early June, 2016. On June 21, 2016, the Court ruled that Beam had a contractual right to the VAT trade receivables actually collected from Acushnet Company's customers prior to the closing of the Company's acquisition of Acushnet Company, but that Beam should pay $972,288 plus pre-judgment interest of $494,859 to the Company to compensate for amounts Beam withheld, but which were not collected from Acushnet Company's customers. The Company recorded the total value as other (income) expense, net on the consolidated statement of operations for the year ended December 31, 2016. Acushnet believes that the Court erred in its ruling and filed a Notice of Appeal on July 20, 2016. Related briefing closed on April 28, 2017 and the Commonwealth of Massachusetts Appeals Court has not yet scheduled oral arguments.

Other Litigation

In addition to the lawsuit described above, 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. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect on the consolidated financial statements.

15. Subsequent Events

Dividend Declaration

On May 12, 2017, the board of directors declared a dividend of $0.12 per share to shareholders on record as of June 2, 2017, payable on June 16, 2017.

The Company has evaluated and determined there have been no other reportable subsequent events.

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 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 but not limited to 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. We own or control the design, sourcing, manufacturing, packaging and distribution of our products. In doing so, we are able to exercise control over every step of the manufacturing process.

Our target market is dedicated golfers, who are avid and skill-biased, prioritize performance and commit the time, effort and money to improve their game. We believe that dedicated golfers are the most consistent purchasers of golf products.

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 for the year ended December 31, 2016 generated in five countries: the United States, Japan, Korea, the United Kingdom and Canada.

The following are financial highlights for the three months ended March 31, 2017 and 2016:

	Three months ended March 31,	
	2017	2016
Net sales	$ 433,615	$ 439,935
Net income attributable to Acushnet Holdings Corp.	$ 38,114	$ 23,662
Adjusted EBITDA	$ 78,462	$ 79,243

We have the following reportable segments: Titleist golf balls; Titleist golf clubs; Titleist golf gear; and FootJoy golf wear.

Key Factors Affecting Our Results of Operations

There have been no material changes to the key factors affecting our results of operations as described in our Annual Report on Form 10-K for the year ended December 31, 2016.

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 and (iv) segment operating income.

Since 49% and 48% of our net sales for the three months ended March 31, 2017 and 2016, respectively, were 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 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 define Adjusted EBITDA in a manner consistent with the term “Consolidated EBITDA” as it is defined in the credit agreement, dated as of April 27, 2016, among Acushnet Holdings Corp., Acushnet Company, Acushnet Canada Inc. (the “Canadian Borrower”), Acushnet Europe Limited (the “UK Borrower”) and Wells Fargo Bank, National Association, as the administrative agent, L/C issuer and swing line lender (our “credit agreement”). Adjusted EBITDA represents net income (loss) attributable to Acushnet Holdings Corp. adjusted for income tax expense, interest expense, depreciation and amortization, the expenses relating to the Acushnet Company Equity Appreciation Rights Plan, as amended (the “EAR Plan”), share-based compensation expense, a one-time executive bonus, restructuring charges, certain transaction fees, indemnification expense (income) from Beam, (gains) losses on the fair value of our common stock warrants, certain other non-cash (gains) losses, net and the net income relating to noncontrolling interests in our FootJoy golf shoe joint venture. Adjusted EBITDA is not a measurement of financial performance under 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 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 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.”

We also use Adjusted EBITDA margin, 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. By presenting Adjusted EBITDA margin, we provide a basis for comparison of our business operations between different periods by excluding items that we do not believe are indicative of our core operating performance. Adjusted EBITDA margin is not a measurement of financial performance under GAAP. It should not be considered an alternative to any measure of performance derived in accordance with 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 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 to evaluate and assess the performance of each of our reportable segments and to make budgeting decisions.

Components of Results of Operations

There have been no material changes to the components of results of operations as described in our Annual Report on Form 10-K for the year ended December 31, 2016.

Results of Operations

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

	Three months ended March 31,	
	2017	2016
Net sales	$ 433,615	$ 439,935
Cost of goods sold	207,200	214,066
Gross profit	226,415	225,869
Operating expenses:		
Selling, general and administrative	147,998	155,318
Research and development	12,507	11,130
Intangible amortization	1,622	1,649
Restructuring charges	—	587
Income from operations	64,288	57,185
Interest expense, net	2,922	13,841
Other (income) expense, net	(749)	1,383
Income before income taxes	62,115	41,961
Income tax expense	22,485	16,769
Net income	39,630	25,192
Less: Net income attributable to noncontrolling interests	(1,516)	(1,530)
Net income attributable to Acushnet Holdings Corp.	$ 38,114	$ 23,662
Adjusted EBITDA:		
Net income attributable to Acushnet Holdings Corp.	$ 38,114	$ 23,662
Income tax expense	22,485	16,769
Interest expense, net	2,922	13,841
Depreciation and amortization	10,161	10,270
Share-based compensation(a)	3,847	—
One-time executive bonus(b)	—	7,500
Restructuring charges(c)	—	587
Transaction fees(d)	94	3,701
Beam indemnification expense (income)(e)	(93)	(494)
(Gains) losses on the fair value of our common stock warrants(f)	—	1,879
Other non-cash (gains) losses, net	(584)	(2)
Net income attributable to noncontrolling interests(g)	1,516	1,530
Adjusted EBITDA	$ 78,462	$ 79,243
Adjusted EBITDA margin	18.1 %	18.0 %

(a)For the three months ended March 31, 2017, reflects compensation expense with respect to equity-based grants under the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan.

(b) In the first quarter of 2016, our President and Chief Executive Officer was awarded a cash bonus in the amount of $7.5 million as consideration for past performance.

(c) Reflects restructuring charges incurred in connection with the reorganization of certain of our operations in 2016.

(d) For the three months ended March 31, 2017, reflects legal fees incurred relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition. For the three months ended March 31, 2016, reflects certain fees and expenses we incurred in connection with our initial public offering as well as legal fees incurred relating to a dispute arising from the indemnification obligations owed to us by Beam in connection with the Acquisition.

(e) Reflects the non-cash charges related to the indemnification obligations owed to us by Beam that are included when calculating net income (loss) attributable to the Company.

(f) Fila Korea exercised all of our outstanding common stock warrants in July 2016 and we used the proceeds from such exercise to redeem all of our outstanding 7.5% bonds due 2021 (the “7.5% bonds”).

(g) Reflects the net income attributable to the interest that we do not own in our FootJoy golf shoe joint venture.

Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

Net Sales

Net sales decreased by $6.3 million, or 1.4%, to $433.6 million for the three months ended March 31, 2017 compared to $439.9 million for the three months ended March 31, 2016. On a constant currency basis, net sales would have decreased by $3.6 million, or 0.8%, to $436.3 million. The decrease in net sales on a constant currency basis was due to a decrease of $12.5 million in net sales of Titleist golf clubs driven by lower volumes of wedges and irons which were in the second year of their two-year product life cycle. This net sales decrease was partially offset by an increase of $4.1 million in net sales of Titleist golf balls driven by the introduction of the new Pro V1 and Pro V1x models which were launched in the first quarter of 2017 and an increase of $2.8 million in net sales of Titleist golf gear. The remaining change in net sales was due to sales volume growth of products that are sold in regions outside the United States and that are not allocated to one of our four reportable segments.

Net sales by reportable segment is summarized as follows:

	Three months ended March 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2017	2016	$ change	% change	$ change	% change
	(in thousands)					
Titleist golf balls	$ 134,192	$ 130,373	$ 3,819	2.9 %	$ 4,097	3.1 %
Titleist golf clubs	101,942	115,492	(13,550)	(11.7)%	(12,508)	(10.8)%
Titleist golf gear	42,390	39,552	2,838	7.2 %	2,775	7.0 %
FootJoy golf wear	142,241	144,630	(2,389)	(1.7)%	(518)	(0.4)%

For further discussion of each reportable segment’s results, see “—Segment Results—Titleist Golf Balls Segment,” “—Segment Results—Titleist Golf Clubs Segment,” “—Segment Results—Titleist Golf Gear Segment” and “—Segment Results—FootJoy Golf Wear Segment” results below.

