Newton Golf Company, Inc.

Second Quarter of 2026 Operating and Financial Results

August 14, 2026

CORPORATE PARTICIPANTS

Akinobu Yorihiro, *Interim Chief Executive Officer and Chief Technology Officer*

Jeff Clayborne, *Chief Financial Officer and Chief Operating Officer*

CONFERENCE CALL PARTICIPANTS

David Marsh, *Emerging Growth*

PRESENTATION

Operator

Good afternoon. Thank you for joining us today to discuss Newton Golf Company's Second Quarter of 2026 Operating and Financial Results.

Thank you. Before we begin today's call, I would like to provide the Company's Safe Harbor statement that includes cautions regarding forward-looking statements made during today's call. The information that we provide in this conference call includes forward-looking statements while within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding the Company's ability to support working capital needs, operational scaling initiatives, and future growth opportunities, future financial results, future plans, objectives, expectations, and events, assumptions, and estimates.

Any forward-looking statements made during this conference call are not guarantees of future performance and involve certain risks, uncertainties, and assumptions, which are difficult to predict and actual outcomes and results may differ materially. For more information about risks and uncertainties associated with the Company's business, please refer to the risk factors sections of the Company's SEC filings, including its annual report on the Form 10-K and subsequent quarterly reports on Form 10-Q. The Company expressly disclaims any obligations or undertaken to update or revise any forward-looking statements.

Hosting the call today is Newton Golf's Interim Chief Executive Officer and Chief Technology Officer, Aki Yorihiro, and the Company's Chief Financial Officer and Chief Operating Officer, Jeff Clayborne. Following their remarks, we'll open the call to your questions. At any time during the call, you may join the Q&A queue by pressing the star one on your keypad. If you would like to take away your queue, you may press star two.

I'd like to remind everyone that today's call is being recorded, and it will be made available for telecom replay. Please see the instructions in today's press release that has been posted to the Investor Relations section of the Company's website.

Now, I'd like to turn the call over to Newton Golf's Interim CEO, Aki Yorihiro. Sir, please go ahead.

Akinobu Yorihiro

Good afternoon, everyone, and thank you for joining us.

During the second quarter, our results reflected a temporary reduction in production throughput as we implemented manufacturing transition activities in conjunction with the introduction of updated versions of our Fast Motion driver shaft and Motion driver and fairway shafts. These activities included updates to certain shaft manufacturing recipes and related production processes, including recalibration of machining operations, modifications to finishing workflows, changes to paint mixtures, and maintenance activities designed to improve product quality, production consistency, and manufacturing scalability.

These transition activities, together with temporary carbon fiber supply constraints, delayed shipment timing on certain customer orders. At the same time, management maintained disciplined control of discretionary spending and intentionally moderated marketing activity to better align customer demand with available production capacity, reduce our backlog, and avoid generating demand beyond our ability to fulfill customer orders on a timely basis.

We were disciplined in managing demand and spending during this period. We also evaluated our direct-to-consumer strategy and engaged a new marketing agency to improve the efficiency and effectiveness of customer acquisition, refine our brand messaging, diversify customer acquisition channels, and broaden awareness of our proprietary shaft technology among golfers. We made meaningful operational progress through the manufacturing transition. By refining manufacturing techniques, equipment utilization, bend profiles, product specifications, production tolerances, and process controls, we improved output consistency and reduced production loss rates. We believe these improvements provide a stronger foundation for higher production volumes, tighter product consistency, and more scalable manufacturing performance over time.

We also continued to strengthen the operating infrastructure at our St. Joseph, Missouri, manufacturing and warehouse facility, giving us greater control over product quality, production, and fulfillment. Together, these improvements are intended to support higher throughput, faster fulfillment, and a more reliable customer experience as demand generation increases. Even with those near-term constraints, we continue to make progress in several strategic areas, including professional adoption, our fitter network, international distribution, and new product development.

Professional adoption continued to grow, with more than 77 professional golfers putting Newton Motion and Fast Motion shafts in play across the PGA Tour, PGA Tour Champions, LPGA, and Korn Ferry Tours as of the end of the second quarter. That compares with more than 60 at the end of the first quarter. We also expanded our professional club fitter networks to approximately 273 accounts at quarter end, compared with approximately 235 accounts at the end of the first quarter. This growth was supported by 38 new club fitter and golf course accounts following the appointment of an East Coast sales manager.

We strengthened our manufacturing organization as well, hiring a new head of manufacturing in April, with more than 20 years of production and operational leadership experience to help drive improvements in throughput, consistency, and fulfillment capacity. On the product development front, we introduced updated versions of the Fast Motion driver shaft and Motion driver and fairway shafts, which we refer to as our 2.0 shafts, and which are differentiated by green product logos.

