UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2026**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ____________

Commission File Number: 001-41701

NEWTON GOLF COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	82-4938288
(State of incorporation)	(I.R.S. Employer Identification No.)
551 Calle San Pablo, Camarillo, California	93012
(Address of principal executive offices)	(Zip Code)

(855) 774-7888

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	NWTG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes X No ☐

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large, accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large, accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	X	Smaller reporting company	X
		Emerging growth company	X

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No X

There was a total of 5,422,276 shares of Common Stock outstanding as of August 13, 2026

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Quarterly Report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts but rather are plans and predictions based on current expectations, estimates, and projections about our industry, our beliefs, and assumptions.

We use words such as "may," "will," "could," "should," "anticipate," "expect," "intend," "project," "plan," "believe," "seek," "assume," and similar terms to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control, difficult to predict, and could cause actual results to differ materially from those expressed or implied. You should not place undue reliance on these forward-looking statements, which are based on information currently available to us and speak only as of the date they are made. Our actual results, performance, or achievements may differ materially and adversely from those expressed or implied by these statements. Except as required by law, we undertake no obligation to publicly update any forward-looking statement as a result of new information, future events, or otherwise. Factors that could materially affect these statements include, among others: (i) the development and protection of our brands and intellectual property, (ii) our need to raise capital to meet business requirements, (iii) significant fluctuations in marketing expenses, (iv) our ability to generate and expand revenue or recognize net income from product sales, (v) management's ability to attract and retain qualified personnel needed to develop and commercialize planned products, (vi) the impact of geopolitical risks, including tariffs, on our business, suppliers, consumers, customers, employees, and the broader economy, and (vii) other information described from time to time in the Company's filings with the United States Securities and Exchange Commission ("SEC"). Please consider our forward-looking statements in light of these risks when reading this Quarterly Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NEWTON GOLF COMPANY, INC.
CONDENSED BALANCE SHEETS

(Amounts rounded to nearest thousand, except share and per share amounts)

	June 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 442,000	$ 1,298,000
Accounts receivable, net of allowance for doubtful accounts of $69,000 and $69,000, respectively	312,000	102,000
Inventory, net of reserve for obsolescence of $121,000 and $135,000, respectively	406,000	374,000
Prepaid expenses and other current assets	226,000	413,000
Total Current Assets	1,386,000	2,187,000
Property and equipment, net	862,000	880,000
Right-of-use asset, net	65,000	84,000
Software licensing agreement, net	8,000	25,000
Deferred offering costs	168,000	123,000
Total Assets	$ 2,489,000	$ 3,299,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current Liabilities:		
Accounts payable and accrued expenses	$ 2,227,000	$ 1,428,000
Customer deposits	250,000	75,000
Lease liability, current	42,000	40,000
Software licensing obligation, current	14,000	41,000
Warrant liability	1,429,000	745,000
Total Current Liabilities	3,962,000	2,329,000
Lease obligations – noncurrent	23,000	44,000

Convertible debt, net of debt discount of $188,000		1,562,000		-
Convertible debt related party, net of debt discount of $59,000		441,000		-
Total Liabilities		5,988,000		2,373,000
Commitments and Contingencies				
Stockholders' Equity (Deficiency):				
Preferred stock $.01 par value, 5,000,000 shares authorized, no shares issued and outstanding, respectively		-		-
Common stock, $.01 par value, 45,000,000 shares authorized, 4,670,396 and 4,592,063 shares issued and outstanding, respectively		47,000		45,000
Additional paid-in-capital		29,480,000		28,970,000
Accumulated deficit		(33,026,000)		(28,089,000)
Total Stockholders' (Deficiency) Equity		(3,499,000)		926,000
Total Liabilities and Stockholders' (Deficiency) Equity	$	2,489,000	$	3,299,000