Net sales information by region is summarized as follows:

	Three months ended March 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2017	2016	$ change	% change	$ change	% change
			(in thousands)			
United States	$ 223,115	$ 230,015	$ (6,900)	(3.0)%	$ (6,900)	(3.0)%
EMEA	68,009	73,315	(5,306)	(7.2)%	571	0.8 %
Japan	50,053	55,327	(5,274)	(9.5)%	(5,868)	(10.6)%
Korea	49,882	38,551	11,331	29.4 %	9,305	24.1 %
Rest of world	42,556	42,727	(171)	(0.4)%	(665)	(1.6)%
Total sales	$ 433,615	$ 439,935	$ (6,320)	(1.4)%	$ (3,557)	(0.8)%

Net sales in the United States decreased by $6.9 million, or 3.0%, to $223.1 million for the three months ended March 31, 2017 compared to $230.0 million for the three months ended March 31, 2016. This decrease in net sales in the United States was due to a decrease of $6.2 million in net sales of Titleist golf clubs and a decrease of $3.3 million in net sales of FootJoy golf wear, partially offset by an increase of $2.1 million in net sales of Titleist golf balls. Net sales in the United States were impacted by a reduced store count as a result of the retail channel disruptions in 2016 caused by the bankruptcy of the Sports Authority, Inc. and the reorganization efforts and ultimate bankruptcy of Golfsmith International Holdings LP.

Our sales in regions outside of the United States increased by $0.6 million, or 0.3%, to $210.5 million for the three months ended March 31, 2017 compared to $209.9 million for the three months ended March 31, 2016. On a constant currency basis, net sales in such regions would have increased by $3.3 million, or 1.6%, to $213.2 million, driven by an increase of $2.8 million in net sales of FootJoy golf wear, an increase of $2.2 million in net sales of Titleist golf gear, and an increase of $2.0 million in net sales of Titleist golf balls, offset partially by a decrease of $6.3 million in net sales of Titleist golf clubs. The remaining change in net sales was due to sales volume growth of products that are sold in regions outside the United States and that are not allocated to one of our four reportable segments.

More information on our sales by reportable segment and by region can be found in Note 13—*Segment Information* to our unaudited consolidated financial statements.

Gross Profit

Gross profit increased by $0.5 million to $226.4 million for the three months ended March 31, 2017 compared to $225.9 million for the three months ended March 31, 2016. Gross margin increased to 52.2% for the three months ended March 31, 2017 compared to 51.3% for the three months ended March 31, 2016. The increase in gross profit was largely driven by a $6.0 million increase in gross profit in Titleist golf balls as a result of a golf ball mix shift to the Pro V1 and ProV1x franchise, offset by a decrease of $9.7 million in gross profit in Titleist golf clubs. The remaining increase in gross profit was largely due to sales volume growth of products that are sold in regions outside the United States and that are not allocated to one of our four reportable segments. The increase in gross margin was primarily driven by the favorable mix shift to the Pro V1 and Pro V1x franchise.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $7.3 million to $148.0 million for the three months ended March 31, 2017 compared to $155.3 million for the three months ended March 31, 2016. This decrease was primarily attributable to a $7.5 million one-time executive bonus and $3.6 million in transaction costs related to our initial public offering, each recorded in the first quarter of 2016, and a reduction of $2.5 million related to promotional and selling costs related to golf club launches in the first quarter of 2016. This was partially offset by an increase of $3.4 million in share based compensation and an increase of $3.1 million due to higher consulting, legal and administrative costs. Changes in foreign currency exchange rates had a favorable impact of $0.6 million.

Research and Development

R&D expenses increased by $1.4 million to $12.5 million for the three months ended March 31, 2017 compared to $11.1 million for the three months ended March 31, 2016. This increase was mainly attributable to employee related costs, including share based compensation, and additional experimental costs to support new product introductions. As a percentage of consolidated net sales, R&D expenses were 2.9%, up from 2.5% for the three months ended March 31, 2016.

Intangible Amortization

Intangible amortization expenses were $1.6 million for the three months ended March 31, 2017, unchanged, compared to $1.6 million for the three months ended March 31, 2016.

Restructuring Charges

There were no restructuring charges for the three months ended March 31, 2017 compared to $0.6 million restructuring changes for the three months ended March 31, 2016.

Interest Expense, net

Interest expense decreased by $10.9 million to $2.9 million for the three months ended March 31, 2017 compared to $13.8 million for the three months ended March 31, 2016. This decrease was primarily due to lower average outstanding borrowings during the three months ended March 31, 2017 as a result of the conversion of our 7.5% convertible notes to common shares prior to the closing of our initial public offering and the redemption of $34.5 million of the principal of our outstanding 7.5% bonds using the proceeds of the exercise of a portion of our outstanding common stock warrants in July 2016. In addition, the average interest rate on outstanding borrowings was lower during the three months ended March 31, 2017.

Other (Income) Expense, net

Other income increased by $2.1 million to income of $0.7 million for the three months ended March 31, 2017 compared to an expense of $1.4 million for the three months ended March 31, 2016. This change was primarily due to a loss recognized on the fair value of the common stock warrants of $1.9 million during the three months ended March 31, 2016. The warrants were fully exercised in 2016 and no warrants were outstanding during the three months ended March 31, 2017.

Income Tax Expense

Income tax expense increased by $5.7 million, to $22.5 million for the three months ended March 31, 2017 compared to $16.8 million for the three months ended March 31, 2016. Our effective tax rate (“ETR”) was 36.2% for the three months ended March 31, 2017, compared to 40.0% for the three months ended March 31, 2016. The decrease in ETR was primarily driven by a decrease in non-deductible transaction costs, a reduction in non-cash fair value losses on common stock warrants which are not tax effected, offset by incremental tax expense associated with the settlement of vested restricted stock units and changes to the geographic mix of earnings.

Net Income Attributable to Acushnet Holdings Corp.

Net income attributable to Acushnet Holdings Corp. increased by $14.4 million to $38.1 million for the three months ended March 31, 2017 compared to $23.7 million for the three months ended March 31, 2016 primarily as a result of lower interest expense and higher income from operations, as discussed in more detail above.

Adjusted EBITDA

Adjusted EBITDA decreased by $0.7 million to $78.5 million for the three months ended March 31, 2017 compared to $79.2 million for the three months ended March 31, 2016. Adjusted EBITDA margin increased slightly to 18.1% for the three months ended March 31, 2017 from 18.0% for the three months ended March 31, 2016.

Segment Results

Net sales by reportable segment is summarized as follows:

	Three months ended March 31,		Increase/(Decrease)		Constant Currency Increase/(Decrease)	
	2017	2016	$ change	% change	$ change	% change
	(in thousands)					
Titleist golf balls	$ 134,192	$ 130,373	$ 3,819	2.9 %	$ 4,097	3.1 %
Titleist golf clubs	101,942	115,492	(13,550)	(11.7)%	(12,508)	(10.8)%
Titleist golf gear	42,390	39,552	2,838	7.2 %	2,775	7.0 %
FootJoy golf wear	142,241	144,630	(2,389)	(1.7)%	(518)	(0.4)%

Segment operating income by reportable segment is summarized as follows:

	Three months ended March 31,		Increase/(Decrease)	
	2017	2016	$ change	% change
	(in thousands)			
Segment operating income(1)				
Titleist golf balls	$ 21,080	$ 15,499	$ 5,581	36.0 %
Titleist golf clubs	11,364	19,582	(8,218)	(42.0)%
Titleist golf gear	7,292	5,456	1,836	33.7 %
FootJoy golf wear	21,103	19,655	1,448	7.4 %

(1)Transaction fees, restructuring charges and other non-operating gains and losses, to the extent incurred in the applicable period, are not reflected in segment operating income.

