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Zacks Small-Cap Research

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Newton Golf Company (NASDAQ: NWTG)

NWTG: Newton Golf reports strong 1st quarter 2025 revenue growth. The Newton Shaft lineup continues to be the primary growth driver.

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

Current Price (5/20/25)	$1.80
Valuation	**$12.00**

OUTLOOK

Newton Golf (NASDAQ: NWTG) 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 increase revenues substantially over a 10-year time frame. We expect the company to generate free cash flow in 2026 and believe the stock to be undervalued at this time.

SUMMARY DATA

52-Week High	**$195.50**
52-Week Low	**$1.35**
One-Year Return (%)	**-98.8**
Beta	**N/A**
Average Daily Volume (sh)	**3,310,875**
Shares Outstanding (mil)	**4.5**
Market Capitalization ($mil)	**$7.7**
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 2025 Estimate	**N/A**
P/E using 2026 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)
2023	$0.09 A	$0.05 A	$0.10 A	$0.12 A	$0.35 A
2024	$0.35 A	$0.81 A	$1.21 A	$1.07 A	$3.45 A
2025	$1.21 A	$1.54 E	$2.10 E	$1.90 E	$6.70 E
2026					$10.00 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	*-$0.85 A*	*-$0.62 A*	*-$0.94 A*	*-$1.42 A*	*-$3.78 A*
2024	*-$0.82 A*	*-$0.79 A*	*-$0.73 A*	*-$0.30 A*	*-$2.64 A*
2025	-$0.55 A	-$0.12 E	-$0.08 E	-$0.11 E	-$0.87 E
2026					$0.01 E

2023 and 2024 EPS numbers do not reflect the recent reverse stock split. 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

1st Quarter 2025 Financial Results

Revenues increased to $1.2 million during the 1st quarter of 2025, compared to $0.4 million in the prior year period. The increase in net sales was primarily driven by the introduction of the Newton Motion driver shaft product line in November 2023 as well as the Newton Motion fairway shaft product line in April 2024. During the quarter, approximately $1.02 million of net sales were direct-to-consumer and generated through company related websites. The remaining $188,000 was dervived from various distribution partners.

	Three Months Ended March 31,	
	2025	2024
Net Sales by Product Line	Revenue	Revenue
Newton Shafts	$ 1,200,000	$ 290,000
Putters	10,000	60,000
Net Sales	$ 1,210,000	$ 350,000

Source: newtongolfir.com

During the 1st quarter, ad spending was demphasized on the putter products because of lower prevailing ROI's on ad spend. We expect this trend to reverse and expect significant growth in putter products during the rest of 2025.

Gross profit in the 1st quarter of 2025 was $853,000 compared to $206,000 in the prior year period. Gross margin was 70% in the quarter compared to 56% in the 1st quarter of 2024. The increase in gross margin was primarily due to the change in product mix sold (more higher margin shaft products) and changes to inventory reserves when compared to the prior year period.

SG&A expenses increased to $2.5 million during the 1st quarter of 2025 compared to $1.3 million during the prior year period. The increase in SG&A expenses was primarily due to additional legal expenses related to the special shareholder meetings and Series B Warrant exercises, higher accounting and audit expense associated with warrant valuation and warrant accounts, transfer agent costs associated with the exercise of Series B Warrants, and proxy solicitor costs associated with the special shareholder meeting.

R&D expenses increased to $282,000 during the 1st quarter compared to $190,000 during the prior year period. The increase in R&D expenses was due to costs incurred to test and refine the Newton Fast Motion product line which was launched in May 2025.

On the other income line, the change in fair value of warrant liability was due to a reduction of the Series A Warrants of $1.6 million, partially offset by an increase in the fair value of the remaining Series B Warrants of $226,000, for a total expense reduction of $1.4 million. The remaining reversal in the warrant liability was accounted for as a change in shareholders equity.

Net loss for the 1st quarter of 2025 was ($525,000) compared to a net loss of ($1.19) million in the prior year period.

Cash balances as of 3/31/25 stood at $5.9 million and there was no outstanding debt. Working capital at the end of the 1st quarter of 2025 was positive $5.3 million.

We believe the company is fully funded to support its business operations for the next 12 months. It's possible the company could reach cash flow breakeven in late 2025 or early 2026.

Warrant Liability

On Dec. 12, 2024, the company issued 7,000,000 common shares along with 8,050,000 Series A warrants and 8,050,000 Series B warrants. Under GAAP accounting guidelines, the company recorded corresponding warrant liabilities at fair value as of Dec. 31, 2024 that amounted to $1,805,000 for Series A warrants and $12,456,000 for Series B warrants. These warrant-related liabilities materially contributed to financing expenses of $7,326,000. This was a substantial portion of the net loss reported in fiscal 2024.