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

NEWTON GOLF COMPANY, INC.
CONDENSED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2026 and 2025
(Unaudited)
(Amounts rounded to nearest thousand, except share and per share amounts)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026		2025		2026		2025	
Net Sales	$	1,316,000	$	2,068,000	$	2,307,000	$	3,278,000
Cost of goods sold		405,000		669,000		768,000		1,027,000
Gross profit		911,000		1,399,000		1,539,000		2,251,000
Operating expenses								
Selling, general and administrative expenses		2,103,000		2,763,000		4,998,000		5,304,000
Research and development		348,000		143,000		696,000		425,000
Total operating expenses		2,451,000		2,906,000		5,694,000		5,729,000
Loss from operations		(1,540,000)		(1,507,000)		(4,155,000)		(3,478,000)
Interest (expense) income, net		(43,000)		29,000		(45,000)		74,000
Amortization of debt discount		(35,000)		-		(37,000)		-
Loss on disposal of asset		(16,000)		-		(16,000)		-
Change in fair value of warrant liabilities		(644,000)		(42,000)		(684,000)		1,359,000
Net loss	$	(2,278,000)	$	(1,520,000)	$	(4,937,000)	$	(2,045,000)
Loss per share – basic and diluted	$	(0.49)	$	(0.34)	$	(1.07)	$	(0.74)
Weighted average number of shares outstanding – basic and diluted		4,606,137		4,509,619		4,599,535		2,778,595

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

NEWTON GOLF COMPANY, INC.
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)
For the Three and Six Months Ended June 30, 2026 and 2025
(Unaudited)
(Amounts rounded to nearest thousand, except share amounts)

	Common Stock			Additional Paid In Capital		Accumulated Deficit		Total Stockholders' Equity / (Deficiency)	
	Shares	Amount							
Balance, March 31, 2026	4,592,063	$	45,000	$	29,182,000	$	(30,748,000)	$	(1,521,000)
Vesting of stock options	-		-		14,000		-		14,000
Vesting of restricted stock units	78,333		2,000		112,000		-		114,000
Warrant issuance	-		-		172,000		-		172,000
Net Loss	-		-		-		(2,278,000)		(2,278,000)
Balance, June 30, 2026 (Unaudited)	4,670,396	$	47,000	$	29,480,000	$	(33,026,000)	$	(3,499,000)

	Common Stock			Additional Paid In Capital		Accumulated Deficit		Total Stockholders' Equity / (Deficiency)	
	Shares	Amount							
Balance, December 31, 2025	4,592,063	$	45,000	$	28,970,000	$	(28,089,000)	$	926,000
Vesting of stock options	-		-		58,000		-		58,000

Vesting of restricted stock units	78,333	2,000	219,000	-	221,000
Warrant issuance	-	-	233,000	-	233,000
Net Loss	-	-	-	(4,937,000)	(4,937,000)
Balance, June 30, 2026 (Unaudited)	4,670,396	$ 47,000	$ 29,480,000	$ (33,026,000)	$ (3,499,000)

	Common Stock		Treasury Stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficiency)
	Shares	Amount	Shares	Amount			
Balance, March 31, 2025	4,387,768	$ 44,000	-	$ -	$ 28,748,000	$ (22,594,000)	$ 6,198,000
Vesting of stock options	-	-	-	-	42,000	-	42,000
Proceeds from Series A and B over-allotment, net	-	-	-	-	21,000	-	21,000
Exercise of warrants	58,904	1,000	-	-	138,000	-	139,000
DTCC reverse split fractional rounding	69,464	-	-	-	-	-	-
Stock repurchase			200,400	(500,000)			(500,000)
Net Loss	-	-	-		-	(1,520,000)	(1,520,000)
Balance, June 30, 2025 (Unaudited)	4,516,136	$ 45,000	200,400	$ (500,000)	$ 28,949,000	$ (24,114,000)	$ 4,380,000

	Common Stock		Treasury Stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Equity / (Deficiency)
	Shares	Amount	Shares	Amount			
Balance, December 31, 2024	297,184	$ 3,000	-	$ -	$ 16,879,000	$ (22,069,000)	$ (5,187,000)
Vesting of stock options	-	-	-	-	94,000	-	94,000
Proceeds from Series A and B over-allotment, net	-	-	-	-	(49,000)	-	(49,000)
Exercise of warrants	4,149,488	42,000	-	-	12,025,000	-	12,067,000
DTCC reverse split fractional rounding	69,464	-	-	-	-	-	-
Stock repurchase			200,400	(500,000)			(500,000)
Net Loss	-	-	-		-	(2,045,000)	(2,045,000)
Balance, June 30, 2025 (Unaudited)	4,516,136	$ 45,000	200,400	$ (500,000)	$ 28,949,000	$ (24,114,000)	$ 4,380,000

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

NEWTON GOLF COMPANY, INC.
CONDENSED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2026 and 2025
(Unaudited)
(Amounts rounded to nearest thousand)

