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Zacks Small-Cap Research

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Sacks Parente Golf, Inc. (NASDAQ: SPGC)

SPGC: Sacks Parente reports 2nd quarter 2024 results which showed a substantial increase in revenues that was driven by its Newton shaft products.

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe SPGC could be worth **$12.00** per share.

Current Price (08/26/24)	$3.19
Valuation	**$12.00**

OUTLOOK

Sacks Parente Golf (NASDAQ: SPGC) is an innovative, technology driven golf company with a growing portfolio of golf products, including putters, golf shafts, golf grips, and other golf-related accessories. The company went public in August 2023 raising $11.6 million in net proceeds. The company announced its entry into the golf shaft market in November 2023. We believe the company has the expertise and potential to grow revenues substantially over a 10-year time frame. We expect the company to achieve net profitability in 2026 and believe the stock to be undervalued at this time.

SUMMARY DATA

52-Week High	**$30.90**
52-Week Low	**$2.67**
One-Year Return (%)	**-89.4**
Beta	**N/A**
Average Daily Volume (sh)	**49.775**
Shares Outstanding (mil)	**1.46**
Market Capitalization ($mil)	**$5.0**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**53**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**N/A**
P/E using 2025 Estimate	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Sporting Goods**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022					
2023	$0.09 A	$0.05 A	$0.10 A	$0.12 A	$0.35 A
2024	$0.35 A	$0.81 A	$0.97 E	$0.84 E	$2.98 E
2025					$5.26 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022					
2023	-$0.85 A	-$0.62 A	-$0.94 A	-$1.42 A	-$3.78 A
2024	-$0.82 A	-$0.79 A	-$0.66 E	-$0.69 E	-$2.96 A
2025					-$1.78 E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution or intangibles. Estimates may be non-GAAP.

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WHAT'S NEW

Sacks Parente Reports 2nd Quarter 2024 Results

On August 5, 2024, the company announced financial results for the 2nd quarter of 2024 which showed a substantial increase in revenues compared to the prior year period and the 1st quarter of 2024. Total revenues were $813,000 which increased 132% from $350,000 in the 1st quarter of 2024. Newton shaft products increased 123.4% sequentially to $648,000 and Putter products increased 175% sequentially to $165,000. Newton shafts now represent approximately 80% of total revenues. The company experienced strong international growth in both shafts and putters.

Gross margins increased to 60.1% in the 2nd quarter compared to 31.9% in the prior year period. Newton shaft gross margins are higher than putter products. We estimate Newton shaft gross margins are approximately 70% and putter gross margins are 50%.

Operating loss was ($1,202,000) and the net loss was ($1,155,000), or ($0.79) per diluted share. Operating cash flow in the 1st half of 2024 was a use of cash of ($2,341,000) and capital expenditures were ($188,000).

Cash and equivalents were $2.8 million as of June 30, 2024 and the company has no outstanding debt. Working capital at the end of the 2nd quarter was $3.1 million. On August 20th, the company filed an S-3 which describes a shelf registration in which the company can raise up to $25,000,000 in proceeds through common stock, preferred stock, debt securities, warrants, rights, or units. Other potential sources of capital going forward include Reg A offerings, PIPE transactions, and At-The-Market (ATM) equity offerings.

	Six Months Ended June 30,		
	2024	2023	
Net Sales by Product Line	Revenue	Revenue	% Change
Newton Shafts	$ 938,000	$ -	100%
Sacks Parente Putters	225,000	137,000	64%
Net Sales	$ 1,163,000	$ 137,000	749%

Source: sacksparente.com

Business Highlights

- The company received a significant increase in orders from Club Champion during the 2nd quarter of 2024. Club Champion is a global golf retailer and club fitting chain with 126 locations.
- Introduced a Weekly Driver Performance Pool program for players on the PGA TOUR Champions that use the company's Newton Motion driver shafts in tournaments (See below for more info).
- The company expanded the Newton Golf Shaft division with the addition of the Newton Motion Fairway Wood shaft to complement the initial Newton Motion Driver shaft. These include #3, #5, and #7 fairway woods.
- Newton Golf Shafts was named the Official Driver Shaft of the 2024 World Long Drive Championship. This event occurred August 8-11, 2024 in Atlanta, Georgia.

Reverse Stock Split

On July 24th, 2024, the company announced that its board of directors had approved a 1-for-10 reverse stock split of the common stock. The reverse stock split became effective on July 30, 2024. The reverse stock split was intended to increase the price of the common stock to allow the company to demonstrate compliance with the $1.00 minimum bid price requirement for continued listing on Nasdaq.

Valuation and Estimates

Our primary valuation tool utilizes a Discounted Cash Flow process. Based on growth and profitability projections and the potential for possible dilution from a shelf registration, our DCF-based valuation target is approximately **$12.00** per share. Our target price may be conservative as it utilizes a high discount rate of 15.0% due to the unpredictability of earnings, higher prevailing interest rates, and the timeline of reaching net profitability on an annual basis..

Our 2024 full year revenue estimate is $2.98 million and our 2024 EPS estimate is a loss of ($2.96). For 2025, our revenue estimate is $5.2 million and our EPS estimate is ($1.78). We expect the company to reach net profitability in 2026.

The company's closest competitor Acushnet (NYSE: GOLF), trades at a price/sales ratio of approximately 1.66x. Applying that multiple to SPGC's 2027 revenue estimate of $10.7 million and discounted back creates a value of approximately $10.00, which is substantially greater than the current stock price. In 2021, TaylorMade was acquired for $1.7 billion which equates to a price/sales ratio at the time of 1.7x.

KEY INVESTMENT POINTS



Source: sacksparente.com

- Sacks Parente Golf Inc. (NASDAQ: SPGC) is an innovative, technology driven golf company with a growing portfolio of golf products, including putting instruments, golf shafts, golf grips, and other golf-related products.
- The company designs and manufactures high-performance and innovative Sacks Parente golf putters and Newton shafts for golf clubs which may be rare "homerun" products. The introduction of these products into the golf equipment market may be analogous to the introduction of Big Bertha drivers, 2-ball putters, and cavity-backed irons and may attract mass adoption from golfers worldwide.
- The company is led by an accomplished management team with proven golf industry experience (Callaway Golf, TaylorMade, Ben Hogan Golf, etc.)
- Independent lab testing offers proof that Sacks Parente Golf putters help golfers make more and better putts.

- The company operates an in-house manufacturing facility in Missouri for its putters and shafts which should reduce supply chain risks and ensure quality control.

- The company anticipates rapid multi-year revenue growth primarily from product launches of the company's Newton shafts and Sacks Parente putters. Primary sources of growth will come from direct-to-consumer channels and Asian markets. The company recently expanded into all 126 Club Champion stores nationwide.

- There are Japanese and Korean distributors already in place that provide significant exposure to the world's #2 and #3 golf markets.