As of March 31, 2025, approximately 92% of the Series B warrants had been exercised, which extinguished most of the Series B warrant liability balance of $11,750,000 while increasing stockholders' equity.

The reversal of the warrant liability by $11,750,000 has strengthened the balance sheet by significantly lowering total liabilities in 2025 and increased shareholders equity. Furthermore, as the remaining outstanding warrants are exercised, additional liability reductions will help improve the company's financial stability and performance in 2025 and beyond.

Business Highlights

- An unsolicited and unsponsored article praising Newton Shafts occurred on April 23, 2025 on Golf.com. The title of the article was "*Why Newton Motion shafts are taking over the Champions Tour*". The full article can be found here.

- Newton Motion shaft adoption increased to over 30 professionals, with 8 new players joining across PGA TOUR Champions, LPGA, Korn Ferry, and PGA TOUR events during the quarter.

- Expanded product portfolio, launching Newton Fairway Motion Shafts, five new Newton Gravity putter models, and the new Fast Motion shaft line, a lighter-weight shaft available in a distinct new color.

- Broadened global presence, securing distribution with two of Japan's largest golf retailers, extending Newton's international reach

- Doug Barron captured a major victory at the Regions Tradition on the PGA TOUR Champions using a Newton Motion shaft, validating Newton's performance on the sport's biggest stages.

- In April 2025, the company announced the appointment of Andy Harris and Jeff Opheim as Tour representatives for the PGA TOUR, PGA TOUR Champions and Korn Ferry Tour. Company Founder and Chief Technology Officer, Aki Yorihiro will take on a key role as Tour Representative for the LPGA and PGA TOUR Champions.

Valuation and Estimates

Our primary valuation tool utilizes a Discounted Cash Flow process. Based on growth and profitability projections, 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 for reaching net profitability on an annual basis.

The company provided a total revenue outlook for 2025 in the range of $6.5-$7.0 million. Our 2025 full year revenue estimate is $6.7 million. Our 2025 GAAP EPS estimate is ($0.87), however that figure takes into account a portion of the reversal of the warrant liability in 2025. For 2026, we believe the company can continue to generate strong double-digit revenue growth and our revenue estimate for 2026 is $10.0 million and our 2026 EPS estimate is $0.01.

We expect the company to reach cash flow breakeven in calendar year 2026.

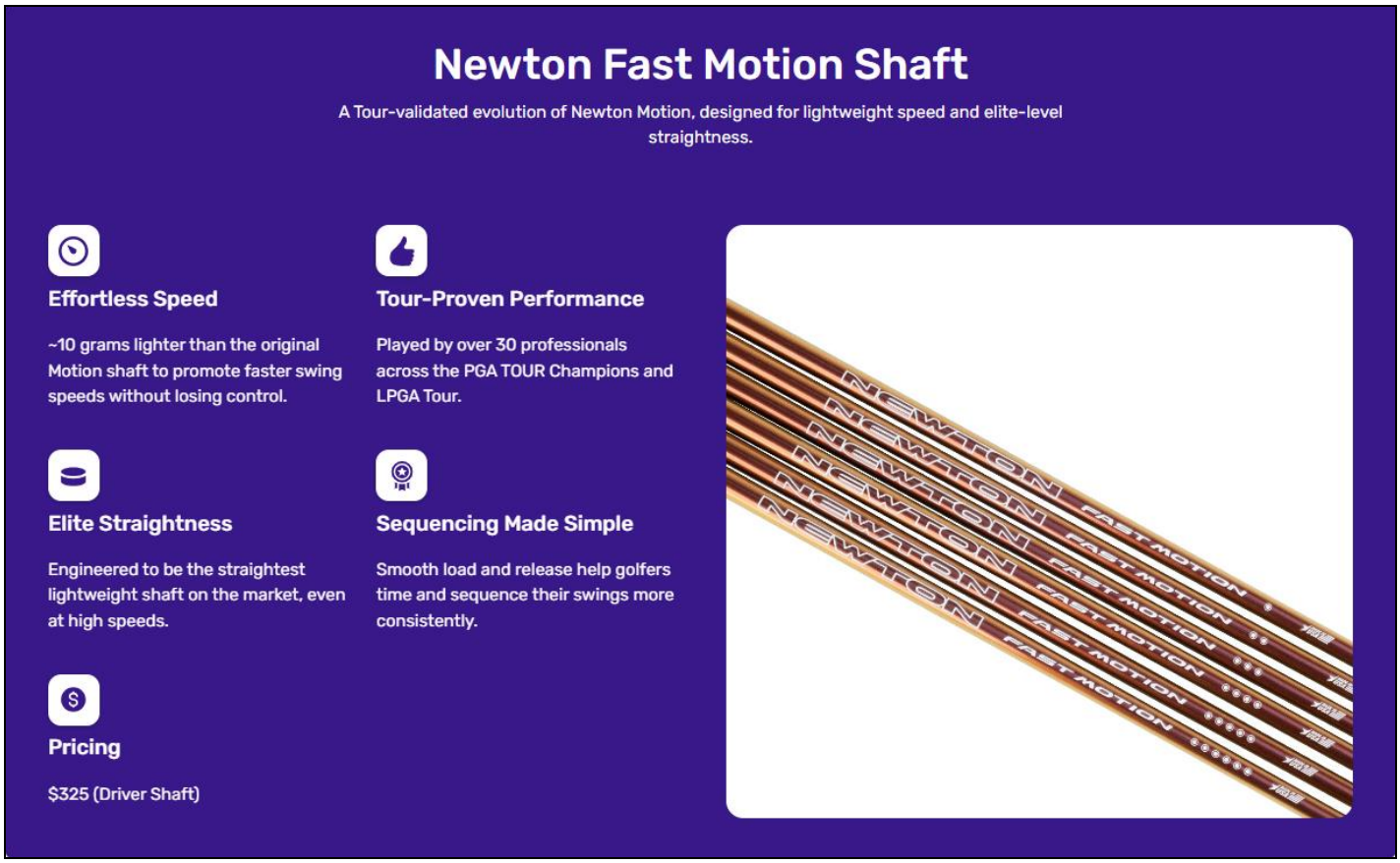
The current market cap appears to be irrational and more reflective of the ongoing microcap stock malaise as opposed to company fundamentals.