More information on our net sales by reportable segment and segment operating income can be found in Note 13—*Segment Information* to our unaudited consolidated financial statements.

Titleist Golf Balls Segment

Net sales in our Titleist golf balls segment increased by $3.8 million, or 2.9%, to $134.2 million for the three months ended March 31, 2017 compared to $130.4 million for the three months ended March 31, 2016. On a constant currency basis, net sales in our Titleist golf balls segment would have increased by $4.1 million, or 3.1%, to $134.5 million. This increase was driven by a sales volume shift due to the introduction of the latest generation of Pro V1 and Pro V1x golf balls, which have a higher average selling price than our performance golf ball models, which experienced a sales volume decline as a result of being in their second model year.

Titleist golf balls segment operating income increased by $5.6 million, or 36.0%, to $21.1 million for the three months ended March 31, 2017 compared to $15.5 million for the three months ended March 31, 2016. This increase was driven by higher gross profit of $6.0 million primarily as a result of a golf ball mix shift to the Pro V1 and ProV1x franchise. Operating expenses were up slightly, driven by an increase of $1.4 million in the segment allocation of consulting, legal and administrative costs expenses, an increase of $1.3 million in share-based compensation, and a slight increase in marketing and promotional costs, partially offset by the absence of a $2.9 million expense related to the segment allocation of the one-time executive bonus recorded in the first quarter of 2016.

Titleist Golf Clubs Segment

Net sales in our Titleist golf clubs segment decreased by $13.6 million, or 11.7%, to $101.9 million for the three months ended March 31, 2017 compared to $115.5 million for the three months ended March 31, 2016. On a constant currency basis, net sales in our Titleist golf clubs segment would have decreased by $12.5 million, or 10.8%, to $103.0 million. This decrease was primarily driven by lower sales volumes of our Vokey Design wedges, our iron series and our Japan-specific VG3 clubs, all of which were in their second model year. This decrease was partially offset by higher sales volumes of our latest generation putters, drivers, and fairways and an overall increase in average selling prices.

Titleist golf clubs segment operating income decreased by $8.2 million, or 42.0%, to $11.4 million for the three months ended March 31, 2017 compared to $19.6 million for the three months ended March 31, 2016, primarily due to a decrease in gross profit of $9.7 million, which was partially offset by lower operating expenses. The decrease in gross profit was largely driven by the net sales decrease discussed above. Operating expenses were lower primarily due to a decrease of $2.5 million in marketing and promotional costs, the absence of a $1.8 million expense related to the segment allocation of the one-time executive bonus recorded in the first quarter of 2016, partially offset by a $1.3 million increase in research and development costs, and an increase of $1.0 million in share-based compensation.

Titleist Golf Gear Segment

Net sales in our Titleist golf gear segment increased by $2.8 million, or 7.2%, to $42.4 million for the three months ended March 31, 2017 compared to $39.6 million for the three months ended March 31, 2016. On a constant currency basis, net sales in our Titleist golf gear segment would have increased by $2.8 million, or 7.0%, to $42.4 million. This increase was due to higher average selling prices in golf bags and sales volume growth in travel gear and Titleist gloves.

Titleist golf gear segment operating income increased by $1.8 million, or 33.7%, to $7.3 million for the three months ended March 31, 2017 compared to $5.5 million for the three months ended March 31, 2016. This increase was largely driven by higher gross profit on the increased sales as discussed above.

FootJoy Golf Wear Segment

Net sales in our FootJoy golf wear segment decreased by $2.4 million, or 1.7%, to $142.2 million for the three months ended March 31, 2017 compared to $144.6 million for the three months ended March 31, 2016. On a constant currency basis, net sales in our FootJoy golf wear segment would have decreased by $0.5 million, or 0.4%, to $144.1 million. This decrease was primarily due to a sales volume decline in footwear largely offset by sales volume increases in FootJoy apparel and FootJoy glove categories.

FootJoy golf wear segment operating income increased by $1.4 million, or 7.4%, to $21.1 million for the three months ended March 31, 2017 compared to $19.7 million for the three months ended March 31, 2016. This increase was primarily attributable to lower operating expenses driven by the absence of a $2.1 million expense related to the segment allocation of the one-time executive bonus recorded in the first quarter of 2016 and a $1.7 million decrease in advertising and promotional expense. These reductions were partially offset by an increase of $1.8 million in employee related costs, primarily related to share-based compensation.

Liquidity and Capital Resources

Historically, our primary cash needs have been working capital, capital expenditures, servicing of our debt, interest payments on our convertible notes and 7.5% bonds, dividends on our Series A preferred stock, pension contributions and payments related to outstanding EARs under our EAR Plan. We have relied on cash flows from operations and borrowings under our former credit facilities and other credit facilities as our primary sources of liquidity. Our remaining 7.5% bonds were redeemed in July 2016 and our convertible notes and our preferred stock automatically converted into our common stock prior to the closing of our initial public offering.

We made $3.7 million of capital expenditures in the three months ended March 31, 2017 and plan to make capital expenditures of approximately $22.3 million in the remainder of 2017, although the actual amount of capital expenditures may vary depending upon a variety of factors, including the timing of implementation of certain capital projects. We expect the majority of these capital expenditures in 2017 will be for maintenance projects.

We made $151.4 million of payments related to outstanding EARs under our EAR Plan in the three months ended March 31, 2017, which we funded from borrowings under our delayed draw term loan A facility and borrowings under our revolving credit facilities. The EAR liability was settled in full and there were no outstanding EARs on March 31, 2017.

We expect our primary cash needs to continue to be working capital, capital expenditures, servicing of our debt, paying dividends and pension contributions. 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.

On April 27, 2016, Acushnet Holdings Corp., Acushnet Company, Acushnet Canada Inc. (“the Canadian Borrower”) and Acushnet Europe Limited (“the UK Borrower”) entered into a credit agreement with Wells Fargo Bank, National Association, as the administrative agent, L/C issuer and swing line lender and each lender from time to time party thereto, which provides for (i) a $275.0 million multi-currency revolving credit facility, including a $20.0 million letter of credit sub-facility, a swing line sublimit of $25.0 million, a C$25.0 million sub-facility for borrowings by the Canadian Borrower, a £20.0 million sub-facility for borrowings by the UK Borrower and an alternative currency sublimit of $100.0 million for borrowings in Canadian dollars, euros, pounds sterling and Japanese yen, (ii) a $375.0 million term loan A facility and (iii) a $100.0 million delayed draw term loan A facility, each of which matures on July 28, 2021. As of March 31, 2017 we had $114.1 million of availability under our revolving credit facility after giving effect to $9.5 million of outstanding letters of credit and we had $45.2 million available under our local credit facilities. See “Notes to Unaudited Consolidated Financial Statements — Note 5 — Debt and Financing Arrangements” for a description of our credit facilities.

Our liquidity 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 in the first quarter and reorders in the second quarter. Both accounts receivable and inventory balances are impacted by the timing of new product launches.

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 will be sufficient to meet our liquidity requirements for at least the next 12 months, subject to customary borrowing conditions. Our ability to generate sufficient cash flows from operations is, however, subject to many risks and uncertainties, including future economic trends and conditions, 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, 2016.