- Sacks Parente has a growing number of professional golfers and golf luminaries using its products. Recently, the company's Newton Motion driver shaft was the second most played golf shaft on the PGA TOUR Champions.

- The company went public in 2023 and currently has a market capitalization of $5.0 million. We expect revenues to grow rapidly in 2024 and reach almost $3.0 million. As of 6/30/24, the company had $2.8 million in cash and equivalents and no traditional long-term debt.

- The company is poised for strong growth in 2024 and 2025 and we believe the stock is worth **$12.00** based on a discounted cash flow calculation which incorporates conservative estimates and a high discount rate.

OVERVIEW



Source: sacksparente.com

Sacks Parente Golf is an advanced technology golf company with a growing portfolio of golf products, including putters, golf shafts, golf grips, and other golf-related products. In order to support its growth opportunities and in-house shaft technologies, in April 2022, the company expanded its manufacturing business to include advanced premium golf shafts by opening a new shaft manufacturing facility in St. Joseph, MO. The company intends to manufacture and assemble substantially all products in the United States as is economically feasible. The company anticipates eventual expansion into golf apparel and other golf-related product lines to enhance its growth. The company's future expansions may include broadening its offerings through mergers, acquisitions or internal developments of product lines that are complementary to its premium brands. Sacks Parente currently sells its products through the company's websites, resellers, and distributors in the United States, Japan, and South Korea.

The company owns or licenses multiple utility and design patents in the U.S. and foreign countries relating to its products and product designs. The company also owns U.S. and foreign trademark registrations relating to its products, product designs, manufacturing processes and research and development concepts.

The company was formed in 2018 as Sacks Parente Golf Company, LLC, a Delaware limited liability company. On March 18, 2022, the company converted into a Delaware corporation named Sacks Parente Golf, Inc. According to the Plan of Conversion, on March 18, 2022, all of the outstanding ownership interests in Sacks Parente Golf Company, LLC, and rights to receive these interests were converted and exchanged for shares of capital stock of Sacks Parente Golf, Inc.

On August 17, 2023, the company closed its initial public offering in which the company sold 3,200,000 shares of common stock at a split adjusted price of $40.00 per share. The company received total proceeds, net of fees, of $11,594,000. Cash balances as of 6/30/24 stood at $2.8 million.

The company leases approximately 9,000 square feet of manufacturing, assembly, and distribution space in St. Joseph, Missouri (approximately 60 miles from Kansas City, MO). In January 2024, the company relocated its primary golf putting instrument assembly facility from Camarillo, CA to the St. Joseph facility. The company believes this facility has the capacity to produce 160,000 units which would equate to over $40 million in total revenues. The lease on the facility currently expires in December 2025.

PRODUCTS

The company designs its golf products to fit golfers of all skill levels, both amateur and professional. The products are designed to conform to the Rules of Golf as published by the United States Golf Association (USGA) and the ruling authority (The R&A) for countries outside of the U.S. and Mexico.

By investing in research and development and leveraging applied science and physics, the company designs golf equipment and products to be technologically superior by breaking the traditional uniformity that exists in golf equipment today. The company has the ability to create and modify product designs using computer-aided design software, finite element analysis software, and structural optimization techniques. In addition, the company utilizes a variety of robotics and testing equipment, advanced computer software, launch monitors, and an in-house laboratory and test center for golf equipment products.

Newton Shafts

NEWTON
GOLF SHAFTS

Source: sacksparente.com

On November 20, 2023, the company announced a significant expansion of its product portfolio. The company introduced “Newton,” their latest business division and the company’s first entry into the world of golf club shafts. The Newton Motion driver shaft, the first Newton shaft to debut in the market, is a carbon fiber shaft designed to enhance a golfer’s performance by promoting straighter and longer shots with reduced effort.

Using the company’s proprietary shaft design and construction, the Newton Motion shaft features four essential technologies:

- **Elongated Bend Profile** – SPG has created an extreme elongated bend profile that is crucial to the shaft’s design. Because of SPG’s proprietary Kinetic Storage Construction, the shaft will bend over a longer span of its length, resulting in improved club speed. The added flexibility of the carbon fiber gives the impression that the golfer doesn’t need to exert excessive force during the swing, leading to a more predictable and less jarring experience. This should enhance the smoothness of the swing.

- **Kinetic Storage Construction** – The kinetic storage profile is the engine of Newton shafts. This proprietary construction empowers the fibers to store more energy that is harnessed through the elongated bend, resulting in a significant boost in exit velocity. In contrast to most carbon fiber shafts, SPG's technology ensures perfect symmetry, eliminating the inconsistencies in flex and spin rates that can often lead to decreased accuracy and distance.

- **Newton Symmetry360 Design** – SPG's Newton Symmetry360 design ensures consistent flex, regardless of the driver's clocking position. This feature allows for seamless adjustments to both the bend and torque (twist) when most flex changes occur, providing a truly versatile and adaptive solution.

- **Variable Bend Profile** – The Newton Motion driver shaft is equipped with a variable bend profile meticulously designed to match the bend and torque requirements of each flex. This innovation ensures that every player's driving performance is optimized, adapting seamlessly to the unique demands of the swing. Golfers with slower swing speeds need more torque while higher swing speeds need the opposite. Whether a player has a slow or a high swing speed, the Newton Motion technology tailors to the torque.



Source: sacksparente.com

In addition to these four important technologies, instead of using the traditional categorization of shaft flexes of ladies, senior, regular, stiff, extra-shift, etc., the Newton Motion shaft uses a proprietary DOT system. Ranging from one to six dots, the system allows for a seamless transition from the most flexible shaft at one dot to the stiffest at six dots. SPG's innovative DOT system, employed by SPG's expert shaft engineers, optimizes golf shaft performance by finetuning it to a golfer's unique abilities, which is a major competitive advantage over traditional flex systems.

	•	One Dot:	Driver Swing speeds less than 75 mph/or driving distance less than 180 yards
	•	Two Dots:	Driver Swing speeds 75-85 mph/or driving distance from 180 – 220 yards
	•	Three Dots:	Driver Swing speeds 85-95 mph/or driving distance from 210 – 240 yards
	•	Four Dots:	Driver Swing speeds 95-105 mph/or driving distance from 230 – 260 yards
	•	Five Dots:	Driver Swing speeds 105-115 mph/or driving distance from 250 – 285 yards
	•	Six Dots:	Driver Swing speeds 115-plus mph/or driving distance of 275+ yards

Source: sacksparente.com

In addition, The Newton Motion shaft is visually captivating. When in motion, the shaft undergoes an attractive color transformation from green to purple and various shades in between. The coloration not only adds a dash of style to a golfer's game, but it also distinguishes itself from other shafts in the market.