OTHER RECENT NEWS

Newton Fast Motion Shafts

On April 29, 2025, the company announced the launch of its newest shaft family, Newton Fast Motion at a suggested retail price of $325. The Newton Fast Motion is a lighter, Tour-proven shaft engineered to deliver exceptional precision and enhanced swing speed for golfers seeking top-tier performance.

The products build on four key innovations of the Newton Motion shaft. This includes Elongated Bend Profile, Kinetic Energy Storage, Symmetry 360 Construction, and Variable Bend Profile. The Newton Fast Motion series caters specifically to players who want lighter shafts without compromising stability, straightness, or control.



Source: newtongolfir.com

The Fast Motion shaft is already being used by at least eight professionals putting it into play across the PGA TOUR Champions and LPGA Tour. Overall, more than 30 professionals on these tours are utilizing Newton Motion shafts.

Public Offering

On December 13, 2024, the company closed on a public offering which raised gross proceeds of $8.4 million. Net proceeds were approximately $7.68 million.

The offering consisted of 7,000,000 Common Units, each consisting of:

(1) share of Common Stock,
(1) Series A Common Warrant to purchase one (1) share of Common Stock per warrant,
(1) Series B Common Warrant to purchase one (1) share of Common Stock per warrant.

The public offering price per Common Unit is $1.20. The initial exercise price of each Series A Common Warrant is $2.40 per share of common stock. The initial exercise price of each Series B Common Warrant is $2.40 per share of common stock.

Proceeds will be used for general corporate purposes to support the rapid growth of the company. The new share count is estimated at 8.9 million shares currently.

New Line of Newton Shafts

On January 16, 2025, the company announced it will be showcasing a new line of Newton shafts at the 2025 PGA Show in Orlando, FL which took place January 21-24, 2025.

Newton Fast Motion Shafts: These shafts are designed for golfers who want a lighter shaft that enhances swing speed while maintaining control and precision. They are built for golfers who are looking to add distance without sacrificing stability. The Newton Fast Motion shafts are constructed with advanced high-modulus Toray carbon fibers which are known for their strength-to-weight ratio. This innovative design reduces shaft weight by approximately 10 grams compared to the Motion series, enabling faster swing speed while maintaining tight dispersions and stability.

Newton Motion LD Shafts: The Newton Motion LD Shaft was developed in response to trends observed on the World Long Drive Tour (WLD), where competitors have increasingly turned to more flexible shafts to achieve greater speed and farther distance. Traditionally, long drivers on the WLD Tour relied on stiff shafts, but recent experimentation has shown that a balance of flexibility and strength delivers superior results. The Newton Motion LD Shafts blend the best of both worlds: The high flexibility of the 1-dot shaft, which is Newton Motion's most flexible design, and the stability and lower spin of a 7-dot shaft, which is the stiffest. By combining these two extremes, NEWTON GOLF Company has created a shaft that delivers the speed players want with the control they need.