As of March 31, 2017, we had $69.5 million of unrestricted cash (including $17.2 million attributable to our FootJoy golf shoe joint venture). As of March 31, 2017, 96.2% of our total unrestricted cash 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 the cash payment of additional U.S. income taxes or foreign withholding taxes, those funds could be repatriated, if necessary. At present, any additional taxes could be offset, in whole or in part, by available foreign tax credits. The amount of any taxes required to be paid and the application of tax credits would be determined based on income tax laws in effect at the time of such repatriation. We do not expect any such repatriation to result in additional tax expenses as taxes have been provided for our undistributed foreign earnings that we do not consider permanently reinvested. 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.

Cash Flows

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

	Three months ended March 31,	
	2017	2016
Cash flows provided by (used in):		
Operating activities	$ (223,488)	$ (94,010)
Investing activities	(3,676)	(4,508)
Financing activities	219,141	108,688
Effect of foreign exchange rate changes on cash	1,621	1,233
Net increase (decrease) in cash	$ (6,402)	$ 11,403

Cash Flows From Operating Activities

Cash flows from operating activities consist primarily of net income (loss) adjusted for certain non-cash items, including depreciation and amortization, deferred income taxes, share-based compensation, and the effect of changes in operating assets and liabilities. Cash provided by changes in operating assets and liabilities primarily relates to changes in accounts receivable, inventories and accounts payable and accrued expenses.

Net cash used in operating activities was $223.5 million for the three months ended March 31, 2017, compared to $94.0 million for the three months ended March 31, 2016, an increase of $129.5 million. The increase in cash used in operating activities was primarily due to the payment of the outstanding balance of the EAR Plan during the three months ended March 31, 2017.

Cash Flows From Investing Activities

Cash flows from investing activities relate to capital expenditures.

Net cash used in investing activities was $3.7 million for the three months ended March 31, 2017, compared to $4.5 million for the three months ended March 31, 2016.

Cash Flows From Financing Activities

Cash flows from financing activities consist primarily of the proceeds from our delayed draw term loan A facility and net borrowing under our revolving credit facility and other local credit facilities.

Net cash provided by financing activities was $219.1 million for the three months ended March 31, 2017, compared to $108.7 million for the three months ended March 31, 2016, an increase of $110.5 million. The increase in cash provided by financing activities was primarily due to an increase in borrowings under the delayed draw term loan A facility and a net increase in aggregate borrowings under our revolving credit and working credit facilities and other short-term borrowings.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and 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 Form 10-K for the year ended December 31, 2016.

Recently Issued Accounting Pronouncements

We have reviewed all recently issued standards and have determined that, other than as disclosed in Note 1 to our unaudited consolidated financial statements included elsewhere in this report, such standards will not have a significant impact on our consolidated financial statements or do not otherwise apply to our operations.

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. 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.

Interest Rate Risk

We are exposed to interest rate risk under our various credit facilities which accrue interest at variable rates, as described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources—Indebtedness” in our Annual Report on Form 10-K for the year ended December 31, 2016 and in “Notes to Unaudited Consolidated Financial Statements— Note 5— Debt and Financing Arrangements” to our unaudited consolidated financial statements in this report. We currently do not engage in any interest rate hedging activity but may enter into interest rate swaps or pursue other interest rate hedging strategies in the future.

As of March 31, 2017, we had $633.7 million of outstanding indebtedness, all of which was at variable interest rates. A 1.00% increase in the interest rate applied to these borrowings would have resulted in an increase of $5.3 million in our annual pre-tax interest expense.

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. Therefore, increases in interest rates may reduce our net income by increasing the cost of our debt.

Foreign Exchange Risk

In the normal course of business, we are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates relating to transactions outside the United States denominated in foreign currencies, which include, but are not limited to, the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar. In addition, we are exposed to gains and losses resulting from the translation of the operating results of our non-U.S. subsidiaries into U.S. dollars for financial reporting purposes.

We use financial instruments to reduce the impact of changes in foreign currency exchange rates. The principal financial instruments we enter into on a routine basis are foreign exchange forward contracts. The primary foreign exchange forward contracts pertain to the Japanese yen, the Korean won, the British pound sterling, the euro and the Canadian dollar. Foreign exchange forward contracts are primarily used to hedge purchases denominated in select foreign currencies. The periods of the foreign exchange forward contracts correspond to the periods of the forecasted transactions, which do not exceed 24 months subsequent to the latest balance sheet date. We do not enter into foreign exchange forward contracts for trading or speculative purposes.

The gross U.S. dollar equivalent notional amount of all foreign currency hedges outstanding at March 31, 2017 was $347.2 million, representing a net settlement asset of $0.5 million. Gains and losses on the foreign exchange forward contracts that we account for as hedges offset losses and gains on these foreign currency purchases and reduce the earnings and shareholders’ equity volatility relating to foreign exchange.

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 sensitivity analysis of changes in the fair value of our foreign exchange forward contracts outstanding at March 31, 2017, while not predictive in nature, indicated that if the U.S. dollar uniformly weakened by 10% against all currencies covered by our contracts, the net settlement asset of $0.5 million would decrease by $32.1 million resulting in a net settlement liability of $31.6 million.

The sensitivity analysis described above recalculates the fair value of the foreign exchange forward contracts outstanding at March 31, 2017 by replacing the actual foreign currency exchange rates at March 31, 2017 with foreign currency exchange rates that are 10% weaker rates for each applicable foreign currency. 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. We assess credit risk of the counterparties 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 been immaterial.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of our CEO and our CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on their evaluation, our CEO and CFO concluded that, because the material weaknesses in our internal control over financial reporting described below have not been remediated by the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were not effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

These material weaknesses in our internal control over financial reporting and our remediation efforts are described below.

Material Weakness and Status of Material Weakness Remediation

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016, our management previously identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. We did not have in place an effective control environment with a sufficient number of accounting personnel with the appropriate technical training in, and experience with, GAAP to allow for a detailed review of complex accounting transactions that would identify errors in a timely manner. Further, we did not design effective control activities relating to formally documented and implemented accounting processes and procedures across business cycles, including income taxes, derivatives, certain compensation and benefits, certain revenue transactions, and functional currency, and internal communication protocols related to matters impacting income tax and benefit accounts. We also did not maintain effective segregation of duties in our internal controls over financial reporting.

During the period covered by this Quarterly Report on Form 10-Q, we have continued the process of remediating the above material weaknesses, which has included numerous steps to enhance our internal control environment and address the underlying causes of the above material weaknesses. As part of this remediation process, we have enlisted the help of external advisors to provide assistance in the areas of financial accounting and tax accounting in the short term, we have hired a Chief Accounting Officer and additional financial reporting personnel with technical accounting and financial reporting experience, are formalizing our accounting policies and procedures, and enhancing our internal review procedures during the financial statement close process. In addition, we have engaged an accounting firm to evaluate and document the design and operating effectiveness of our internal controls and assist with the remediation and implementation of our internal controls as required. We are committed to maintaining a strong internal control environment, and we expect to continue our efforts to ensure the material weaknesses described above are remediated. However, the material weaknesses cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

As disclosed above under "Material Weakness and Status of Material Weakness Remediation," there were changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control 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. We believe that there are meritorious defenses to these actions and that these actions will not have a material adverse effect upon our results of operations, cash flows, or financial condition. These actions are being vigorously contested.

Item 1A. Risk Factors

You should carefully consider each of the risk factors as described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, 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, 2016.

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

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosure

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

The Index to Exhibits, which appears immediately following the signature page below, is incorporated by reference herein.