	Six Months Ended June 30,	
	2026	**2025**
Cash Flows from Operating Activities		
Net Loss	$ (4,937,000)	$ (2,045,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	163,000	140,000
Amortization of deferred software licensing agreement	17,000	17,000
Amortization of pre-paid consulting	153,000	-
Amortization of debt discount	37,000	-
Change in reserve for inventory obsolescence	(14,000)	38,000
Loss on disposal of assets	16,000	-
Change in fair value of warrants loss (gain)	684,000	(1,359,000)
Changes in ROU asset	19,000	17,000
Stock based compensation - expense	279,000	94,000
Changes in operating assets and liabilities		
Accounts receivable	(210,000)	(47,000)
Inventory	(18,000)	(160,000)
Prepaids and other current assets	35,000	(31,000)
Accounts payable and accrued expenses	805,000	419,000
Lease liability	(19,000)	(17,000)
Customer deposits	175,000	157,000
Net cash used in operating activities	(2,815,000)	(2,777,000)
Cash Flows from Investing Activities		
Purchase of property and equipment	(169,000)	(291,000)
Net cash used in investing activities	(169,000)	(291,000)
Cash Flows from Financing Activities		
Software licensing obligation	(27,000)	(28,000)
Convertible debt, net	2,200,000	-
Offering costs	(45,000)	-
Repurchase of common stock	-	(500,000)
Proceeds from over-allotment, net	-	(49,000)

Net cash provided by (used in) financing activities		2,128,000		(577,000)
Net decrease in cash		(856,000)		(3,645,000)
Cash and cash equivalents beginning of period		1,298,000		7,650,000
Cash and cash equivalents end of period	$	442,000	$	4,005,000
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Exercise of cashless warrants	$	-	$	12,067,000
Fair value of warrants issued accounted as debt discount	$	234,000	$	-
Recognition of Right of Use Asset and lease obligations	$	-	$	85,000
Extinguishment of accounts payable	$	8,000	$	-

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

NEWTON GOLF COMPANY, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
For the Three and Six Months Ended June 30, 2026 and 2025
(Unaudited)
(Amounts rounded to nearest thousand, except share and per share amounts)

NOTE 1 – OPERATIONS AND LIQUIDITY

Newton Golf Company, Inc. ("we," or the "Company") was formed in 2018 as Sacks Parente Golf, Inc., a Delaware limited liability company. On March 18, 2025, the Company converted into a Delaware corporation named Newton Golf Company, Inc. Pursuant to our Plan of Conversion, on March 18, 2025, all of the outstanding ownership interests in Sacks Parente Golf, Inc., and rights to receive such interest were converted into and exchanged for shares of capital stock of Newton Golf Company, Inc. The Company retroactively reflected the conversion as of the earliest periods presented herein.

On March 11, 2025, the Company's Board of Directors approved and, by written consent dated February 26, 2025, the holders of a majority of our common stock approved an amendment to our Certificate of Incorporation to change our name from Sacks Parente Golf, Inc. to Newton Golf Company, Inc. to better reflect its commitment to revolutionizing golf through advanced physics and precision engineering. The change to Newton Golf Company, Inc. became effective on March 17, 2025.

The Company designs, manufactures, and sells performance golf equipment, including premium golf shafts and putters. The Company's Newton Motion shaft product line represents a core component of its product strategy.

In April 2022, the Company expanded its manufacturing capabilities by opening a shaft manufacturing facility in St. Joseph, Missouri, to support the production of advanced carbon fiber golf shafts. The Company seeks to manufacture and assemble substantially all of its products in the United States of America where economically feasible, which management believes provides supply chain advantages and greater control over product quality and manufacturing processes.

The Company sells its products through a combination of direct-to-consumer channels, including its websites, as well as through resellers, professional club fitters, distributors, and golf retailers. The Company currently distributes products primarily in the United States, with additional distribution in Japan and South Korea.

The Company may expand its product offerings over time through internal product development, strategic partnerships, or acquisitions of complementary golf-related product lines or technologies.