The updated shafts are designed to support more consistent performance characteristics, tighter ball flight dispersion, improved continuity between driver and fairway shaft specifications, and a broader fitting profile across player types. We also believe the refinements provide greater manufacturing consistency and tighter production tolerances. Initial professional adoption has been strong, including a significant conversion from prior generation shafts to the 2.0 products. More recently, multiple players on the PGA Tour Champions have added the updated Motion fairway shafts and are putting into play in competition.

We also continued advancing new Fast Motion fairway wood and hybrid shafts, which we expect to launch commercially in the fourth quarter 2026 or first quarter of 2027. Because golfers typically carry a driver, multiple fairway woods, and multiple hybrid clubs, we believe this platform strategy creates the opportunity for multiple Newton shaft placements within a single golf bag, rather than a single driver placement. As the platform expands, we believe this creates an opportunity to increase the number of Newton shafts used by each golfer and the value of each fitting relationship.

We were also pleased to announce that earlier this year, our Fast Motion driver shaft set the Guinness World Record title for the fastest golf drive. Australian professional long drive golfer Thomas Fliniks achieved a ball speed of 235.1 mph, surpassing the prior record set in 2013.

After quarter end, we secured additional carbon fiber supply from Toray, Japan, while availability from Toray U.S. also improved. As raw material availability improved, we began increasing production of our updated 2.0 shaft products and selectively resumed marketing initiatives in late July under a revised commercial strategy. Initial results from the resumed marketing activity has been encouraging. Marketing activity remains below historical levels as we transition to our new agency and gradually ramp up paid media in line with available production capacity and our ability to fulfill demand.

By the beginning of August, production shipment times had improved to within seven business days, and we had substantially fulfilled the delayed orders represented by the approximately $1.2 million of customer deposits and open wholesale orders reported at the end of the first quarter. Taken together, we believe these improvements represent meaningful progress. We are operating from a stronger manufacturing base with better process control, improved production yield, and a more disciplined approach to matching demand generation with production capacity. As throughput and fulfillment continue to improve, we believe we are better positioned to convert customer demand into revenue while delivering a more consistent customer experience.

With that, I'll turn the call over to Jeff to review our financial results.

Jeff Clayborne

Thank you, Aki, and good afternoon, everyone.

The second quarter of 2026, net sales were $1.3 million, compared to $2.1 million in the prior year quarter. The decline was primarily driven by reduced manufacturing capacity during our manufacturing transition, along with temporary carbon fiber supply constraints that delayed shipment timing on certain customer orders. We also intentionally moderated marketing activity to align demand with available production capacity and avoid adding to the order backlog while fulfillment capacity was constrained.

Our gross profit was $911,000, or 69.2% of net sales. That compares to $1.4 million, or 67.6% of net sales in the prior year quarter. Gross profit declined due to lower sales volume, while gross margin improved primarily because of a more favorable product and sales channel mix, including a higher proportion of direct-to-consumer sales, partially offset by manufacturing inefficiencies associated with the transition activities.

Our total operating expenses were approximately $2.5 million for the second quarter, compared to $2.9 million in the prior year quarter. Selling, general and administrative expenses decreased approximately $700,000 to $2.1 million, primarily due to lower sales and marketing costs, partially offset by higher manufacturing costs classified as operating expenses due to the reduced production throughput and resulting idle capacity. Plus, we had an increase in stock-based compensation expense.

Research and development expenses increased to $348,000 from $143,000, primarily due to the overtime and travel costs associated with the manufacturing transition, manufacturing labor reclassified to research and development to reflect work performed on the new products, and manufacturing process improvements. Our net loss for the second quarter was $2.3 million, or negative $0.49 per share, compared to a net loss of $1.5 million, or $0.34 per share in the prior year quarter.

The increase was primarily attributed to a higher operating loss resulting from the lower net sales and increased costs associated with idle manufacturing capacity and manufacturing process improvements, together with an approximate $600,000 non-cash loss from the change in fair value of our warrant liabilities, partially offset by the lower sales and marketing expenses.

For the first half of 2026, net sales were $2.3 million, down 30% from the $3.3 million in the prior year period. Gross profit was $1.5 million or 66.7% of net sales, compared to $2.3 million or 68.7% of net sales in the prior year period.

Net loss for the first half of 2026 was $4.9 million or negative $1.07 per share, compared to a net loss of $2 million or negative $0.74 per share in the prior year period. The increase was primarily attributed to an unfavorable year-over-year change of approximately $2 million in the non-cash fair value of warrant liabilities, reflecting a current period loss, compared with a gain in the prior year period, as well as higher operating costs. The operating loss also reflected lower sales and higher costs associated with reduced production throughput and idle manufacturing capacity during the transition, partially offset by lower sales and marketing expenses.