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: May 12, 2017

By: /s/ Walter Uihlein
Walter Uihlein
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 12, 2017

By: /s/ William Burke
William Burke
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit No.	Description
10.1	Letter Agreement between Acushnet Holdings Corp. and Joseph J. Nauman, dated as of April 18, 2017 (filed herewith).
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	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 (filed herewith).
32.2	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 (filed herewith).
101	The following financial information from Acushnet Holdings Corp.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 formatted in XBRL: (i) Consolidated Balance Sheets at March 31, 2017 and December 31, 2016; (ii) Consolidated Statements of Operations for the three months ended March 31, 2017 and 2016; (iii) Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2017 and 2016; (iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and 2016; (v) Consolidated Statement of Equity at March 31, 2017; and (vi) Notes to Unaudited Consolidated Financial Statements.

Exhibit 10.1

April 18, 2017

Mr. Joseph Nauman

Dear Joe,

This letter agreement (the "Letter Agreement") confirms our understanding of your role going forward with Acushnet Holdings Corp. ("Holdings") and its subsidiaries (collectively, the "Company") and the payments and benefits that may be payable to you when your service with the Company ends.

The terms of your continued service with the Company following the date hereof (the "Effective Date") are summarized below:

1. **Employment Position; Term:** You and the Company mutually agree that your employment with the Company will end on December 31, 2017 (the "End Date"), or such earlier date pursuant to Section 8 (such actual period of employment, the "Employment Term"). During the Employment Term, you shall continue to serve as the Company's Executive Vice President, Chief Legal Officer and Administrative Officer (collectively, your "Title") and, except as provided in this Letter Agreement, you will continue to receive and maintain the same salary, office, support staff and other benefits of employment as are currently in effect (the "Benefits"). The Company may appoint a new General Counsel at any time during the Employment Term; *provided* that such appointment shall have no effect on your Title or Benefits.

   During the Employment Term, you agree to render services to the Company on a full- time basis and to devote your full business time and energy to the performance of your duties and the business and affairs of the Company and any affiliate of the Company.

2. **Senior Advisor:** Subject to your continued employment with the Company through the End Date, on January 1, 2018 you shall become an independent contractor and serve as senior advisor to the Company ("Senior Advisor"). To the extent your employment with the Company ends prior to the End Date, no services as Senior Advisor will be provided. Your period of service as Senior Advisor (if any) shall end on March 15, 2019 (the "Consulting End Date"), or such earlier date pursuant to Section 10 (such actual period of service, the "Consulting Term").

As Senior Advisor, you will be expected to provide services to the Company, including IP enforcement support, assistance in maintaining regulatory relationships and such other services as mutually agreed between you and the Company from time to time (collectively, the "Mutually Agreed Upon Services"). You agree to render the Mutually Agreed Upon Services as an independent contractor on an "as requested" basis and to devote sufficient business time and energy to the performance of the Mutually Agreed Upon Services as may be necessary to fulfill your obligations to the Company; *provided* that you and the Company acknowledge and agree that, in performing the Mutually Agreed Upon Services, you shall only take direction from the Company's Chief Executive Officer (or the Chief Executive Officer's designee), and that such Mutually Agreed Upon Services will represent no more than 15% of the average level of services that you performed for the Company during the 36 month period preceding the Consulting Term. For the avoidance of doubt, you shall not be entitled to any compensation or benefits in respect of your service as Senior Advisor other than the Equity Treatment (as defined below).

3. **Corporate Secretary; Board Service:** You and the Company acknowledge and agree that the Company (i) appointed a new Corporate Secretary to replace you in that role on or about March 24, 2017; and (ii) will immediately commence actions to replace you on the boards of directors and/or committees of the subsidiaries of Holdings, including, without limitation, Acushnet Company. Notwithstanding the foregoing, the cessation of your employment for any reason, shall, with no further action by you or the Company, constitute your resignation, as of such date, from all positions as an officer, director, or representative of Holdings and any of its subsidiaries and affiliates.

4. **Base Compensation:** During the Employment Term, you will receive monthly base salary compensation of $40,750 (the "Base Compensation"), which shall be pro-rated for any partial months.

5. **Bonus:** Except as provided in Section 9 below, no cash bonus or other incentive compensation will be payable with respect to calendar year 2017.

6. **Employee Benefits:** During the Employment Term, you will be eligible to participate in the Company's health and welfare plans and other employee benefit plans and programs, in effect from time to time, as determined by the Company. For the avoidance of doubt, except as provided in Sections 9(ii)(d) and 9(iii)(f) below, you will not be eligible to participate in the Company's employee benefit plans and programs during the Consulting Term. In the event that the independent contractor arrangement during the Consulting Term is reclassified as an employment relationship by any governmental agency or court, you acknowledge and agree that you will not seek to participate in or benefit from any of the employee benefit plans or programs of the Company or its affiliates as a result of such reclassification.

7. **Equity Treatment:** Subject to (i) your continued service as Senior Advisor through each applicable vesting date or, prior to an applicable vesting date, the occurrence of a Qualifying Termination and (ii) satisfaction of the Conditions, the Company agrees to treat your outstanding equity awards as follows (the "Equity Treatment"):

   (a) With respect to your 26,226 Company restrictive stock units (the "RSUs") that are eligible to vest on each of January 1, 2018 and January 1, 2019

(each, an "RSU Vesting Date"), the RSUs will vest on the applicable RSU Vesting Date and settle within 60 days following the applicable RSU Vesting Date. The RSUs shall remain subject to the terms and conditions of the applicable award agreement (as modified by this Letter Agreement).

(b) With respect to your 78,678 Company performance stock units (the "PSUs") that are eligible to vest on December 31, 2018 (the "PSU Vesting Date"), the PSUs will vest on December 31, 2018 (based on the performance metrics and adjustment schedule set forth in the applicable award agreement) and settle within two and a half months following the PSU Vesting Date. The PSUs shall remain subject to the terms and conditions of the applicable award agreement (as modified by this Letter Agreement).

(c) If a Change in Control (as defined in the Acushnet Holdings Corp. 2015 Omnibus Incentive Plan (the "Plan")) occurs, the RSUs and PSUs, to the extent not then vested, shall fully vest and settle as of the date of such Change in Control (with the PSUs vesting at target).

(d) For purposes of this Letter Agreement, a "Qualifying Termination" means (A) a termination of your employment on the End Date or pursuant to Section 8(iii) and (B) a termination of your services as Senior Advisor pursuant to Section 10(iii).

(e) For purposes of this Letter Agreement, satisfaction of the "Conditions" means (1) your execution and non-revocation of general releases of claims in the form attached hereto as Exhibit A (the "Release") (A) on the End Date or, if earlier, upon the termination of the Employment Term (such Release, the "First Release"); and (B) on December 31, 2018 (such Release, the "Second Release"), each in accordance with Section 13 and (2) your continued material compliance with the Sections 17, 18 and 19 of this Agreement. If you refuse to execute (or revoke) the First Release or Second Release or if you are in material breach of Sections 17, 18 or 19 of this Agreement, the RSUs and PSUs shall be immediately forfeited.

8. Cessation of Employment Prior to the End Date: Your employment with the Company is "at will." The Employment Term shall end prior to the End Date under any of the following conditions:

(i) Your death, or disability (as defined in the Plan);

(ii) By the Company for Cause. Upon receipt by you of a Notice of Termination (defined in Section 12(i)) from the Company that the Employment Term is being terminated for "Cause." For purposes of this Letter Agreement, and subject to Section 8(v), "Cause" shall mean only the following:

(a) your willful neglect or refusal to perform your material duties; provided, however, that same shall not constitute cause unless you are first provided a detailed written notice of alleged Cause and an

opportunity to cure. The written notice shall detail the material duties that the Company asserts you are neglecting or refusing to perform and shall include specific facts upon which the Company bases such assertion. The cure period shall be thirty (30) days and the final Notice of Termination shall include a detailed explanation of the reasons why the Company determined that you failed to cure.