Basis of Presentation

The condensed financial statements as of June 30, 2026, and for the three and six months ended June 30, 2026 and 2025, are unaudited. In the opinion of management of the Company, all adjustments, including normal recurring accruals, have been made that are necessary to present fairly the financial position of the Company as of June 30, 2026, and the results of its operations for the three and six months ended June 30, 2026 and 2025, and its cash flows for the six months ended June 30, 2026 and 2025. Operating results for the interim periods presented are not necessarily indicative of the results expected for a full fiscal year. The balance sheet as of December 31, 2025 has been derived from the Company's audited financial statements at such date.

The condensed financial statements and related notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. These condensed financial statements should be read in conjunction with the financial statements and other information included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as filed with the SEC.

Going Concern and Liquidity

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying condensed financial statements, during the six months ended June 30, 2026, the Company incurred a net loss of $4,937,000, used cash in operations of $2,815,000 and had a stockholders' deficiency of $3,499,000. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of the condensed financial statements being issued. These condensed financial statements do not include adjustments relating to the recoverability and classification of reported asset amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In addition, the Company's independent registered public accounting firm, in its report on the Company's financial statements for the year ended December 31, 2025, included an explanatory paragraph regarding substantial doubt about the Company's ability to continue as a going concern. These condensed financial statements do not include any adjustments that might result from this uncertainty.

As of June 30, 2026, the Company had cash and cash equivalents on hand in the amount of $442,000. Management currently expects that its existing cash resources, together with recent financing activities, including the private placement financing completed on August 14, 2026, will only fund operations for a limited period and that additional financing will be required to support ongoing operations.

On October 24, 2025, the Company entered into an At-The-Market Sales Offering Agreement ("ATM Offering Agreement") with Kingswood Capital Partners, LLC ("Kingswood"), permitting the Company to sell up to $10.0 million of its common stock pursuant to its effective shelf registration statement on Form S-3 (the "ATM"). The ATM Offering

Agreement provides a potential source of liquidity; however, the amount of capital the Company can raise under the program will depend on market conditions and investor demand.

On March 16, 2026, the Company entered into a securities purchase agreement (the "Purchase Agreement"), pursuant to which the Company agreed to issue, at one or more closings, unsecured promissory notes in an aggregate funded amount of up to $2,000,000 (the "Convertible Notes") and warrants to purchase shares of the Company's common stock at an exercise price of $1.75 per share (the "Warrants"), subject to adjustment from time to time. In connection with the initial closing on March 16, 2026, the Company issued a Convertible Note to entities affiliated with a member of the Company's Board of Directors in the aggregate principal amount of $500,000. During the second quarter of 2026, the Company issued additional Convertible Notes in the aggregate principal amount of $1,750,000 to unrelated third-party investors pursuant to the Purchase Agreement (see Notes 8 and 9).

On July 1, 2026, the Company entered into a Loan and Security Agreement providing for a senior secured revolving credit facility of up to $5.0 million. The facility matures on July 1, 2028 and bears interest at Daily Simple SOFR plus 13%. Borrowings are secured by substantially all of the Company's assets and are available in minimum advances of $200,000, subject to the terms and conditions of the agreement. The proceeds may be used for working capital, capital expenditures, growth initiatives and other general corporate purposes.

On July 7, 2026, holders of approximately $2.3 million of outstanding convertible promissory notes, including accrued interest, exchanged such indebtedness for Series A Convertible Preferred Stock. Management believes this transaction improved the Company's balance sheet by reducing outstanding debt obligations and increasing stockholders' equity.

On August 14, 2026, the Company completed a private placement financing at a purchase price of $1.33 per share for aggregate gross proceeds of approximately $1.0 million and net proceeds of approximately $880,000.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing and achieve improved operating performance. There can be no assurance that such financing will be available on acceptable terms, or at all.

No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company can obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in the case of equity financing, or grant unfavorable terms in licensing agreements.

Reverse Stock Splits

On July 18, 2024, the Company filed a Certificate of Amendment to amend its Certificate of Incorporation with the Secretary of State of Delaware to affect a reverse stock split of the Company's common stock at a ratio of 1-for-10 shares (the "First Reverse Stock Split"). The First Reverse Stock Split became effective as of 12:01 a.m. Eastern Time on July 30, 2024 and the Company's common stock began trading on The Nasdaq Capital Market on a post-split basis under its existing trading symbol. As a result of the First Reverse Stock Split, every ten shares of common stock were automatically combined into one share of common stock. The authorized number of shares of common stock was not affected by the First Reverse Stock Split. No fractional shares were issued in connection with the First Reverse Stock Split, as all fractional shares were rounded up to the next whole share.