Turning to the balance sheet, cash and cash equivalents were $442,000 at June 30, 2026, compared to $1.3 million at December 31, 2025. During the first half of 2026, we issued an aggregate principal amount of $2,225,000 of convertible promissory notes, with net proceeds used for working capital and general corporate purposes. After quarter end, we entered into a $5 million senior secured revolving credit facility and completed the exchange of approximately $2.3 million of outstanding convertible promissory notes, including accrued interest for Series A convertible preferred stock. As of August 13, 2026, we had drawn $750,000 from the revolving credit facility. The revolving credit facility increased our available liquidity and financial flexibility, while the note exchange reduced outstanding indebtedness and increased stockholders' equity. Together, these actions strengthened our capital structure and provided additional flexibility to support our operating priorities.

I'll now turn the call back over to Aki.

Akinobu Yorihiro

Thank you, Jeff.

Looking ahead, our priorities for the balance of 2026 and beyond are clear. We are focused on translating the operational improvements made during the manufacturing transition into higher production volumes, improved order fulfillment, stronger product consistency, tighter manufacturing tolerances, and a more scalable operating platform. We are also focused on scaling our direct-to-consumer and professional fitting channels, expanding international distribution, and preparing for the commercial launch of additional shaft products. We believe Newton Golf is now better positioned to convert customer demand into revenue. Manufacturing throughput continues to improve, carbon fiber availability has strengthened, fulfillment has accelerated, and we are resuming marketing in a measured manner as production capacity supports additional demand.

Our expanding professional adoption, broader fitter network, improved supply position, and upcoming product launches provide multiple opportunities to drive broader adoption of our physics-driven shaft platform. While we expect to require additional capital to support ongoing operations and growth initiatives, we believe the action taking during and after the quarter have improved our liquidity and capital structure and provide greater financial flexibility as we execute on our operating and commercial priorities.

Finally, I'd like to note that there's one additional subsequent event. Today, August 14, 2026, the Company completed a private placement financing for aggregate gross proceeds of approximately $1 million through the issuance of common stock at a purchase price of $1.33 per share, representing a premium to the market price of the Company's common stock at closing. The Company received net proceeds of approximately $0.9 million.

With that, Operator, we're ready to begin the Q&A session.

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys. One moment, please, while we pull for questions.

Our first question comes from the line of David Marsh with Emerging Growth. Please proceed with your question.

David Marsh

Hi, guys. Thanks for taking my questions this afternoon. I want to start out just in terms of the capacity. You guys have just a couple of quarters you've been working on getting the capacity kind of back up to speed, and just wanted to get an understanding of what you think your production capacity is at this moment in terms of whether you want to do an annual run rate or quarterly run rate basis at this time.

Akinobu Yorihiro

Jeff, do you want to take that?

Jeff Clayborne

I can. Let me. Currently, we're back to doing over 200 shafts a day. We have a plan to scale to 600 shafts a day. Once we cross the milestone of 500 shafts a day, we'll probably have to add an additional sander and some more room to paint. That basically takes our production capacity where we are today, at about 55,000 units a year, and we can go up to 160,000 units a year with what we've planned for scalability. The plan at this point is really just adding a few bodies that we can easily scale with all the changes that we did over Q1 and Q2.

David Marsh

Okay, and then in terms of demand—go ahead, I'm sorry.

Jeff Clayborne

Oh, no, no, no, go ahead. We'll get to it later. Go ahead.

David Marsh

In terms of demand, you guys had noted a few orders had dropped during Q1, just in terms of time to fulfillment. Did you guys experience any order losses in Q2, and how is that trending now? Have you eliminated that in terms of new orders coming in with the improvements in demand capacity?

Jeff Clayborne

Yeah, we continued to have some cancellations during Q2, with about $300,000 in Q2. Year to date, we had roughly $500,000 worth of cancellations. The cancellations are virtually right back to where they were, because we have caught up on our shipping. Basically, we are fully operational as of today.

David Marsh

Okay. That is good. Then in terms of professionals using the shafts, it sounds like you had some really pretty substantial gains, really, in the second quarter. Can you talk about how things continue to advance in the third quarter? Are you guys getting some new adds here in the third quarter?

Akinobu Yorihiro

Sure, I can speak to that. I think the gain in professional use, we're very, very happy with it. I like to think it's an indication of the improvements of the 2.0 shaft over the last year's model. Like one example, this week, I was in Seattle for the Champions Tour event, and it was the first time on the Champions Tour that we took the updated Motion driver and the Motion fairway shaft. These are all 2.0 shafts. In two days, I think we have 10 new shafts in play, including two players who have never played Newton shafts before.