On April 4th, 2024, the company announced that it was expanding beyond just driver shafts and into fairway woods. SPG Executive Chairman Greg Campbell stated*, "In the wake of the remarkable success of our Newton Motion Driver shaft, we are witnessing not just the growth of a product line, but the flourishing of an entire Newton Shaft division dedicated to excellence and innovation. This launch marks*

a pivotal moment in our Company's history and sets a new standard for performance and customer satisfaction. As we unveil the Newton Motion Fairway Woods shaft, we are confident that it will exceed the high expectations set by its driver shaft predecessor."

The ready-to-play Newton Golf Shafts come with a premium grip pre-installed and are cut to modern industry-standard playing lengths, providing golfers with a seamless transition to enhanced performance. The Newton Motion Fairway Woods can be ordered in modern standard #3, #5, or #7 fairway woods lengths.

The Newton shafts are manufactured in St. Joseph, Missouri at SPG's shaft manufacturing facility and have an average ASP of approximately $250.00. We expect shafts to represent the majority of revenues in future years.

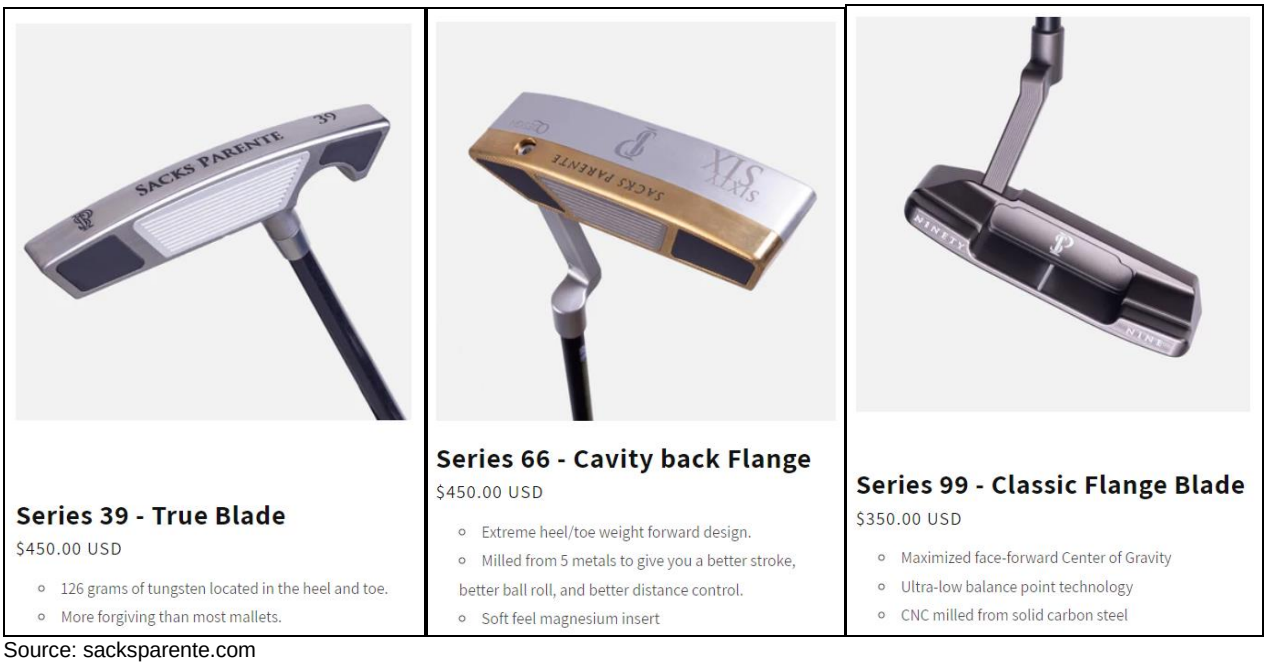
Additional information on Newton Golf Shafts can be found here.

SPG Putters

The company's putter products include golf putters, shafts, and grips sold under the Sacks Parente brand and are generally made of steel, aluminum, titanium alloys, carbon fiber, tungsten, patented magnesium face plate technologies, and various other materials.

The putter technology has been shown by The Golf Lab, a Canadian golf research and education provider, to improve players' ability to make putts and improve the feel of the putter head, stroke, face angle at impact, and distance control (see below).

Blade Putters



Source: sacksparente.com

The company has created game changing innovations like the patented Ultra-Low Balance Point technologies that may make any putter a better putter. Ultra-Low Balance Point is a balance point on the shaft that is five inches or less from the sole of the putter. The company achieves this by making the putter shaft and grip feather light, and not by making the putter head heavier like some companies have done. An ULBP putter has substantially more of the relative weight at the putter head which makes the putter head feel a lot heavier than it really is. The result, supported by independent testing, is a putter that promotes a natural pendulum like tempo, natural squaring of the head at impact, and a natural release of the toe of the putter head - all of which can help contribute to better putting performance.

The company is in the prototype phase of multiple new or enhanced putter designs that are popular on the market, which is expected to launch in 2024. Management believes that these versions, while having a familiar shape, could outperform other versions in the industry because of the design and use of advanced metals.

Mallet Putters



Series 02 - The DRAC

$395.00 USD

- Ultra Low Balance Point
- Weight Forward CG



Series 91 – The Duke

$350.00 USD

- Inspired by Tour Player Ken Duke
- Ultra-low balance point technology
- classic style with a clean, minimalist look



Series 54 - Mid Sized White 1 Stripe

$395.00 USD

- Mid-Sized Heel shafted.
- Weight forward CG.
- Single Stripe Alignment.

Source: sacksparente.com

In 2023, the company sold $291,000 in putters and we expect putter revenue to exceed $700,000 in 2024. The average selling price (ASP) for SPG putters is approximately $320.00. Since January 2024, the putters have been assembled in the company's St. Joseph, Missouri facility.



Source: sacksparente.com

Soft Goods

In addition to shafts and putters, the company intends to sell high quality soft goods such as golf apparel and accessories such as golf bags, gloves, headwear, practice aids and more. The company is in the early stages of developing the soft goods business and will begin manufacturing these types of products in 2024.

INDEPENDENT PUTTER STUDY

The Golf Lab is an independent research and development organization that uses state-of-the-art technology to comprehensively test and re-test golf equipment and new innovations. In 2023, The Golf Lab found 15 volunteers with handicaps ranging from 8 to 15 to participate in a blind test using their own putter vs their choice of a Sacks Parente putter. These volunteers had not played with a Sacks Parente putter before their opportunity to test.

Each golfer was given 82 putts with their own putter and then 82 with a Sacks Parente ULBP putter that they never used before. The Golf Lab used its Gears full-body optical motion tracking system to provide “hard data” on the putts, swings, and ball contact. The Gears system measures the putting swing as it unfolds as 600 images per putt are generated and analyzed in less than a second.