On March 4, 2025, the Company filed a Certificate of Amendment to amend its Certificate of Incorporation with the Secretary of State of Delaware to affect a reverse stock split of the Company's common stock at a ratio of 1-for-30 shares (the "Second Reverse Stock Split" and together with the First Reverse Stock Split, the "Reverse Stock Splits"). The Second Reverse Stock Split became effective as of 12:01 a.m. Eastern Time on March 17, 2025 and the Company's common stock began trading on The Nasdaq Capital Market on a post-split basis under its existing trading symbol. As a result of the Second Reverse Stock Split, every 30 shares of common stock were automatically combined into one share of common stock. The authorized number of shares of common stock was not affected by the Second Reverse Stock Split. No fractional shares were issued in connection with the Second Reverse Stock Split, as all fractional shares were rounded up to the next whole share.

Accordingly, all share and per share amounts presented herein with respect to common stock have been retroactively adjusted to reflect the Reverse Stock Splits for all periods presented. Proportionate adjustments for the Reverse Stock Splits have been made to the per share exercise price and the number of shares issuable upon the exercise of warrants, the number of shares reserved for issuance under the Company's equity plans, and all the then outstanding awards under the Company's equity plans. The Reverse Stock Splits did not change the par value of the common stock or modify any voting rights or other terms of common stock.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Those estimates and assumptions include estimates for reserves of uncollectible accounts receivables, assumptions used in valuing inventories at net realizable value, impairment testing of recorded long-term and tangible and intangible assets, the valuation allowance for deferred tax assets, accruals for potential liabilities, assumptions made in valuing warrant liabilities, and assumptions made in valuing stock instruments issued for services.

Cash and Cash Equivalents

The Company's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Accounts Receivable

Accounts receivable are generally recorded at the invoiced amounts net of an allowance for expected losses. The Company evaluates the collectability of its trade accounts receivable based on a number of factors. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company's historical losses and an overall assessment of past due trade accounts receivable outstanding. The allowance for accounts receivable is established through a provision reducing the carrying value of receivables. At June 30, 2026 and December 31, 2025, management recorded an allowance for credit losses of $69,000, reflecting expectations regarding collectability.

Inventory

Inventory is stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out ("FIFO") method. Inventory consists primarily of raw materials, work-in-process, and finished goods related to the Company's golf equipment products.

The Company regularly reviews inventory quantities on hand and records provisions for excess, slow-moving, or potentially obsolete inventory based primarily on estimated future product demand and the Company's ability to sell the related products.

Demand for the Company's products may fluctuate due to factors such as changes in consumer preferences, product life cycles, competitive product introductions, and general market conditions, which could result in slower inventory turnover or reductions in the rate of orders placed by customers.

The Company also performs periodic physical inventory counts and cycle counts to verify recorded inventory quantities. Adjustments may be recorded when differences are identified between recorded inventory balances and physical inventory on hand, including adjustments related to product costing or bill of materials assumptions maintained within the Company's enterprise resource planning system.

Management's estimates of future product demand and net realizable value require judgment and may differ from actual results, which could result in adjustments to inventory carrying values in future periods.

At June 30, 2026 and December 31, 2025, management recorded reserves for slow-moving and potentially obsolete inventory of $121,000 and $135,000, respectively.

Warrant Liabilities

The Company accounts for common stock warrants as either equity-classified or liability-classified instruments based on an assessment of the specific terms of the warrants and the guidance provided by the Financial Accounting Standards Board ("FASB") in Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity* ("ASC 480") and ASC 815, *Derivatives and Hedging* ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own stock and whether the holders of the warrants could potentially require net cash settlement in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which include (1) identifying the contract or agreement with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied.

Revenue and costs of sales are recognized when control of the products is transferred to our customer, which generally occurs upon shipment from our facilities. The Company's performance obligations are satisfied at that time. The Company does not have any significant contracts with customers requiring performance beyond delivery, and contracts with customers contain no incentives or discounts that could cause revenue to be allocated or adjusted over time. Shipping and handling activities are performed before the customer obtains control of the goods and therefore represent a fulfillment activity rather than a promised service to the customer.

All of the Company's products are offered for sale as finished goods only, and there are no performance obligations required post-shipment for customers to derive the expected value from them.