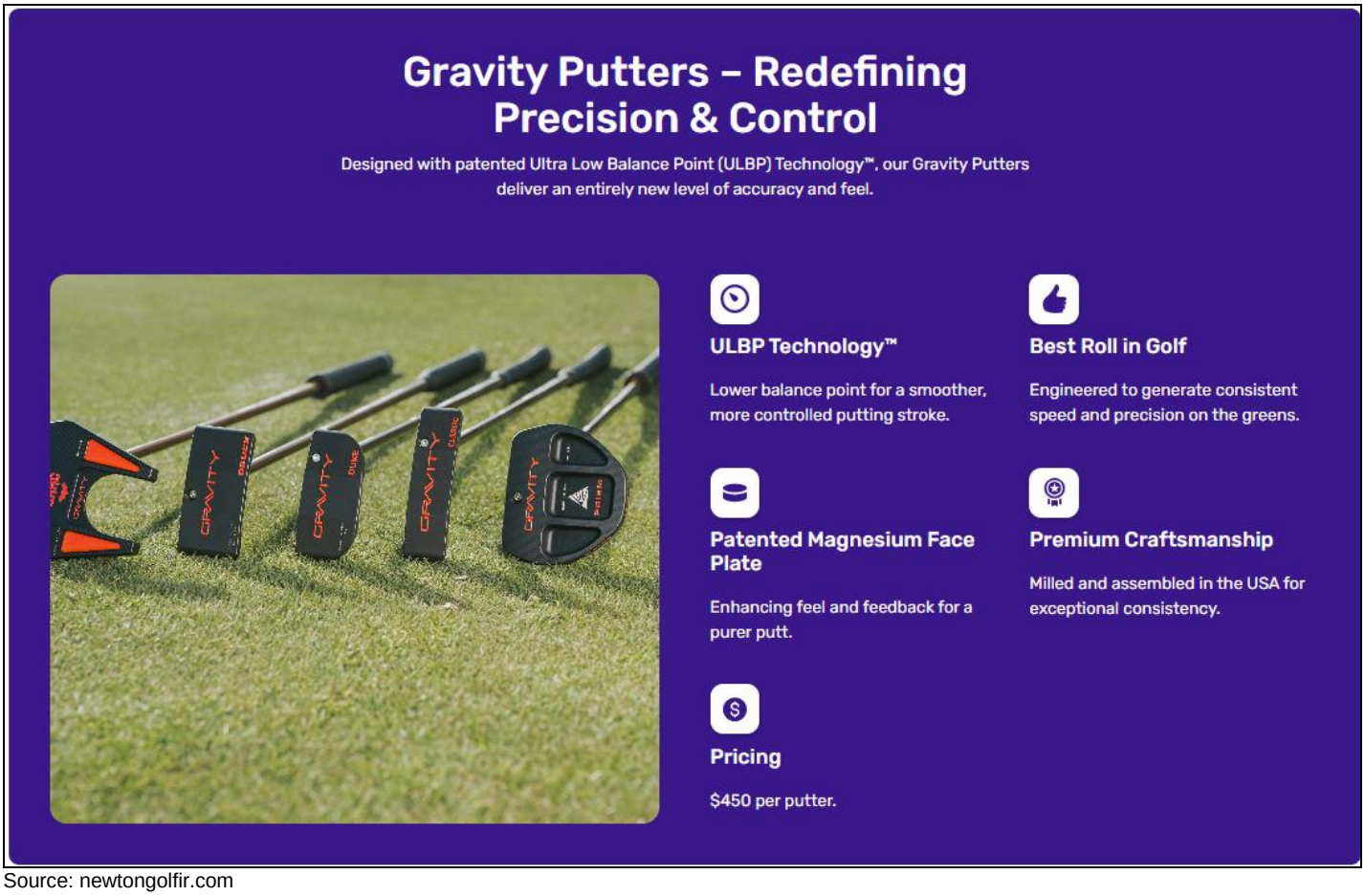
Also on display at the show will be the current full Newton Gravity putter line, including the Classic, the DEUCE, the DUKE, the DRAC and the PRISM. These putters highlight the brand's signature patented Ultra Low Balance Point (ULBP) and Center of Gravity (CG) technology.



Source: newtongolfir.com

New Gravity Putter Product Line

On September 25, 2024, the company announced the launch of three new putter models and two redesigned classics in its newly formed Gravity Premium Series line of putters. The putter line has been redesigned and rebranded as Gravity under the NEWTON GOLF umbrella. The lineup features dynamic red and black colors and a premium ceramic coating finish previously reserved for professional level putters. These models embody NEWTON GOLF's core design principles, including the brand's signature patented Ultra Low Balance Point (ULBP) and Center of Gravity (CG) technology.



Source: newtongolfir.com

The new lineup includes three new models:

1. Classic – The Classic, Gravity's new traditional anser-style putter in the Premium Series, is optimized for modern stroke types with a shallower arc. It features a newly designed hosel for enhanced performance and feel. The Classic is made with 1018 carbon steel material for the best ball feel with Tour Only quality ceramic coating finish.