The test results showed that Sacks Parente putters were empirically proven to make more putts, offer better aim/alignment, improve squared angle at impact, and improve club path during the swing. In addition, the tests showed an improvement in speed control by being naturally easier to align, providing a more consistent stroke/speed control, better club path, and squaring the putter at impact. The results showed a 56% increase in the number of putts made. On average, 32/82 putts were made by the golfers using their own putter vs. 50/82 made with the Sacks Parente putter which was a notable make increase from 39% to 62%.

More details on the Golf Lab test results can be found here.

INDUSTRY & ADDRESSABLE MARKET

The golf equipment market size was estimated to be worth between $10.0 billion and $13.0 billion and is expected to reach $17.6 billion by 2028 which is a CAGR of approximately 5.8%. The entire golf industry which includes courses, equipment and related services is estimated at $86.0 billion.

Recently, there has been an increase in young golfers which is causing equipment sales to rise and is a significant driver of golf equipment sales. In addition, growing middle-class income and the increasing number of professional golfers over the last few years are contributing to the substantial increase in demand. The participation rate in professional golf tournaments is increasing, especially among millennials, which is further boosting golf equipment sales worldwide.

Based on a survey by the National Golf Foundation, golf is now played in 206 out of 251 countries and there are approximately 38,000 golf courses worldwide. Globally, millions of people of all ages are attracted to golf and participate in the International Golf Federation’s programs and events. Also, adding golf to the summer Olympic Games has contributed to a sudden increase in golfers worldwide. Certain European countries are investing heavily in infrastructure developments of the game and hosting many

international golf events and competitions. These investments in golf courses are further anticipated to boost the inflow of sports tourists and influence the market positively during the study period.

There has also been a rise in demand for golf equipment from the Asia-Pacific region. This golf equipment market is driven by the rising popularity of golf in Japan, China, South Korea, and Thailand. In coming years, the golf equipment and accessories market in the Asia-Pacific region is expected to grow with major countries such as China, India, Australia, and Japan contributing to the market growth as well. Japan is one of the major countries in the Asia-Pacific region in terms of the number of golf players, owing to the rising awareness about golf and an increase in the golfer population in the country. According to the Ministry of Economy, Trade, and Industry (METI), the golfing population in Japan increased from 8.9 million in 2018 to approximately 10.5 million in 2023.

As the population becomes more aware of sports and the disposable income of individuals rises, there is a strong likelihood that the regional market will continue to grow. In addition to already established international brands, the market in the region is being driven by a rise in participation in golf tournaments and spending money and time on sports activities. Increasing media exposure to international golf events has aided the rise in the popularity of golf among the masses. This trend encourages the youth to play such sports, further boosting the sales of golf equipment in the region.

According to Golf Datatech, LLC, and Yano Research Institute Ltd, two of the golf industry's leading independent research and data firms, Japan and Korea rank second and third in the listing of the '*top five World Golf Markets'*. Furthermore, Korean golfers spend more per capita on their golf equipment and apparel than any other country, while the U.S. and Japan are responsible for about two-thirds of the world golf equipment market.

In addition, there has been a tremendous boom in indoor golf which is typically played within a high tech golf simulator where the player hits a ball against a large screen and shot results and scores are displayed digitally. Of the approximate 41 million golfers in the U.S., roughly 1/3rd are indoor golfers only. This category also includes participants at Topgolf, a large golf entertainment complex with approximately 80 locations currently on a global basis.

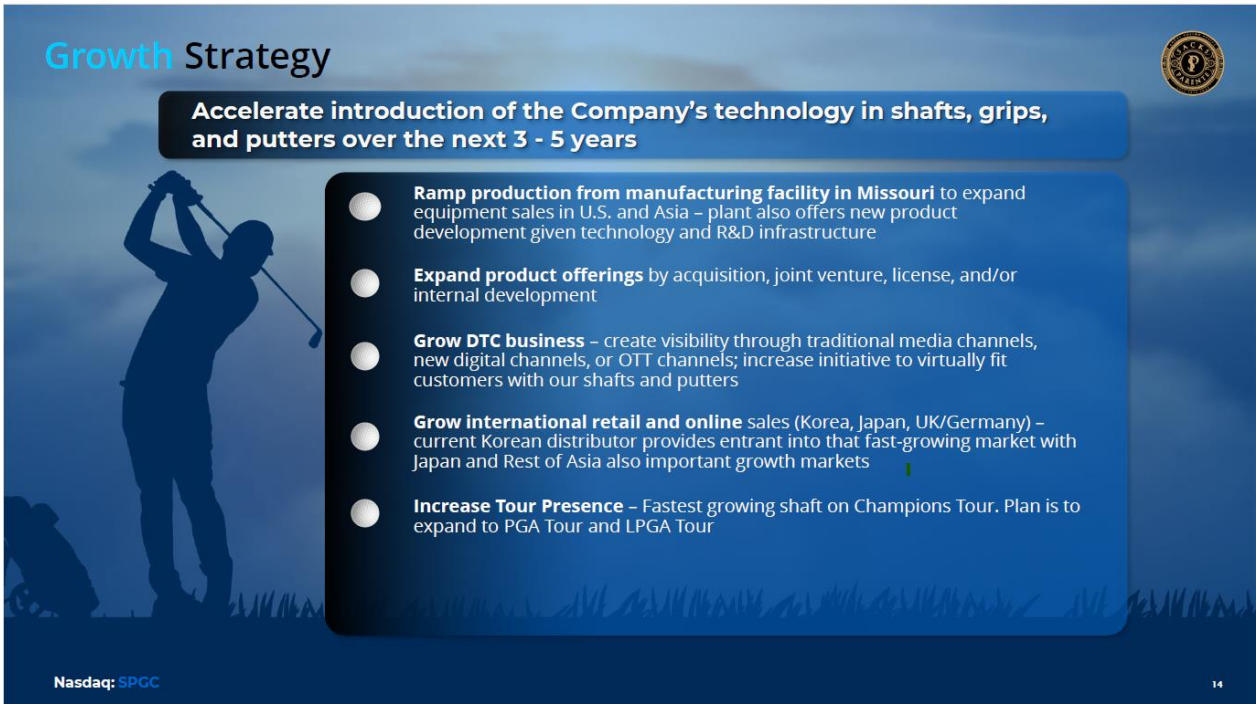
GROWTH STRATEGY & OBJECTIVES

The company plans to accelerate the introduction of its technology in golf shafts, grips, and putters over the next 3-5 years.

Included in the company's strategic plans is increasing production from its manufacturing facility in Missouri to expand equipment sales in the U.S. and Asia. The plant also offers new product development capabilities based on its advanced technology and R&D infrastructure. Expanding new product offerings can be by acquisition, joint venture, license, or internal development of these products.

The direct-to-consumer business, which includes online and other media channels, is an important part of the growth plans. The company plans to create visibility through traditional media channels, new digital channels, or over-the-top channels (streaming), and increase initiatives to virtually fit customers with shafts and putters. The company's main websites (https://saksparente.com) and (https://newtonshafts.com) are also storefronts for its products.