The Company does not allow for returns after 30 days, except for damaged products when the damage occurred pre-fulfillment. Damaged product returns have historically been insignificant. Because of this, the stand-alone nature of our products, and our assessment of performance obligations and transaction pricing for our sales contracts, we do not currently maintain a contract asset or liability balance for obligations. We assess our contracts and the reasonableness of our conclusions on a quarterly basis.

The following table presents our net sales by revenue source, and the period-over-period percentage change, for the period presented:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net Sales Source	**Revenue**	**Revenue**	**Revenue**	**Revenue**
Online sales	$ 1,141,000	$ 1,844,000	$ 1,998,000	$ 2,901,000
Distributors and wholesalers	175,000	224,000	309,000	377,000
Net Sales	**$ 1,316,000**	**$ 2,068,000**	**$ 2,307,000**	**$ 3,278,000**

The following table presents our net sales by product lines for the period presented:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net Sales by product Line	**Revenue**	**Revenue**	**Revenue**	**Revenue**
Newton Shafts	$ 1,305,000	$ 2,026,000	$ 2,289,000	$ 3,201,000
Sacks Parente Putters	11,000	42,000	18,000	77,000
Net Sales	**$ 1,316,000**	**$ 2,068,000**	**$ 2,307,000**	**$ 3,278,000**

Loss per Common Share

Basic loss per share is computed by dividing the net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted loss per share is computed by dividing the net loss applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Potential common shares are excluded from the computation when their effect is anti-dilutive.

For the six months ended June 30, 2026 and 2025, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have had an anti-dilutive effect. The potentially dilutive securities consisted of the following:

	June 30, 2026	June 30, 2025
Stock options	64,586	18,442
Restricted Stock Units	1,384,951	-

Warrants from Convertible Note	225,000	-
Series A Warrants	2,300,000	268,333
Series B Warrants	288,834	303,120
Total	4,263,371	589,895

There are currently 16,849 remaining Series B Warrants outstanding that will convert into 288,834 shares of common stock upon the alternative cashless exercise.

Advertising Costs

Third-party advertising costs are expensed as incurred and are included in selling, general and administrative expense. Advertising costs aggregated $698,000 and $1,230,000 for the six months ended June 30, 2026 and 2025, respectively.

Research and Development

Research and development expenses consist primarily of personnel costs, prototype expenses, and consulting services associated with research and development equipment. Research and development costs are expensed as incurred. Research and development costs were $696,000 and $425,000 for the six months ended June 30, 2026 and 2025, respectively.

Stock-Based Compensation

The Company periodically grants restricted stock units ("RSUs") and stock options to employees, directors, and consultants in non-capital raising transactions for services. The Company accounts for these awards in accordance with Accounting Standards Codification 718, Compensation—Stock Compensation ("ASC 718"), whereby the fair value of the award is measured on the grant date and recognized as compensation expense on a straight-line basis over the vesting period. Stock-based compensation expense is recorded in the Company's statements of operations based on the nature of the services rendered. The fair value of RSU awards is determined based on the fair market value of the Company's common stock on the grant date.

The fair value of stock option awards is estimated using the Black-Scholes option-pricing model, which requires management to make assumptions regarding the expected term of the award, expected volatility of the Company's common stock, the risk-free interest rate, and expected dividend yield.

The expected term of stock options granted to employees is determined using the "simplified" method for awards that qualify as plain-vanilla options. The expected term of stock options granted to non-employees is generally based on the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant for time periods approximately equal to the expected term of the award. The expected dividend yield is zero, as the Company has never paid cash dividends and does not currently expect to pay dividends in the foreseeable future.

Fair Value of Financial Instruments

The Company uses various inputs in determining the fair value of its financial assets and liabilities and measures these assets on a recurring basis. Financial assets recorded at fair value are categorized by the level of subjectivity associated with the inputs used to measure their fair value. ASC Section 820 defines the following levels of subjectivity associated with the inputs:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3—Unobservable inputs based on the Company's assumptions.

The carrying amounts of financial assets and liabilities, such as cash, accounts receivable, inventory, accounts payable, and other payables, approximate their fair values because of the short maturity of these instruments. The carrying values of long-term financing obligations approximate their fair values because interest rates on these obligations are based on prevailing market interest rates.

The Company utilizes level 3 inputs in the fair value hierarchy to determine the fair market value of its warrant liability.