Source: newtongolfco.com

2. **DEUCE** - The new DEUCE is a double-wide anser putter that is easy to aim with a blade-like look. Available in 1018 carbon steel body, the DEUCE is designed to fit all stroke types with two hosel locations.





Source: newtongolfco.com

3. **DUKE** - The new DUKE putter takes its inspiration from PGA TOUR Champions player Ken Duke. Made with a 1018 carbon steel body with tungsten weighting, the DUKE is a modern interpretation of a classic-style putter that has a shorter blade length with a half mallet back.

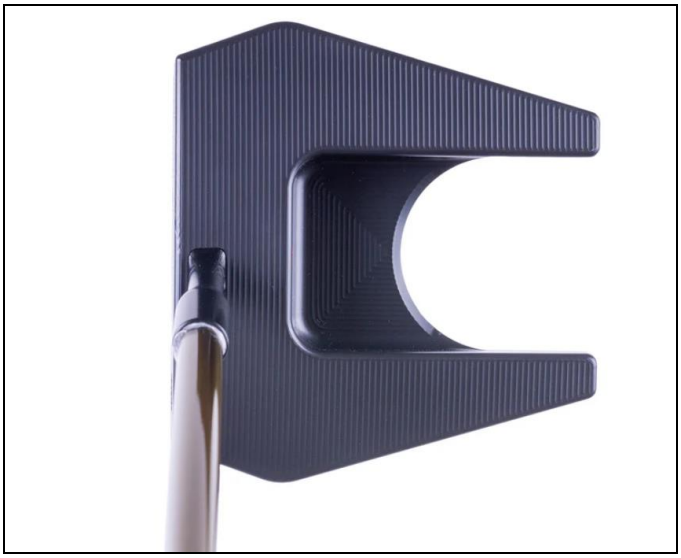




Source: newtongolfco.com

Additionally, the DRAC and the PRISM from the previous Sacks Parente brand have been redesigned and have the new Gravity logo and colorways.

4. **DRAC** - The redesigned DRAC is the modernization of a fang-style putter. It is Gravity's highest MOI putter that is made of 6061 aluminum and 100 grams of tungsten. It has been redesigned with the Gravity logo and colorways.

Source: newtongolfco.com

5. **PRISM** - Gravity's redesigned PRISM mallet putter naturally improves the putting stroke and tightens the dispersion of putts. Engineered to deliver the right MOI and unmatched stability, the PRISM optimizes the stroke and provides the best roll in golf. It is made of 6061 aluminum and 50 grams of tungsten. The mallet head has been reshaped to improve stability and move CG more forward.





Source: newtongolfco.com

The company is also introducing a new putter shaft, Newton Tempo, which is an improved design to provide better feel and balance with the newly designed heads.

KEY INVESTMENT POINTS



Source: newtongolfco.com

- Newton Golf (NASDAQ: NWTG) 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 Newton Gravity golf putters and Newton Motion 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 Newton Gravity 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 Motion Shafts and Newton Gravity putters. Primary sources of growth will come from direct-to-consumer channels and Asian markets. The company recently expanded into 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.

- NEWTON GOLF 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 $7.7 million. We expect revenues to continue to grow rapidly in 2025 and beyond. As of 3/31/25, the company had $5.9 million in cash and equivalents and no traditional long-term debt.

- The company is poised for strong growth in 2025 and beyond 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: newtongolfir.com