International markets are also an important growth driver and includes retail and online sales in Korea, Japan, the United Kingdom and Germany. The current Korean distributor provides entrance into that fast-growing market as well as in Japan and other parts of Asia.



Source: sacksparente.com

Increasing exposure to professional golfers is also an important strategic priority. Some current PGA Champions and LPGA players use the company's putters, but the goal is to organically increase exposure at all levels of professional golf and collegiate golf.

The company intends to grow the domestic golf apparel and accessories business and plans to be opportunistic in this area. A partnership for apparel and accessories development and growth may help drive this business segment.

In March 2024, the company introduced a unique incentive program for golf professionals, custom club fitters, and golf instructors to help drive marketing visibility and future revenue growth. The program offers deep discounts and other incentives for industry professionals dedicated to helping golfers through proper club fitting and instruction. It also provides an opportunity for fitters, instructors, and golf professionals to put SPG's proprietary putter technology directly into the hands of their clients. Program participants can purchase a demo set of four SPG putters at a discounted price of $600 (compared to an average retail price of $300 per putter).

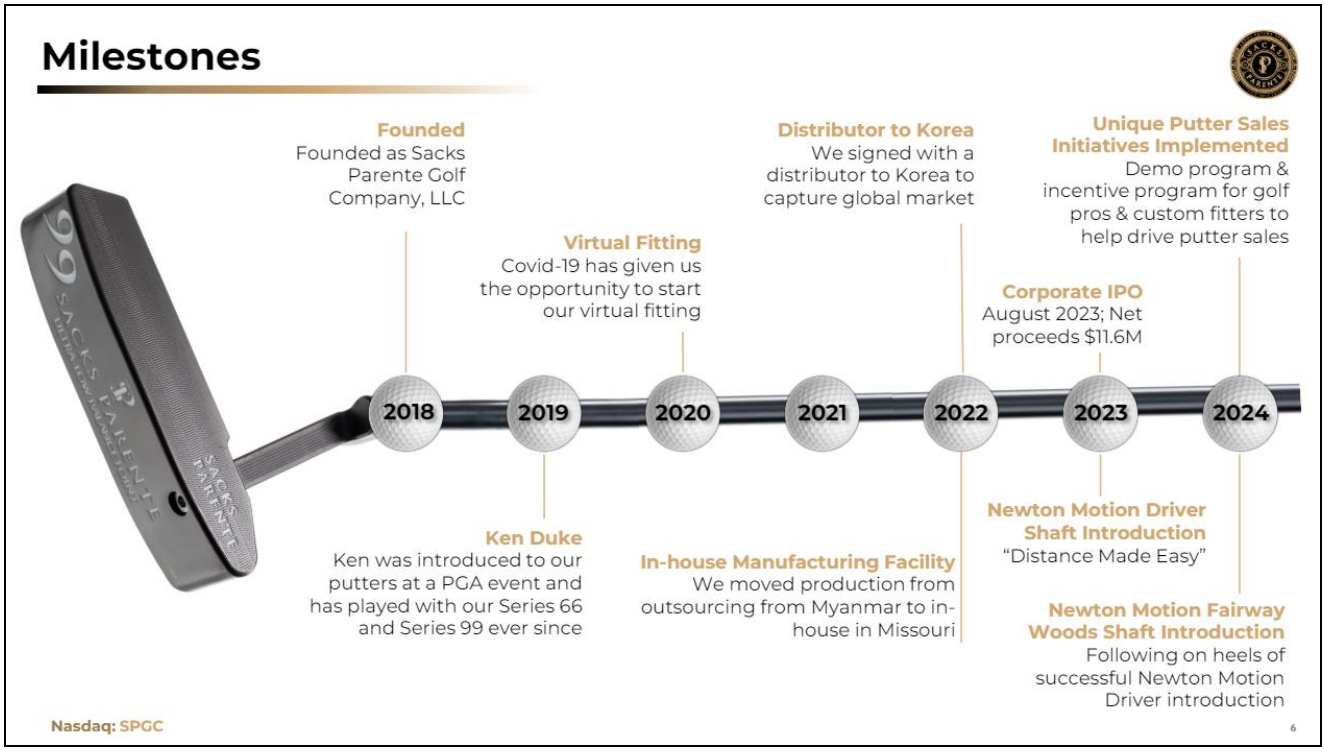
To further incentivize participation in the Sacks Parente PGA Professional, Custom Club Fitter, and Golf Instructor Program, the company offers an additional $100 discount from the wholesale price for the first six sales of Sacks Parente putters by the fitter or instructor. This discount effectively offsets the initial investment of the demo set for program participants.

MANUFACTURING FACILITY

The company leases approximately 9,000 square feet of manufacturing, assembly, and distribution space in St. Joseph, Missouri (approximately 60 miles from Kansas City, MO). In January 2024, the Company relocated its primary golf putting instrument assembly facility from Camarillo, CA to the St. Joseph facility. The company believes this facility has the capacity to produce 160,000 shafts and 40,000 putters which would equate to over $40 million in total revenues. The lease on the facility currently expires in December 2025.

It is the company's goal to develop, design and manufacture as many of the company's products, as is economically feasible in the U.S. There are currently limited assembly/fitting capabilities in Japan and South Korea.

Overall, the golf club assembly process is fairly labor intensive, requires extensive supply chain coordination and utilizes raw materials that are obtained from suppliers both internationally and within the United States.



Source: sacksparente.com

TOUR PLAYERS

Sacks Parente has a growing number of professional golfers and golf luminaries using its products. In recent weeks, the company's Newton Motion driver shaft was the second most played golf shaft on the PGA Tour Champions.

Latest PGA Tour Champions Win



Source: sacksparente.com

Doug Barron, a member of Newton Shafts' roster, clinched his first major championship on the PGA Tour Champions at the Regions Tradition held May 9–12, 2024 using the Newton Motion shaft in his driver.

This marked Barron's third career victory and his first since 2020. A total of five players on the PGA Tour Champions used the Newton Shaft in their drivers last week, including Newton Shafts' brand ambassadors Barron and Ken Duke. Additionally, three other PGA TOUR Champions members elevated their game with the Newton Motion shafts in their fairway woods.

Sponsored Players

The following professional golfers on the PGA Tour Champions have signed sponsorships for the company's Newton Shaft products:

- John Daly
- Clark Dennis
- Colin Montgomerie
- Doug Barron
- Duffy Waldorf
- Mark O'Meara
- Fred Funk
- Tim Petrovic
- Wes Short
- Chris DiMarco
- Ken Duke

Professional Golfers Participating in the Weekly Performance Pool Program

The company recently announced the launch of a Weekly Performance Pool program for players on the PGA Tour Champions using Newton Motion driver shafts. The Newton Golf Shaft is rapidly making its

mark on the PGA Tour Champions, and more players are expected to join the Weekly Performance Pool program, where they will experience Newton's four key technologies: Elongated Bend Profile; Kinetic Storage Construction, Newton Symmetry360 Design, and a Variable Bend profile.