(b) your engagement in conduct in connection with your employment with the Company which results in or could reasonably be expected to result in, material harm to the business or reputation of the Company;

(c) your conviction of, or entry of a guilty or no contest plea to (1) the commission of a felony or (2) any other crime that results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company;

(d) your material violation of (1) the material written policies of the Company; provided that such policies have been provided or made available to you, or (2) Sections 17, 18 or 19 of this Letter Agreement;

(e) your engagement in fraud or misappropriation, embezzlement or misuse of funds or property belonging to the Company or any of its subsidiaries; or

(f) act of personal dishonesty that involves personal profit in connection with your employment to the Company.

(iii) By the Company without Cause. Upon receipt by you of a Notice of Termination from the Company that the Employment Term is being terminated other than for Cause; or

(iv) Your Voluntary Resignation. Upon receipt by the Company of a Notice of Termination from you that you are resigning.

(v) Cause Termination Procedure. As a condition precedent to the Company issuing a Notice of Termination for Cause, the Company's determination that Cause has occurred must be made in good faith and must only be made by, and if, both the Chief Executive Officer and Chief Human Resources Officer of Holdings agree that Cause exists. While this process is required, it has no effect upon, nor does it in any way restrict, your legal right to file a lawsuit against the Company to challenge the Company's Notice of Termination and, in such event, the Company shall have the burden of proving both that (1) it complied with the condition precedent set forth in this Section and that (2) Cause existed under Section 8(ii).

9. Compensation Following the Employment Term:

(i) If the Employment Term terminates pursuant to Section 8(i) (Death or Disability), (ii) (For Cause), or (iv) (Voluntary Resignation) of this Letter Agreement, you shall receive:

(a) Base Compensation accrued but unpaid through the Date of Termination;

(b) your accrued, unused vacation and sick leave through the Date of Termination; and

(c) your accrued and vested benefits under any tax-qualified employee benefit plan of the Company through the Date of Termination (the amounts in clauses (a) through (c), the "Accrued Obligations").

(d) For the avoidance of doubt, all of RSUs and PSUs unvested as of the Date of Termination shall be immediately forfeited as of the Date of Termination.

(ii) If your employment ends on the End Date, you shall receive:

(a) the Accrued Obligations;

(b) an amount equal to 18 months of Base Compensation, payable in equal installments over the 18-month period immediately following the End Date in accordance with the Company's regular payroll practices;

(c) an amount equal to the greater of (x) your target annual bonus for2017 and (y) the annual bonus payable to you in respect of calendar year 2017 had you continued employment through the bonus payment date (based on performance metrics consistently applied to similarly situated senior executives), payable in accordance with the Company's regular payroll practices by no later than March 15, 2018;

(d) "Benefit Coverage" for a period of 18 months consistent with the Acushnet Executive Severance Plan; and

(e) the Equity Treatment.

Notwithstanding the foregoing, your entitlement to the payments and benefits set forth in Section 9(ii)(b-e) is conditioned upon your satisfaction of the Conditions.

(iii) If your employment terminates prior to the End Date pursuant to Section 8(iii)(Without Cause) of this Letter Agreement, you shall receive:

(a) the Accrued Obligations;

(b) an amount equal to the Base Compensation that would have been paid from the Date of Termination through the End Date had your employment not been terminated, payable in a lump sum within 30 days of the Date of Termination;

(c) a cash amount equal to the value of the vacation and sick leave you would have accrued from the Date of Termination through the End Date had your employment not been terminated, payable in a lump sum within 30 days of the Date of Termination;

(d) an amount equal to 18 months of Base Compensation, payable in equal installments over the 18-month period immediately following the End Date in accordance with the Company's regular payroll practices;

(e) an amount equal to the greater of (x) your target annual bonus for

(f) 2017 and (y) the annual bonus payable to you in respect of calendar year 2017 had you continued employment through the bonus payment date (based on performance metrics consistently applied to similarly situated senior executives), payable in accordance with the Company's regular payroll practices by no later than March 15, 2018.

(g) "Benefit Coverage" for a period of 18 months consistent with the

(h) Acushnet Executive Severance Plan; and

(i) the Equity Treatment.

Notwithstanding the foregoing, your entitlement to the payments and benefits set forth in Section 9(iii)(b-g) is conditioned upon your satisfaction of the Conditions.

10. <u>Cessation of the Consulting Services Prior to the Consulting End Date</u>: If your employment ends on the End Date, the Consulting Term shall commence on January 1, 2018 and shall end on the Consulting End Date; provided, however, that the Consulting Term shall end earlier under any of the following conditions:

(i) Your death;

(ii) Upon receipt by you of a Notice of Termination from the Company that the Consulting Term is being terminated due to: (1) your material violation of Sections 17, 18 or 19 of this Letter Agreement; or (2) your willful refusal to perform the Mutually Agreed Upon Services (as defined in Section 2); provided, however, that your willful refusal to perform the Mutually Agreed Upon Services shall not constitute cause unless you are first provided a detailed written notice of alleged cause and an opportunity to cure. The written notice shall detail the Mutually Agreed Upon Services

you are being accused of refusing to perform and shall include specific facts upon which the Company bases such assertion. The cure period shall be thirty (30) days and the final Notice of Termination shall include a detailed explanation of the reasons why the Company determined that you failed to cure.

(iii) Upon receipt by you of a Notice of Termination from the Company that the Consulting Term is being terminated other than the reasons set forth in Section 10(ii) above; or

(iv) Upon receipt by the Company of a Notice of Termination from you that you are terminating the Consulting Term.

11. Compensation Following the Consulting Term: You shall not be entitled to any compensation or benefits at the end of the Consulting Term; *provided*, that if the Company terminates the Consulting Term pursuant to Section 10(iii), you shall remain entitled to the Equity Treatment, subject to satisfaction of the Conditions. If the Consulting Term ends for any reason other than pursuant to Section 10(iii), all of your then-unvested RSUs and PSUs shall be immediately forfeited. For the avoidance of doubt, the termination of the Consulting Term shall not affect your entitlement to the payments pursuant to Section 9, if any.

12. Notice of Termination:

(i) Any termination (other than by expiration of the relevant period) of the Employment Term or Consulting Term by you or the Company shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 22. For purposes of this Agreement, a "Notice of Termination" means a written notice which (a) indicates the specific termination provision in this Agreement relied upon, (b) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment or services under the provision so indicated, and (c) specifies the Date of Termination.

(ii) "Date of Termination" means the date set forth in the Notice of Termination, provided, however, that in the event of termination pursuant to Sections 8(iii) or (iv) or 10(iii) or (iv), the terminating party shall provide 30 days' notice; provided, further, that in connection with a termination pursuant to Section 8(iv) or 10(iv), the Company may, in its sole discretion, waive any notice period and designate an earlier Date of Termination.

13. Execution of Release: You have through the twenty-first (21st) day following (x) the End Date or, if earlier, the termination of the Employment Term, to review and consider the First Release and (y) December 31, 2018 to review and consider the Second Release (each such twenty-one day period, a "Review Period"). The Releases may not be executed prior to the End Date, December 31, 2018 or the Date of Termination, as applicable. The applicable Release will not become effective or enforceable for a period of seven (7) calendar days following the date of its execution (each such seven day

period, a "Revocation Period"), during which time you may revoke the Release by notifying Dennis Doherty, Executive Vice President, Chief Human Resources Officer, in writing. To be effective, such revocation must be received by the Company no later than 5:00 p.m. on the seventh (7th) calendar day following its execution. In the event of your failure to execute and deliver the Release prior to the expiration of the applicable Review Period, or your revocation of the Release during the applicable Revocation Period, the Company will have no obligation to make the payments or provide the benefits set forth in Section 9(ii) (other than the Accrued Obligations) or provide the Equity Treatment.

14. Expenses: In addition to the compensation provided herein, the Company will reimburse you for reasonable business related expenses incurred in good faith in the performance of your duties for the Company. Such payments shall be made by the Company in accordance with its normal policies for senior executives of the Company and independent contractors of the Company.