I think it speaks to performance. We are always talking about performance, and particularly with the Champions Tour players, if it is not better, they are just not going to use it. If it is better, it might go in the bag right away, which is what we see often. I like to think that is a good reflection of the 2.0 shaft and the improvement and the performance and the specification and everything.

David Marsh

All right. In terms of availability in the tour vans and such, you guys had talked about that a bit in the first quarter. Do you guys continue to see gains there and availability at different tour stops? Are you fully available at all the tour stops at this point?

Akinobu Yorihiro

We work with—different tours are a little bit different, so our shafts are in the tour van, in LPGA. In the big tour, the PGA Tour in particular, and part-time on Korn Ferry, and I suppose most of the time on the LPGA, the different OEMs, the different manufacturers have their own trailers. We are pleased to report that our shafts are in some of the manufacturers' tour trailers in a couple of the tours. That is how it works out there. We have a full-time tour rep on the Champions Tour, and we have quite a few shafts in that trailer full-time as well.

David Marsh

That actually dovetails nicely into my last question, which is, we talked a little bit last quarter about progress with the OEMs. Could you provide an update just in terms of where you are with the OEMs and how close you might be to getting into headquarters at OEMs and getting buy-in from them to distribute the shafts with their club heads more universally?

Akinobu Yorihiro

Yes. I am pleased to report that I cannot state the name, but with one very significant OEM, we are at their HQ and their various national fitting centers and locations, and orders have started, and they are starting to ramp up. We are very happy with that. We have gotten very good feedback in terms of our shaft from the fitters. In addition, we are continuing to be evaluated by one, two, three OEMs at the moment. We are hopeful that this path will also expand as we go into late 2026 and into 2027.

David Marsh

Sounds very encouraging. I'll yield the floor to anyone else who may want to jump in. Thank you.

Operator

We have…

Jeff Clayborne

We have a—yeah, oh, go ahead, Operator.

Operator

Oh, no, I was just saying that was all the questions over the phone line from participants who dialed in.

Jeff Clayborne

Got you.

There is a question that came in. I thought all manufacturing improvements were done last quarter. What happened? We talked about the operational improvements being completed at the end of Q1, and that remains a true statement. We are always constantly refining. We hired the new factory head in April. At the time we had our last conference call, he had just jumped on board. What we had not revealed was that we were releasing the new 2.0 products. In order to do the 2.0 products, that required us to change the recipes of roughly 21 different shafts because we have a one through seven DOT system and three different products. That was by and large what we were completing during Q2.

Aki, maybe you want to give a little color around the performance and the quality of the manufacturing, what's going on in the factory today versus where we were at the end of Q1 or at the turn of the year.

Akinobu Yorihiro

Sure. It's a great question. In our world, everything affects other things. As we improved the manufacturing infrastructure and as we improved the training of our staff and everything from rolling a shaft to wrapping a shaft to sanding a shaft, painting a shaft and so forth, what happens is that when techniques improve, it changes the output. By becoming better, you can no longer use the same recipe to make the shafts that we were selling. This is just one of those things that happens in our world, and it's a good thing because we are getting better. For example, if you get better, the shaft tends to become much stiffer and the torque will get lower, and sometimes the bend profile will even change because of those changes.

We had a decision to make, which is, do we do the right thing? Which we always try to do, which is to make performance a priority and adhere to what our DOT system represents. For example, the three dot is a regular flex shaft. Rather than to sell a regular flex shaft that's now slightly stiffer and not say anything or actually becoming not a regular shaft anymore, we just felt like that was not the right thing to do. It was pretty painful to say, oh, wow, we have to revise 21 recipes in a short amount of time. We chose to do that. We chose to do that for all the reasons that exist out there, whether it is first and foremost the performance and then our relationship with our customers and our players. If they have been playing a five dot, we want the new product to reflect that this is a new version of a five dot that they can continue to use with performance gain.

I hope that answers the question. It's a difficult spot to be, but I think we did the right thing. I think we did the only thing we should have done. Hence, a lot of this work continued into second quarter.

Operator

All right. At this time, I'd like to now turn the call back over to Aki Yorihiro, if you have any closing remarks.

Akinobu Yorihiro

Thank you.

I would just like to thank everybody again for joining us today to discuss our results for the quarter and in particular our stockholders for their continued confidence in Newton Golf. We're looking forward to talking with you again soon and presenting our third quarter of 2026 results in November.

With that, please go ahead and wrap up the call.

Operator

Thank you. I would like to remind everyone that this call will be available for replay starting later this evening. Please refer to today's earnings release for dial-in replay instructions available via the Company's website at newtongolfir.com. Thank you for attending today's presentation. This concludes the conference call. You may now disconnect.