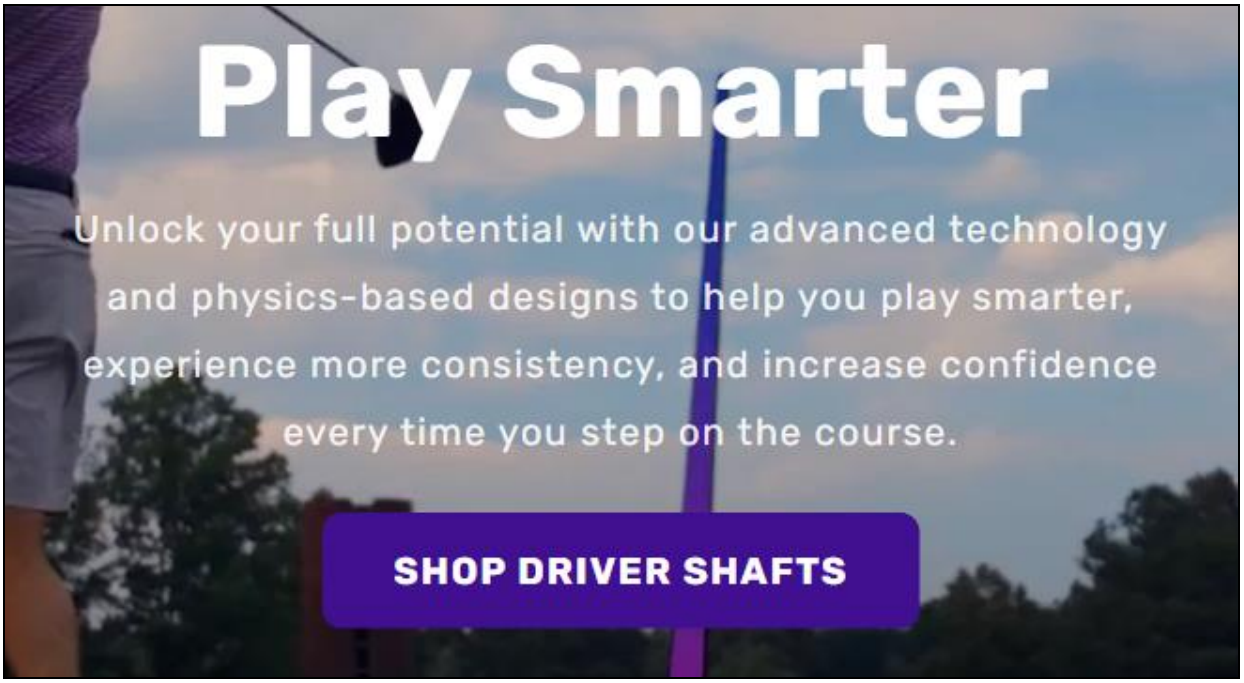
Newton Golf is an advanced technology golf company with a growing portfolio of golf products, including putters, golf shafts, golf grips, and other golf-related products. In order to support its growth opportunities and in-house shaft technologies, in April 2022, the company expanded its manufacturing 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. The company 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.

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.



Source: newtongolfco.com

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 for golf equipment products.

Newton Motion Shafts

NEWTON
GOLF SHAFTS
Source: newtongolfir.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** – The company has created an extreme elongated bend profile that is crucial to the shaft’s design. Because of their 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, Newton technology ensures perfect symmetry, eliminating the inconsistencies in flex and spin rates that can often lead to decreased accuracy and distance.

- **Newton Symmetry360 Design** –The 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: newtongolfir.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: newtongolfir.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. 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 Motion 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 Motion 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 Motion Shafts can be found here.

Newton Gravity Putters

See above descriptions.

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 2025.

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 approximately $13.0 billion in 2023 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.

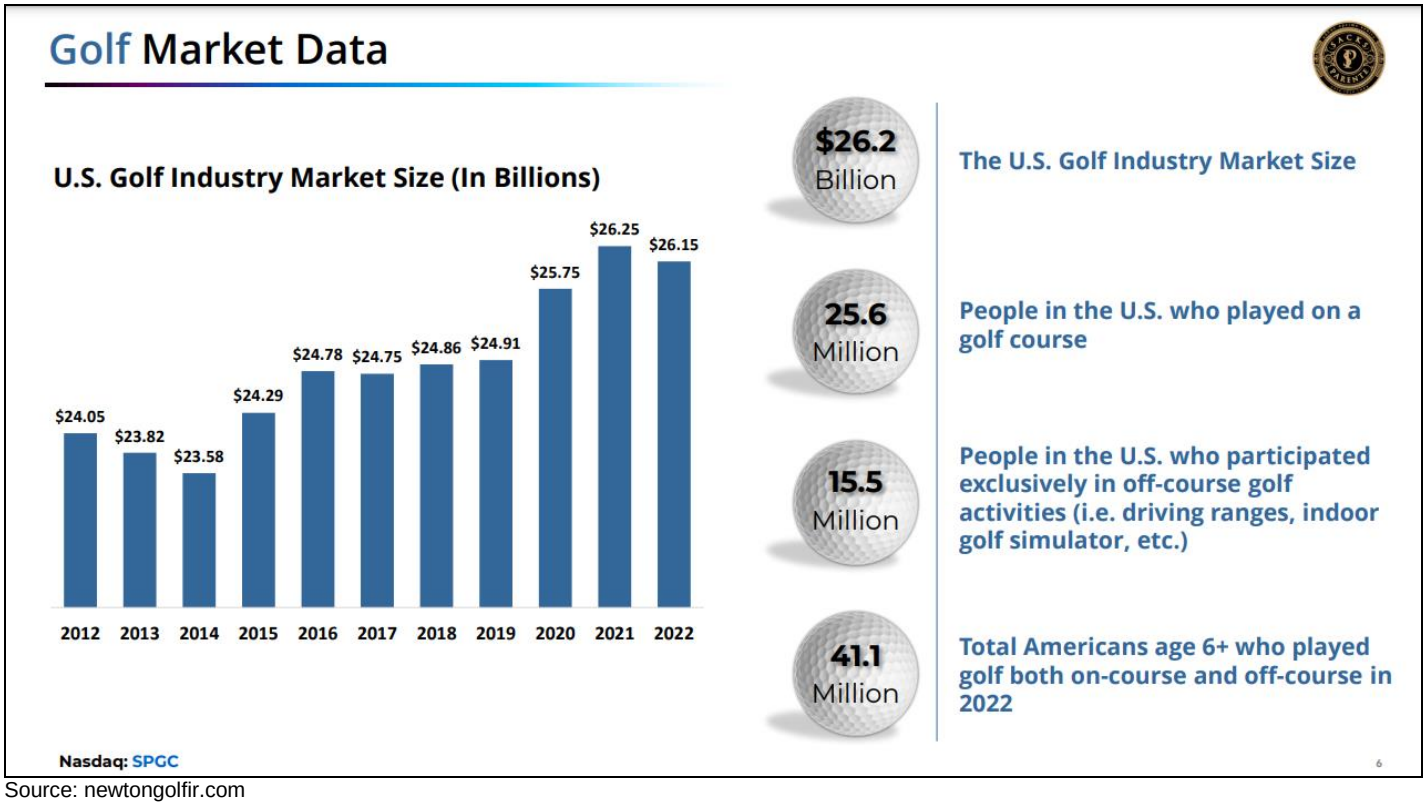
Based on a survey by the National Golf Foundation, golf is now played in 206 out of 251 countries and there are approximately 38,000 golf courses worldwide. Globally, millions of people of all ages are attracted to golf and participate in the International Golf Federation's programs and events. Also, 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.