16. Independent Contractor Status. It is the intention of the parties to establish, immediately upon commencement of the Consulting Term (if any), an independent contractor relationship and not an employer-employee relationship, partnership, or joint venture. Following the End Date, you shall not be deemed employed by the Company for any purpose. Unless otherwise specifically agreed upon in writing, following the End Date you shall not have any authority to act as the Company's agent for any purposes, or to otherwise incur any liability or obligation in the name or on behalf of the Company.

17. Confidentiality: You agree, during the Employment Term and thereafter, to hold in strictest confidence, and not to use or to disclose to any individual or entity, without the prior written authorization of the Company, any Confidential Information. "Confidential Information" means any of the Company's confidential or proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, forecasts, customer lists, investor lists, business opportunities, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances, or other confidential Company information. Confidential Information may be in any medium or form, including without limitation, physical documents, computer files or discs, videotapes, audiotapes or oral communications. Notwithstanding the foregoing, you may disclose Confidential Information to the extent such disclosure is required by law or regulation or by any court, regulatory authority or self-regulatory organization having jurisdiction over you; *provided*, that prior to making any disclosure required by law, regulation, court, regulatory authority or self-regulatory organization, you will notify the Company of such disclosure. The term Confidential Information shall not include information which (i) is in the public domain other than as a result of a disclosure you or your representatives or (ii) is lawfully disclosed to you by a third-party without restriction on disclosure.

Nothing in this Letter Agreement, including but not limited to the Release, Section 17 and Section 19, shall prohibit or impede you from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such

communications and disclosures are consistent with applicable law. You understand and acknowledge that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. You understand and acknowledge further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. For purposes of this Agreement and attached Release, each of the foregoing communications or disclosures is a "Protected Disclosure." You do not need to give prior notice to (or get authorization from) the Company regarding any Protected Disclosure. Except as otherwise provided in this paragraph or under applicable law, notwithstanding the foregoing, under no circumstance will you be authorized to disclose any information covered by attorney-client privilege or attorney work product of any member of the Company, or the Company's trade secrets, without prior written consent of the Company's Chief Executive Officer or other officer designated by the Company.

18. Non-Competition and Non-Solicitation:

(i) From the Effective Date through March 15, 2019 (the "Restricted Period"), you shall not, directly or indirectly engage in or become competitively employed or retained by, or render any competing services for, or be financially interested in, any firm or corporation engaged in any business which is directly competitive with any significant business in which the Company or any of its affiliates was engaged in during the two year period prior to the Date of Termination, including but not limited to any significant business in which, during such two-year period, you were involved in the Company's or any affiliate's planning to enter such business; *provided*, that such restrictions shall not apply to (a) your purchase of stock not to exceed 5% of the outstanding shares of capital stock or any corporation whose securities are listed on any national securities exchange or (b) your employment by a non-competitive subsidiary or non-competitive affiliated entity of a competitor of the Company or any affiliate upon written consent of the Company, which consent shall not be unreasonably withheld. In the event of a material breach of this Section 18(i) following the Date of Termination, the RSUs and PSUs shall be immediately forfeited, and such forfeiture shall be the Company's sole remedy.

(ii) During the Restricted Period, you will not, directly or indirectly, (a) solicit business or cause others to solicit business that competes with the

Company's or any affiliate's line of products from any entities which have been customers of the Company prior to the Date of Termination or which were targeted as potential customers prior to the Date of Termination, (b) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company to cease doing business with the Company, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or (c) induce or attempt to induce any employee of the Company to leave the employ of the Company, or in any way interfere with the relationship between the Company and any employee thereof.

19. **Non-Disparagement:** During the Employment Term and through March 15, 2020, you agree that you will make no disparaging or defamatory comments in any respect regarding the Company, its products or services , or its directors and officers. Similarly, the directors and officers of Company will not make disparaging or defamatory comments in any respect about you. For purposes of this Letter Agreement, a disparaging or defamatory comment is any communication which, if publicized, would cause or tend to cause the recipient of the communication to question the business condition, integrity, competence, good character or product quality of the person or entity to whom the communication relates.

20. **Remedies:** If you materially breach Section 17, 18 or 19 of this Letter Agreement, the Company shall have the right to cease all payments to you under Section 9 (ii) or (iii) and the RSUs and PSUs shall be immediately forfeited, and, except as expressly set forth in Section 18(i) of this Letter Agreement, the Company shall have any other rights and remedies available to the Company under law or in equity and damages available, including to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation of such obligations.

21. **Tax Withholding:** During the Employment Term, the Company shall be entitled to withhold from the payment of any compensation and provision of any benefit under this Letter Agreement such amounts as may be required by applicable law, including without limitation for purposes of the payment of payroll and income taxes.

22. **Notices:** Any notice, demand or other communication required or permitted under this Letter Agreement shall be effective only if it is in writing and delivered personally or sent by registered or certified mail, return receipt requested, addressed as follows:

If to the Company:
Acushnet Company
333 Bridge Street
Fairhaven, MA 02719
Attention: Chief Human Resources Officer

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Andrew Blau

If to Joseph Nauman:

At the address most recently on file with the Company.

23. **Section 409A:** To the maximum extent permitted by applicable law, amounts payable to you pursuant to this Letter Agreement shall be made in reliance upon Treas. Reg. Section 1.409A-1(b)(9) (Separation Pay Plans) or Treas. Reg. Section 1.409A-1(b)(4) (Short-Term Deferrals) and, to the extent such exemptions are not available, payments or benefits provider pursuant to this Letter Agreement are intended to comply with Section 409A of the Code. This Letter Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under the Agreement become subject to (a) the gross income inclusion set forth within Code Section 409A(a)(1)(A) or (b) the interest and additional tax set forth within Code Section 409A(a)(1)(B) (together, referred to herein as the "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. Notwithstanding the foregoing, in no event shall the Company be required to provide a tax gross-up payment to you or otherwise reimburse Executive with respect to Section 409A Penalties. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that you may be eligible to receive under this Letter Agreement shall be treated as a separate and distinct payment. If you are a "specified employee" (as determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i)) at the completion of the Employment Term, any payments that constitute nonqualified deferred compensation shall be delayed to the extent necessary to avoid a prohibited distribution under Section 409A(2)(B)(i) of the Code, and such amount shall be distributed to you on the earlier of (1) the expiration of the six-month period measured from the Date of Termination, (2) the date of your death, or (3) such earlier date as is permitted under Section 409A and the Treasury Regulations thereunder. Notwithstanding anything to the contrary in this Letter Agreement, in-kind benefits and reimbursements provided under this Letter Agreement during any of your tax years shall not affect in-kind benefits or reimbursements to be provided in any other of your tax years and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Letter Agreement, reimbursement requests must be timely submitted by you and, if timely submitted, reimbursement payments shall be made to you as soon as administratively practicable following such submission, but in no event later than the last day of your taxable year following the taxable year in which the expense was incurred. In no event shall you be entitled to any reimbursement payments after the last day of your taxable year following the taxable year in which the expense was incurred. This section shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to you.

24. Amendment; Waiver: No provision of this Letter Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by the Company and you or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any breach with respect to any provision, condition or requirement of this Letter Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent breach or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

25. Severability: If any provision of this Letter Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Letter Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Letter Agreement.

26. Entire Agreement: This Letter Agreement contains the entire understanding and agreement of the parties, and supersedes any and all other prior and/or contemporaneous understandings and agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof, all of which are merged herein. You acknowledge and agree that this Letter Agreement supersedes your entitlement to any payments or benefits under the Acushnet Executive Severance Plan.