The incentive program offers the opportunity for players on the PGA Tour Champions to compete for prize money based on their individual performance with the Newton Motion shaft in their driver at any given tournament. Unlike traditional prize structures, participants will only compete against others within the pool, enhancing the excitement and camaraderie among players swinging a Newton Motion driver shaft.

Participation in the Weekly Performance Pool is open to any player on the PGA TOUR Champions, regardless of their status.

So far, eight players are participating in the program, including:

- Doug Barron
- Clark Dennis
- Ken Duke
- Fred Funk
- Tim Petrovic
- Wes Short
- Duffy Waldorf
- Colin Montgomerie

COMPETITION

The company primarily competes based on its advanced technology and the ability to improve a player's experience and provide quality customer service at a level higher than some competitors.

To better understand industry trends, management receives and evaluates internally generated market research for U.S. and foreign markets, as well as periodic public and customized market research on a global basis. Research providers include Golf Datatech and The National Golf Foundation which include trends and data from on-course and off-course retailers. In addition, the company utilizes data from other market research firms in Asia.

Major competitors for putting instruments are TaylorMade, Ping, Acushnet (Scotty Cameron, Titleist brand) and Callaway Odyssey/Toulon brands. Major competitors for golf shafts include Fujikura Composites, Mitsubishi Chemical MCC, Graphite Design, (Asia) Co Ltd, Nippon Shaft. Ltd, and Paderson Kinetixx, Taiwan. All these competitors have extensive business histories and substantially greater resources than the company.



Source: sacksparente.com

MANAGEMENT

Dr. Greg Campbell,
Executive Chairman

Effective January 2, 2024, Greg Campbell was appointed as Executive Chairman of SPG. Prior to that, Mr. Campbell served as Chairman of the company since November 2018. He is currently also Chief Executive Officer at V-Grid Energy Systems, a California-based start-up focusing on converting agricultural waste into renewable electricity and valuable bio-carbon. Having received his Doctor of Philosophy, Electrical and Electronics Engineering from the University of California Los Angeles and BA/MA in Engineering from Cambridge University, Campbell's nearly 40-year career spans new and emerging technologies, product development, and philanthropy. He has successfully taken two companies public. He also served as SVP&GM for Lam Research where he managed a $1.2 billion P&L.

Akinobu Yorihiro
Director, Chief Technology Officer

Akinobu Yorihiro, one of the company's co-founders, has been a Director, Chief Technology Officer, and Chief Legal Officer since March 2018. Mr. Yorihiro also served as Chief Financial Officer from March 2018-February 2022. Mr. Yorihiro has served as Chairman of the Board for Nippon Xport Ventures, Inc. since 2017. Mr. Yorihiro served as Chief Executive Officer of Yoshimoto Entertainment USA, the U.S. Subsidiary of Yoshimoto Kogyo of Japan, and the Chief Executive Officer of Bellrock Media, a digital media company backed by Dentsu, NTT Docomo and Yoshimoto Entertainment, from 2006-2017. He was a Corporate M&A Partner of Bingham McCutchen LLP, a large national U.S. law firm, where he specialized in cross-border transactions, representing Japanese and U.S. clients across a wide range of industries including manufacturing, pharmaceutical, technology, banking, sports and entertainment, from 1993–2006. Bilingual and Bicultural in Japanese, he earned his B.A. in Economics and Mathematics from Claremont McKenna College and J.D. from Georgetown University Law Center.

BOARD OF DIRECTORS

Dr. Greg Campbell
Executive Chairman

Jane Casanta
Director

Jane Casanta has been a member of the Board of Directors since January 2024. Jane Casanta brings a rich background in the golf industry to Sacks Parente Golf, having served in various marketing and product development roles at the Acushnet Company for 26 years, including as Director of Marketing for Titleist Gloves and Accessories worldwide. Her accomplishments during this time include doubling international sales, increasing domestic gear sales by 100%, and achieving a 15-point increase in Titleist golf bag industry share.

Brett Hoge
Director

Brett Hoge has been a member of the Board of Directors since March of 2022 and a Financial Advisor with Truist Investment Services, Inc. since 2008. Brett's deep understanding of investments, and capital management earned him a position in the Top 400 Financial Advisors by the Financial Times in 2017, 2018, 2020 and he was also recognized for Best-In-State Wealth Advisors by Forbes in 2022. Brett earned his bachelor's degree in business administration with majors in finance and insurance, from Appalachian State University in 1999. He is a passionate community volunteer and mentor, Brett received the 2007 Forsyth County United Way Volunteer of the Year Award, the Investment News Community Leadership Award, and is a past president of Big Brothers Big Sisters of Forsyth, Davie and Yadkin counties. He is also an active board member of the Clemmons Community Foundation Investment Committee, the Centers of Aging and Rehabilitation of Florida, Inc., and JDRF Piedmont Triad Chapter.

Dottie Pepper
Director

Dottie Pepper has been a member of the Board of Directors since April of 2022, and is a 17-time winner on the LPGA tour, including two major championships. She served 3 years as an Independent Director on the PGA of America Board of Directors. Dottie was the 2016 William D. Richardson Award winner, given by the Golf Writers Association of America for continuing contributions to golf and she was also the 2021 Gold Tee winner, given by the Metropolitan Golf Writers Association for career achievements that exemplify the best spirit and traditions of the sport of golf. Dottie also won on the JLPGA Tour and represented the U.S. 6 times in the Solheim Cup. She played the LPGA Tour from 1988 until her retirement in 2004 when she began a career in television. Dottie has covered nearly every major in men's and women's golf and has also covered every major international amateur golf competition. She was the first woman to announce live golf at The Masters beginning in 2016 and in 2020 became the first walking reporter to cover that same event. She is currently the lead walking reporter for CBS Sports' coverage of the PGA Tour, PGA Championship and Masters. She is also the author of the recently released book and audiobook, "Letters to a Future Champion: My Time with Mr. Pulver."

Akinobu Yorihiro
Director, Chief Technology Officer

Akinobu Yorihiro, one of the company's co-founders, is a Director and Chief Technology Officer, and Chief Legal Officer, he has served in such capacities since March 2018. Mr. Yorihiro also served as Chief Financial Officer from March 2018-February 2022. Mr. Yorihiro has served as Chairman of the Board for Nippon Xport Ventures, Inc. since 2017. Mr. Yorihiro served as Chief Executive Officer of Yoshimoto Entertainment USA, the U.S. Subsidiary of Yoshimoto Kogyo of Japan, and the Chief Executive Officer of Bellrock Media, a digital media company backed by Dentsu, NTT Docomo and Yoshimoto Entertainment, from 2006-2017. He was a Corporate M&A Partner of Bingham McCutchen LLP, a large national U.S. law firm, where he specialized in cross-border transactions, representing Japanese and U.S. clients. Bilingual and Bicultural in Japanese, he earned his B.A. in Economics and Mathematics from Claremont McKenna College and J.D. from Georgetown University Law Center.