Source: newtongolfir.com

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.

TOUR PLAYERS

Newton Golf has a growing number of professional golfers and golf luminaries using its products, particularly on the PGA Tour Champions.



Source: newtongolfir.com

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: newtongolfir.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.

Ryan Stearns
Chief Financial Officer

Stearns has recently served as CFO of a professional consulting firm specializing in healthcare, fintech, and SaaS. There, he was responsible for securing $130 million in financing and successfully guiding the company through its first financial audit. Prior to that role, Stearns served as the CFO of a life science company, where he managed a diverse biotech portfolio and helped scale the company from a $12 million startup to a $500 million valuation. Earlier in his career, as CFO of a large business service company, Stearns led a $185 million acquisition and implemented cost-saving initiatives that delivered $5 million in annual cost savings.

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 Newton 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.

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. 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. The company needs to raise additional capital to fund operations which may include high interest rate bank debt or dilutive equity financing.

SUMMARY

We believe Newton Golf 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 Gravity 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.

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.



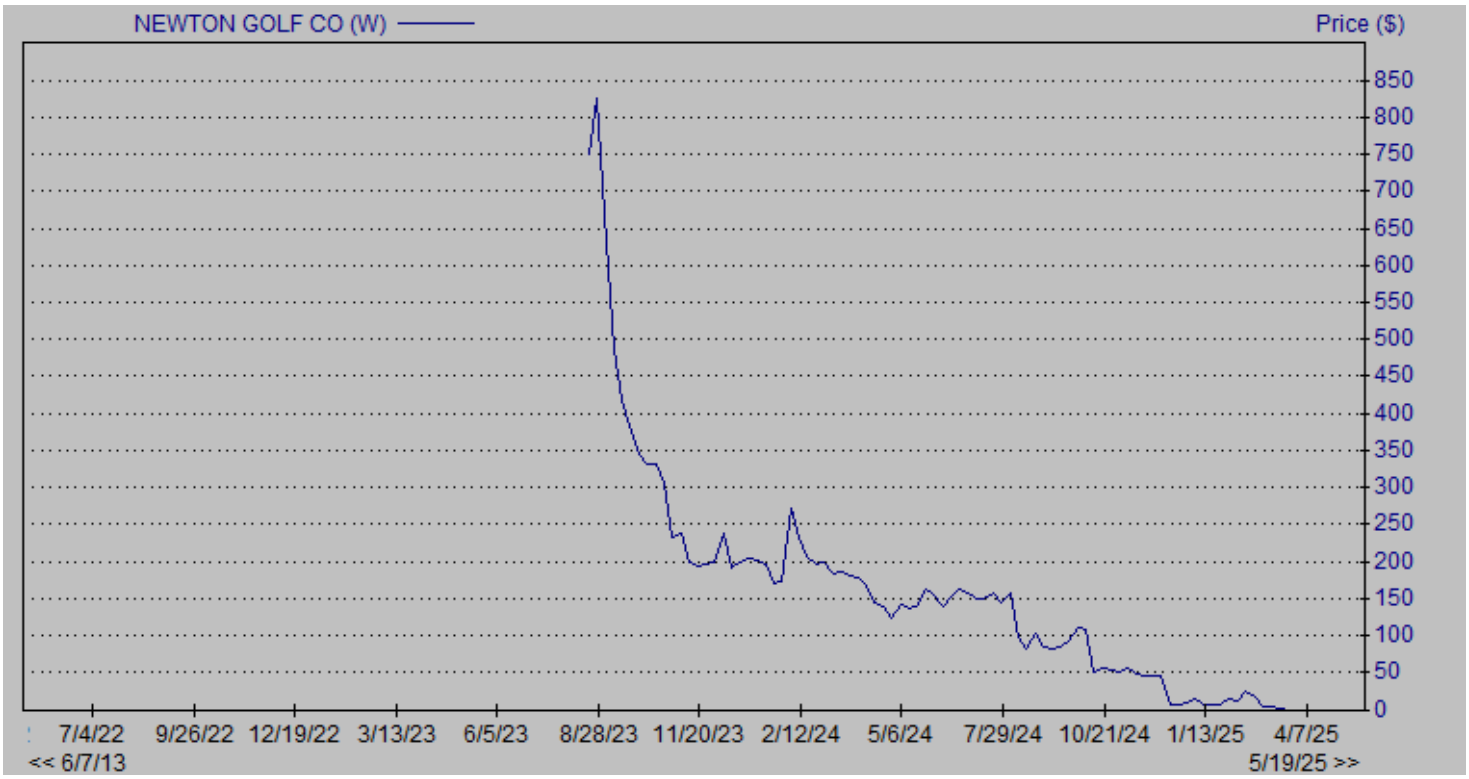
Source: newtongolfir.com

PROJECTED INCOME STATEMENT

Income Statement	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26
Net Sales	190,000	349,000	3,445,000	6,694,000	9,995,500
Growth	*-5.0%*	*83.7%*	*887.1%*	*94.3%*	*49.3%*