27. Other Conditions: This Letter Agreement shall be interpreted and governed in accordance with the laws of the Commonwealth of Massachusetts without reference to rules relating to conflicts of law. All claims and disputes concerning this Letter Agreement must be filed and adjudicated in state or federal courts located in the Commonwealth of Massachusetts, and such courts shall be the sole and exclusive venue for the adjudication of all disputes and claims. This Letter Agreement may be executed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Remainder of page intentionally left blank]

Please acknowledge your agreement to the terms and conditions of this Letter Agreement, which will govern your continued service with the Company, by signing and dating this letter on the space provided below and hand delivering or emailing a PDF back to me at Dennis_Doherty@AcushnetGolf.com at your earliest convenience.

Sincerely,

/s/ Dennis Doherty

Dennis Doherty
Executive Vice President, Chief Human Resources Officer

ACCEPTED AND AGREED:

/s/ Joseph Nauman
Joseph Nauman

Date: April 20, 2017

EXHIBIT A RELEASE
OF CLAIMS

As used in this agreement (the "***Release of Claims***"), the term "claims" will include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses and liabilities, of whatsoever kind or nature, in law, equity or otherwise. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Letter Agreement, delivered to me **April 18, 2017**, and to which this Release of Claims is attached as an Exhibit (the "***Separation Agreement***").

For and in consideration of the consideration provided in Sections 7 and 9 of the Separation Agreement (collectively, the "***Consideration***") and other good and valuable consideration, I, for and on behalf of myself and my heirs, administrators, executors and assigns, effective the date hereof, do fully and forever release, remise and discharge the Acushnet Holdings Corp. (the "***Company***") and its subsidiaries and affiliates (the "***Company Group***"), together with their respective current and former officers, directors, partners, members, shareholders, fiduciaries, counsel, employees and agents (collectively, and with the Company Group, the "***Company Parties***") from any and all claims whatsoever up to the date hereof which I had, may have had, or now have against the Company Parties, for or by reason of any matter, cause or thing whatsoever, including any claim arising out of or attributable to my service or the termination of my service with the Company or otherwise, whether for (by way of example only) tort, breach of express or implied employment contract, intentional infliction of emotional distress, wrongful termination, unjust dismissal, defamation, libel or slander, or under any federal, state or local law, rule or regulation, or the common law, dealing with employment, including, but not limited to, discrimination in employment based on age, race, sex, national origin, handicap, religion, disability or sexual orientation. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act ("***ADEA***"), Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, and the Equal Pay Act, each as may be amended from time to time, and all other federal, state and local laws, the common law and any other purported restriction on an employer's right to terminate the employment of employees. I intend the release contained herein to be a general release of any and all claims to the fullest extent permissible by law.

By executing this Release of Claims, I specifically release all claims relating to my service and its termination under ADEA, a United States federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefit plans.

I acknowledge and agree that by virtue of the foregoing, I have waived any relief available to me (including without limitation, monetary damages, equitable relief and reinstatement) under any of the claims and/or causes of action waived in this Release of Claims. Therefore I agree that I will not accept any award or settlement from the Company (including but not limited to any proceeding brought by any other person or by any government agency) with respect to any claim or right waived in this Release of Claims.

Notwithstanding the foregoing, nothing in this Release of Claims shall be a waiver of: (i) my rights with respect to the Consideration, (ii) my rights to benefits due to

terminated employees under any qualified pension plan of the Company, (iii) my right to make Protected Disclosures, as defined in Section 17 of the Separation Agreement, or to collect a whistleblower award from any Governmental Entity arising from or in connection with any Protected Disclosure; (iii) my right to any beneficial adjustment to my equity awards as a result of the Company doing so with respect to all other similarly situated employees in accordance with the terms of the 2015 Omnibus Incentive Plan and the applicable award agreements; (iv) any claims that cannot be waived by law including, without limitation, any claims filed with the Equal Employment Opportunity Commission, the U.S. Department of Labor, or claims under the ADEA that arise after the date of this Release of Claims.

I expressly acknowledge and agree that I:

·Am able to read the language, and understand the meaning and effect, of this Release of Claims;

·Have no physical or mental impairment of any kind that has interfered with my ability to read and understand the meaning of this Release of Claims or its terms, and that I am not acting under the influence of any medication, drug or chemical of any type in entering into this Release of Claims;

·Am specifically agreeing to the terms of the release contained in this Release of Claims because the Company has agreed to pay me the Consideration, which the Company has agreed to provide because of my agreement to accept it in full settlement of all possible claims I might have or ever had, and because of my execution of this Release of Claims;

·Acknowledge that but for my execution of this Release of Claims, I would not be entitled to the defined Consideration;

·Understand that, by entering into this Release of Claims, I do not waive rights or claims under ADEA that may arise after the date I execute this Release of Claims;

·Had or could have until January 22, 2018 (the "***Review Period***"), in which to review and consider this Release of Claims, and that if I execute this Release of Claims prior to the expiration of the Review Period, I have voluntarily and knowingly waived the remainder of the Review Period;

·Was advised to consult with my attorney regarding the terms and effect of this Release of Claims; and

·Have signed this Release of Claims knowingly and voluntarily.

Notwithstanding anything contained herein to the contrary, this Release of Claims will not become effective or enforceable prior to the expiration of the period of seven (7) calendar days following the date of its execution by me (the "***Revocation Period***"), during which time I may revoke my acceptance of this Release of Claims by notifying the Company, in

writing, delivered to the Company at its principal executive office, marked for the attention of its Chief Human Resources Officer, Dennis Doherty. To be effective, such revocation must be received by the Company on or prior to the seventh (7th) calendar day following the execution of this Release of Claims. Provided that the Release of Claims is executed and I do not revoke it during the Revocation Period, the eighth (8th) day following the date on which this Release of Claims is executed shall be its effective date (the "***Release Effective Date***"). I acknowledge and agree that if I revoke this Release of Claims during the Revocation Period, this Release of Claims will be null and void and of no effect, and neither the Company nor any other member of the Company Group will have any obligations to pay me the Consideration.

The provisions of this Release of Claims shall be binding upon my heirs, executors, administrators, legal personal representatives, and assigns. If any provision of this Release of Claims shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such provision shall be of no force or effect. The illegality or unenforceability of such provision, however, shall have no effect upon and shall not impair the enforceability of any other provision of this Release of Claims.

EXCEPT WHERE PREEMPTED BY FEDERAL LAW, THIS RELEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL LAW AND THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS, APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THAT STATE WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS. ALL DISPUTES AND CLAIMS REGARDING THIS RELEASE SHALL ONLY BE FILED AND ADJUDICATED IN STATE OR FEDERAL COURTS LOCATED IN THE COMMONWEALTH OF MASSACHUSETTS, AND SUCH COURTS SHALL BE THE SOLE AND EXCLUSIVE VENUE FOR THE ADJUDICATION OF ALL DISPUTES AND CLAIMS.

I HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY SUIT, ACTION, OR PROCEEDING UNDER OR IN CONNECTION WITH THIS RELEASE.

_____
Joseph Nauman

Dated:_____

Exhibit 31.1

CERTIFICATIONS

I, Walter Uihlein, 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)) 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) [Reserved]

   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: May 12, 2017

/s/ Walter Uihlein
Name: Walter Uihlein
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, William Burke, 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)) 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) [Reserved]

   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: May 12, 2017

/s/ William Burke
Name: William Burke
Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORTS

I, Walter Uihlein, 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 March 31, 2017, (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: May 12, 2017

/s/ Walter Uihlein
Name: Walter Uihlein
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF PERIODIC FINANCIAL REPORTS

I, William Burke, Executive Vice President, Chief Financial Officer and Treasurer, 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 March 31, 2017, (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: May 12, 2017

/s/ William Burke

Name: William Burke

Executive Vice President, Chief Financial Officer and Treasurer