INSIDER TRADING & OWNERSHIP

The following table reflects information regarding beneficial ownership of the company's common stock as of March 1, 2024, and is based on 14,595,870 shares outstanding.

Name of Beneficial Owner or Identity of Group	Shares	Percentage
5% or greater stockholders:		
Nippon Xport Ventures, Inc.	7,253,236	49.69%
Timothy Triplett, former Chief Executive Officer and Director	7,253,236(1)(3)	49.69%
Parcks Design LLC	917,075	6.28%
Executive Officers and Directors:		
Akinobu Yorihiro, Chief Technology Officer and Director	8,060,468(2)	51.42%
Steve Handy, Chief Financial Officer	190,000(4)	1.21%
Scott White, Chief Operating Officer	-	-%
Greg Campbell, Director	152,649(5)	0.97%
Jane Casanta, Director	4,444(6)	0.03%
Brett Hoge, Director	284,289(7)	1.81%
Dottie Pepper, Director	28,889(8)	0.03%
Total Officers and Directors as a Group (7 persons)	8,720,870	55.64%

Source: sacksparente.com

RISKS

- A reduction in the number of rounds of golf played or in the number of golf participants could negatively affect sales. The demand for golf-related products in general, as well as the demand for golf-related soft goods, is directly related to the number of golf participants and the number of rounds of golf being played by these participants. In the future, the overall dollar volume of the market for golf-related products may not grow or may decline.. Any significant reduction in television coverage of, or attendance at, golf tournaments and events could reduce the visibility of the company's brands.

- Unfavorable economic conditions, future pandemics, or inflation could hurt consumer discretionary spending and therefore negatively impact company sales. The company's products are recreational and are therefore discretionary purchases for consumers. Consumers are generally more willing to make discretionary purchases of golf products and to spend on leisure and out-of-home entertainment during favorable economic conditions and when consumers are feeling confident and prosperous. A significant or prolonged decline in general economic conditions or uncertainties regarding future economic prospects could adversely affect consumer discretionary spending in domestic and international markets.

- The company faces intense competition in all of its markets, and if they are unable to compete effectively, it could have a material adverse effect on business operations. Putters, shafts and grips operate in a highly competitive marketplace that is served by a number of well-established and financially stable companies with recognized brand names. In addition, downward pressure on

pricing in the market for the company's products could have a significant adverse effect on business operations.

- The company has a limited operating history having been formed in 2018. The company has experienced limited sales since its inception and has largely been considered a development stage company. The company needs to substantially grow its revenue base in order to generate net profits and free cash flow.

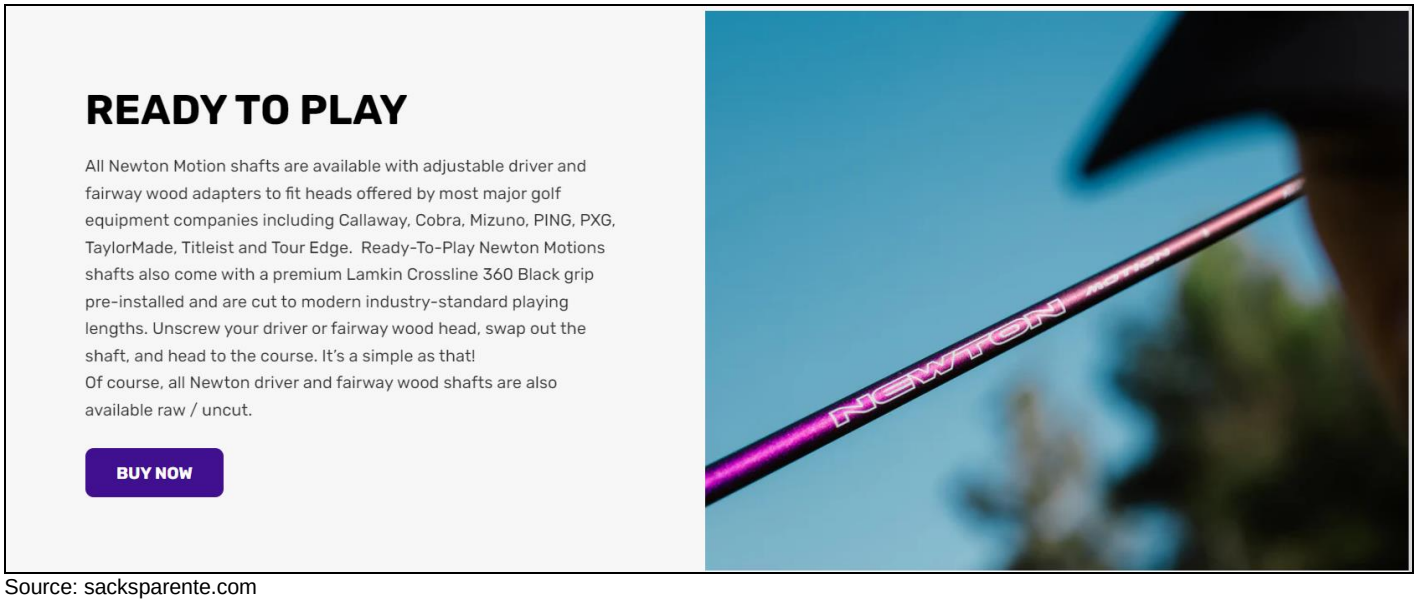
SUMMARY

We believe Sacks Parente has the potential to deliver strong revenue growth and positive earnings over the next 10 years as its shafts and putters reach greater economies of scale. We believe the company can generate strong double-digit annual revenue growth over the next 10 years and improve margins to industry averages over time. We also expect the higher margin shaft business to represent the majority of annual sales over that time frame.

The high-performance and innovative line of Sacks Parente putters and Newton shafts may be rare "homerun" product introductions into the golf equipment market. This may be equivalent to the introduction of Big Bertha drivers, 2-ball putters, and cavity-backed irons - all of which dynamically changed the golf industry.

Our primary valuation tool utilizes a Discounted Cash Flow process. Under the scenario described above, our DCF based valuation target is approximately **$12.00** per share. SPGC stock is also trading at a discount to major competitors.

Investors may be getting the rare opportunity to get in on the ground floor of a dynamic sporting goods company that is poised for rapid growth. The company's current stock price does not likely reflect that potential level of profitable growth going forward and we believe the stock to be significantly undervalued at this time. With the company trading at such a large discount to intrinsic value, a margin of safety also appears to exist at this time.



