

## Apex Vidcast Transcript

Hosts: Zack Oakley – Sr. Product Manager. Brian Williams: VP of R&D

### Intro To Apex Ai200 and Ai300 Performance

**Zack:** Hello, this is Zack Oakley, Senior Product Marketing Manager for irons here at Callaway Golf, and I'm joined today with Brian Williams, our VP of R&D. We are talking about Apex. Brian, thanks for joining us today.

**Brian:** Glad to be here. Thanks for having me. This is an exciting one for us.

**Zack:** This is a very exciting one, and I think as we get into the product here, it's important to acknowledge that it's been three, three and a half years since our core Apex line was launched. We look back at this players' category that we started, setting the standard back in 2014. What Apex has become has really created its own standard.

So, there was a bit of a lull, and we wanted to recommit ourselves to really focusing on what this player needs. We don't feel like we or the competition has been catering to this player the way they deserve. So, we went back to the drawing board, relooked at some things, and focused on three key areas for this next generation of Apex.

It starts with this idea of elevated look and feel—two important things. For the consumer, it's their first two experiences with the product: the way it looks, the way it looks in their bag, the way it looks when it sits down at address; and the way it feels when you strike the golf ball. We spent a lot of time looking at those two things.

The second is this idea of premier performance—performance, distance, spin control, all these things bringing that together in a package that looks and feels like a Tour iron. This has been a staple of where Callaway has been in the past, it's obviously important.

And lastly, this idea of superior consistency, where we're not just talking about distance, but making sure that the product is consistent from part to part, consistent in the tolerances of the builds, and consistent in the performance. That's where the new Apex Performance Series was born.

And where we really focused a ton of our efforts, as we get into the product here, there are a couple of things I want to point out. The first is this new nomenclature. Because this is a brand-new product, we really wanted to rethink the way that we're doing things.

In the past, we had Apex, Apex Pro, Apex DCB, some of those named after constructions. Internally, we referred to it as the Apex standard, but there's nothing standard about that product. So, we wanted to make this a bit simpler for consumers, for golfers, and that was to go to this alpha-numeric nomenclature.

So, you're going to see the 200 and the 300 now, accompanied with AI, which is something that Callaway is really known for. So, your AI 200, AI 300—as you go up in number, you go up in forgiveness profile. We're only talking about the 200 and 300 right now, but in the future, you can see where it would be easy for us to slot in 100s or 150s or whatever that number is, and it would be seamless integration into the line. That's something we did here. So, you're going to see the AI 200 will replace the Apex 21, and the AI 300 will replace what was the DCB, and they're pressing the market for this.

So, let's get into the product, and we're going to start with the elevated look and feel. Now, I think as we look at the 200, one of the things that we did was we really streamlined this look. We've had a very similar design language for the better part of eight or ten years with Apex—this more trapezoidal look with a badge or cavity. We modernized this completely; we went to a full, modern hollow body, very clean.

You'll see that we brought in the weight plates that we brought out with the Apex Pro series. Those are going to come in, but overall, this is just a much sleeker design. The AI 200 is going to have a little bit thinner topline, a little bit shorter blade length—just really a slightly better player looks to it than where we've been in the past. Still going to have all the same great performance you'd expect from that Core Apex product, but in a little bit sleeker package. And the AI 300 will be a little bit similar there as well sleeker than the Apex DCB was, but it's still going to be the more forgiving of the two. A little bit more offset, longer blade lengths, thicker toplines, thicker soles, that type of thing.

#### Apex Ai200 and Ai300 Feel

**Zack:** So, let's get into the feel aspect, because this is really where Brian's team did a lot of work. And talking about tour-level feel, I think as an industry we've really, there's been a lot of emphasis on the word "distance". But we really know that distance is important, but feel is something that's important to this player type. So, let's talk a little bit about what we did from a feel perspective and a construction side of things.

**Brian:** We were looking at feel as critically important here. And so, from the early days, our team wanted to commit to a fully forged construction: forged high-strength steel face combined with a soft forged carbon steel body. We felt like that was going to give players pure feel, but there was a great deal of engineering that was going to be required to ensure that we could fully leverage a high-strength steel face where we get our speed from, while still maintaining a soft body.

One thing we've seen in the industry is a trend towards cast bodies in this players' distance space, many of the leading competitors are forging the face and calling the iron "forged," but casting the body. From the early days, we knew we wanted to come out and be fully forged to give players the best feel, but not make any sacrifices on distance or performance.

**Zack:** That's great. I think that's really kind of the key here: tour-level feel, really being best in class in this category that we started. You know, how can we really take that to the next level? And I think forging the body, forging the face— low-hanging fruit, but something that is a commitment to the player.