Cost of Goods Sold	99,000	195,000	1,006,000	1,494,993	2,132,373
%	*52.1%*	*55.9%*	*29.2%*	*22.3%*	*21.3%*
Depreciation & Amort	11,000	32,000	165,000	234,932	240,805
Gross Profit	80,000	122,000	2,274,000	4,964,075	7,622,322
Margin	*42.1%*	*35.0%*	*66.0%*	*74.2%*	*76.3%*
Selling General & Administrative Expenses	2,874,000	4,471,000	6,458,000	7,587,730	6,828,957
% of sales	*1512.6%*	*1281.1%*	*187.5%*	*113.4%*	*68.3%*
Research & Development	73,000	258,000	743,000	900,000	810,000
% of sales	*38.4%*	*73.9%*	*21.6%*	*13.4%*	*8.1%*
Other Expenses	0	0	0	0	0
% of sales	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Amortization	0	26,000	51,000	32,000	41,000
% of sales	*0.0%*	*7.4%*	*1.5%*	*0.5%*	*0.4%*
Operating Income	(2,867,000)	(4,633,000)	(4,978,000)	(3,555,655)	(57,635)
Margin					
EBITDA	**(2,845,000)**	**(4,517,000)**	**(4,762,000)**	**(3,288,723)**	**224,170**
Margin	*-1497.4%*	*-1294.3%*	*-138.2%*	*-49.1%*	*2.2%*
Other Expenses/(Income)	574,000	(8,000)	6,774,000	(1,603,000)	(114,979)
%	*302.1%*	*-2.3%*	*196.6%*	*-23.9%*	*-1.2%*
EBIT	(3,441,000)	(4,625,000)	(11,752,000)	(1,952,655)	57,344
%	*-1811.1%*	*-1325.2%*	*-341.1%*	*-29.2%*	*0.6%*
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)	(11,752,000)	(1,952,655)	57,344
%	*-1844.7%*	*-1325.2%*	*-341.1%*	*-29.2%*	*0.6%*
Income Tax	0	0	0	0	0
% Effective Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
% Cash Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Minority Interests	0	0	0	0	0
Net Profit	(3,505,000)	(4,625,000)	(11,752,000)	(1,952,655)	57,344
%	*-1844.7%*	*-1325.2%*	*-341.1%*	*-29.2%*	*0.6%*
	0.0%	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Non-recurring income (expense)					
Average Diluted Shares Outstanding	10,433,820	40,791	65,899	2,244,431	4,516,000
Reported FD EPS					
Zacks Cash EPS	(0.34)	(112.75)	(177.56)	(0.86)	0.02
Zacks EPS	(0.34)	(113.38)	(178.33)	(0.87)	0.01

Source: Zacks analyst

HISTORICAL STOCK PRICE



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