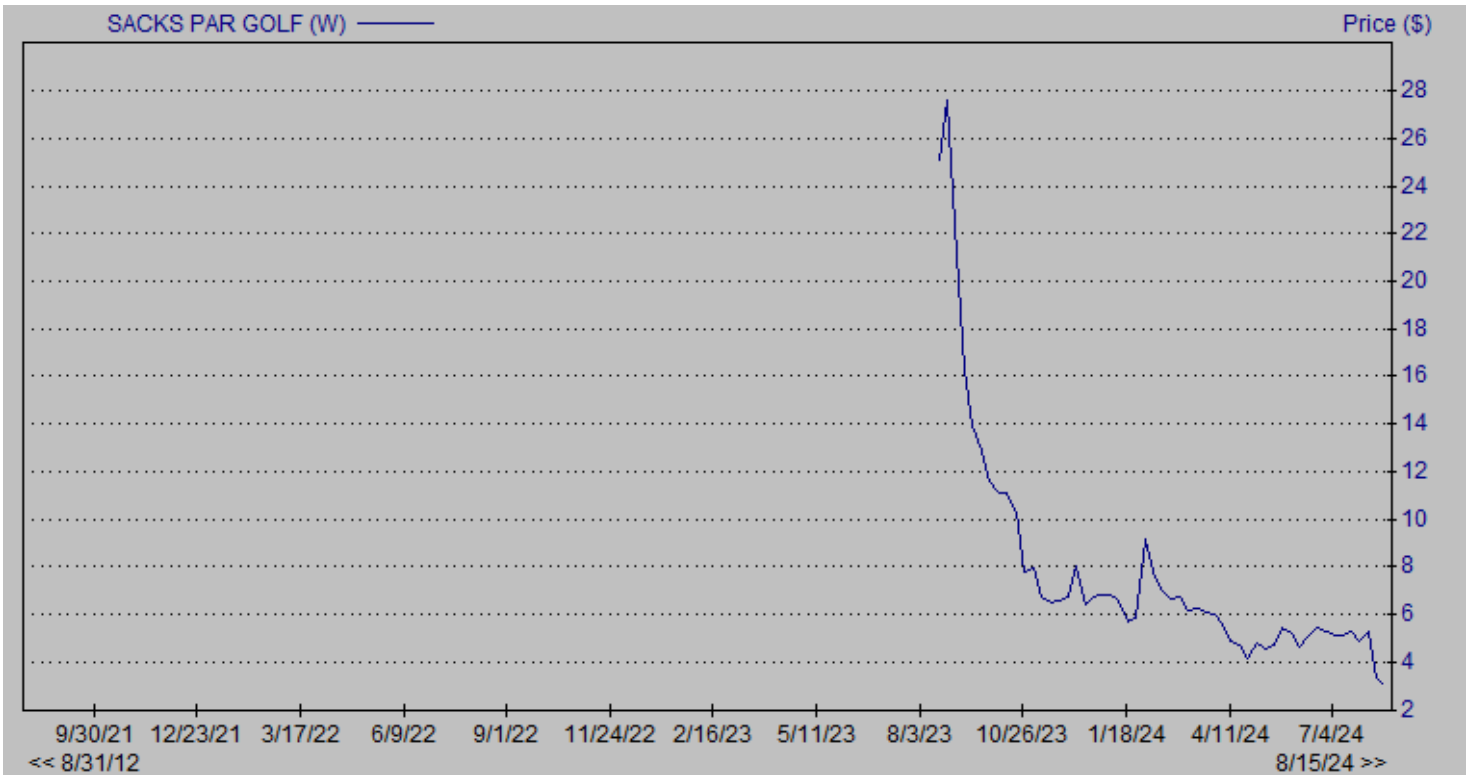
Source: sacksparente.com

PROJECTED INCOME STATEMENT

Income Statement	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26
Net Sales	190,000	349,000	2,983,000	5,255,875	8,733,075
Growth	*-5.0%*	*83.7%*	*754.7%*	*76.2%*	*66.2%*
Cost of Goods Sold	99,000	195,000	905,500	1,466,375	2,511,975
%	*52.1%*	*55.9%*	*30.4%*	*27.9%*	*28.8%*
Depreciation & Amort	11,000	32,000	150,000	165,000	181,500
Gross Profit	80,000	122,000	1,927,500	3,624,500	6,039,600
Margin	*42.1%*	*35.0%*	*64.6%*	*69.0%*	*69.2%*
Selling General & Administrative Expenses	2,874,000	4,471,000	5,531,100	5,475,789	5,311,515
% of sales	*1512.6%*	*1281.1%*	*185.4%*	*104.2%*	*60.8%*
Research & Development	73,000	258,000	823,420	700,000	665,000
% of sales	*38.4%*	*73.9%*	*27.6%*	*13.3%*	*7.6%*
Other Expenses	0	0	0	0	0
% of sales	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Amortization	0	26,000	52,000	54,000	41,000
% of sales	*0.0%*	*7.4%*	*1.7%*	*1.0%*	*0.5%*
Operating Income	(2,867,000)	(4,633,000)	(4,479,020)	(2,605,289)	22,085
Margin	*-1508.9%*	*-1327.5%*	*-150.2%*	*-49.6%*	*0.3%*
EBITDA	(2,845,000)	(4,517,000)	(4,277,020)	(2,386,289)	244,585
Margin	*-1497.4%*	*-1294.3%*	*-143.4%*	*-45.4%*	*2.8%*
Other Expenses/(Income)	574,000	(8,000)	(159,000)	(13,398)	(21,668)
%	*302.1%*	*-2.3%*	*-5.3%*	*-0.3%*	*-0.2%*
EBIT	(3,441,000)	(4,625,000)	(4,320,020)	(2,591,891)	43,753
%	*-1811.1%*	*-1325.2%*	*-144.8%*	*-49.3%*	*0.5%*
Total Interest Exp (net)	64,000	0	0	0	0
%	*33.7%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Profit Before Tax	(3,505,000)	(4,625,000)	(4,320,020)	(2,591,891)	43,753
%	*-1844.7%*	*-1325.2%*	*-144.8%*	*-49.3%*	*0.5%*
Income Tax	0	0	0	0	8,751
% Effective Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*20.0%*
% Cash Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*20.0%*
Minority Interests	0	0	0	0	0
Net Profit	(3,505,000)	(4,625,000)	(4,320,020)	(2,591,891)	35,002
%	*-1844.7%*	*-1325.2%*	*-144.8%*	*-49.3%*	*0.4%*
Non-recurring income (expense)					
Average Diluted Shares Outstanding	10,433,820	1,223,740	1,459,587	1,459,587	1,459,587
Reported FD EPS					
Zacks Cash EPS	(0.34)	(3.76)	(2.92)	(1.74)	0.05
Zacks EPS	(0.34)	(3.78)	(2.96)	(1.78)	0.02

Source: Zacks analyst

HISTORICAL STOCK PRICE



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