### Premier Performance

**Zack:** So, as we move forward, let's talk a little bit about premier performance because, as at the intro, we talked about that being kind of this holistic idea of making something look great, making something feel great, but also having the distance and having that ball speed that you're looking for out of this type of product. And I think that's really where our challenge was. I mean, you talked about bringing the forged body, that material in—you know, that has some challenges when it comes to creating ball speed. So, let's talk about how we made it look and feel good but also gave it that performance.

**Brian:** That was really the big challenge here: using a soft carbon steel body that we wanted for premium feel. It's not as rigid as a cast body might be. We set our engineering team to really work on the body construction. Here, you can see our top lines are supported in a way that allows us to have that soft body but still a high-strength face. So, we use a forged Carpenter steel 455—very strong. It allows us to be very thin and go after industry-leading ball speeds while still having that great feel in the body receiving material.

**Zack:** That's what this idea is all about: the premier performance is bringing, you know, basically having your cake and eating it too getting that soft feel, getting that aspirational look, but then having the ball speed and the performance that really backs it up. And, that's exactly what this player is looking for.

### Spin Consistency

**Zack:** So let's jump to the superior consistency because I think this is really where we really set ourselves apart here. And I think you had said at some point, Brian, that maybe some of our competitors are starting to catch up in some of these categories, right? You know, specifically ball speed is something where we've seen competitors come—they've got a lot better. But this specific topic, superior consistency and what we're doing on the AI side, is where I think we really set ourselves apart.

**Brian:** Yeah, we've seen some models out there that can have high speeds or long shots in them, but very few that do it with consistency. You see a lot of flyers and you can have clubs where you can have 10 or even 15 yards difference in carry distance on balls that feel like you hit them in the same spot. So, we used our approach, the AI Smart Face approach now in the Apex iron. We used it to increase speed, but we really had to focus on optimizing spin and launch. We were relentless in our pursuit of healthy ball flights. We wanted increased launch with high spin, steeper descent angles into green—we wanted a product that was going to hit to a number with consistency.

So, a big focus on carry distance for us, and that's something that I think will be unique to the Apex line of clubs compared to some of the other clubs in the players' distance category where you see lots of variation in your overall carry distances.

**Zack:** Okay, so that's the AI Smart Face approach. This face cup, in general, I know we're talking about consistency here; it's different than where we've been in the past. Talk a little bit about what exactly we're looking at here.

**Brian:** This is a face cup really unlike any other that we've done, not just in the AI optimization but just in the construction. Forging a face like this with lots of different topography, there's a larger flange return on our hinge, which is something that gives us more ball speed. But you can see we also moved the face cup even further into the heel and toe area, and that gives us two things: one, it's giving us more deflection across the overall face, and two, it's helping us to move that CG location more centered towards impact. That gives us more efficient ball strikes that can lead to speed gains and more stable overall contact.

**Zack:** Alright, so we have AI Smart Face. You mentioned that, you know, really trying to help look at those healthy ball flights, maintaining spin and launch. We've brought that out this year with the AI Smoke family of products. We focused really the first time then we're bringing in real player data and combining it with AI. What was our approach here, specifically as we look at Apex? What players were we looking at when we brought in AI Smart Face?

**Brian:** The players that we optimized Apex for are avid golfers, and they're a little bit better player, typically. They have a little bit more consistent swings than what we looked at in AI Smoke. So, these are players that are swinging more down on the ball with more consistent impact locations.

We focused our AI optimization on those impact locations, and we really went after improved launch and spin conditions with increased and more consistent carry distance. We don't worry as much about shot shape correction on this as we do in AI Smoke, and we're looking for how to get a little bit more speed and more consistent carry distance with very consistent spin around the face. We've changed our overall testing protocols now to where we're really looking at spin consistency across the face of a certain iron loft, as well as throughout the bag. And so, with these, we didn't stop until we saw really perfection across the face and throughout the bag with respect to spin consistency.

#### Final Details

**Zack:** So there you have it, the AI 200, the AI 300, performance that stands alone, really going after that aspirational golfer, recommitting ourselves to transforming this category that we started. It starts with really looking at what those players need, which is tour-level feel, bringing in a forged face, a forged body, faster ball speeds from our Forge 455 face cup, and then superior spin consistency with the industry-leading AI Smart Face.

Just a quick recap on the key differences here. The AI 200 is that core players' distance iron that's going to be for a player who wants the look of a player's iron, the feel of a player's iron but doesn't want to sacrifice distance, doesn't want to sacrifice feel or consistency. This is going to be a little bit more of a compact version of a players' distance iron, a little bit thinner top line and sole width, hollow body construction, and it's going to give you kind of that nice mid-launch.

The AI 300 is going to be that game improvement iron, a little bit higher launch, a little bit more forgiveness, going to have a lot of the same tech as you're going to see across the platform here but in a more forgiving profile.