Concentrations of Risk

Cash Balances. The Company's cash balances on deposits with banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. From time to time, however, the Company may be exposed to risk for the amounts of funds held in bank accounts in excess of the FDIC limit. To minimize the risk, the Company's policy is to maintain cash balances with high quality financial institutions. All of the non-interest-bearing cash balances were fully insured as of June 30, 2026 and December 31, 2025.

Accounts Receivable. As of June 30, 2026, two customers accounted for more than 15% and 14% of accounts receivable, respectively. As of December 31, 2025, two customers accounted for more than 19% and 17% of accounts receivable, respectively. As of June 30, 2026 and December 31, 2025, no other customers exceeded 10% of accounts receivable.

Net sales. During the three and six months ended June 30, 2026 and 2025, no customer exceeded 10% of net sales.

Segments

Under ASC 280, Segment Reporting, operating segments are defined as components of an enterprise where discrete financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), in deciding how to allocate resources and in assessing performance. The Company has a single operating segment. Therefore, the Company's Chief Executive Officer, who is also the CODM, makes decisions and manages the Company's operations as a single operating segment for the manufacture and distribution of its products.

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The guidance in ASU 2024-03 requires public business entities to disclose in the notes to the financial statements, among other things, specific information about certain costs and expenses including purchases of inventory; employee compensation; and depreciation and amortization expense for each caption on the income statement where such expenses are included. The update is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted, and the amendments may be applied prospectively to reporting periods after the effective date or retrospectively to all periods presented in the financial statements. We are currently evaluating the provisions of this guidance and assessing the potential impact on our financial statement disclosures.

Other recent accounting pronouncements issued by the FASB, its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3 – INVENTORY

Inventory is valued at the lower of cost, first in, first out or net realizable value, and net of reserves is comprised of the following:

		June 30, 2026		December 31, 2025
Raw materials, net	$	454,000	$	424,000
Finished goods, net		73,000		85,000
Inventory reserve		(121,000)		(135,000)
Total inventory, net	$	406,000	$	374,000

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

		June 30, 2026		December 31, 2025
Machinery and Equipment	$	989,000	$	920,000
Leasehold Improvements		498,000		399,000
Information technology and software		29,000		28,000
Automobile		-		46,000
Accumulated depreciation		(654,000)		(513,000)
Property and equipment, net	$	862,000	$	880,000

Depreciation expense is included in cost of goods sold and selling, general and administrative expenses in the accompanying condensed statements of operations. Depreciation expense related to property and equipment was $84,000 and $83,000 for the three months ended June 30, 2026 and 2025, respectively. Depreciation expense related to property and equipment was $163,000 and $140,000 for the six months ended June 30, 2026 and 2025, respectively.

NOTE 5 – SOFTWARE LICENSING OBLIGATION

In October 2023, the Company entered into a software licensing agreement with Oracle America, Inc. ("Oracle") for its NetSuite Enterprise Resource Planning (ERP) software ("NetSuite"). The Company agreed to license NetSuite for 36 months and utilize Oracle's professional services to assist in the implementation of NetSuite. The cost of the license fee was $102,000 and professional services were fixed at $34,000, for an aggregate cost of $136,000. Per the payment terms, no payments were due during the first six months, and thirty monthly payments of $4,513 are due from April 1, 2024 through September 1, 2026.

The Company initially recorded the $136,000 cost as a deferred software licensing asset and liability on the accompanying condensed balance sheets. The deferred software licensing asset is being amortized over the license period. The deferred software licensing balance was $25,000 at December 31, 2025. During the three and six months ended June 30, 2026, the Company recorded amortization expense of $8,000 and $17,000, respectively, resulting in a deferred software licensing balance of $8,000 as of June 30, 2026.

During the six months ended June 30, 2026, the Company made payments of $23,000, leaving a software license obligation balance of $14,000 as of June 30, 2026, all of which was due within one year and classified as a current liability. Accordingly, there was no long-term software license obligation outstanding as of June 30, 2026.

NOTE 6 – LEASE LIABILITIES

The Company determines whether a contract is, or contains, a lease at inception. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset during the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at lease commencement based upon the estimated present value of unpaid lease payments over the lease term. The Company leases its office and warehouse locations, and certain warehouse equipment. Leases with an initial term of 12 months or less are not included on the condensed balance sheets.

On April 1, 2022, the Company entered into a facility lease for 4,000 square foot facility in St. Joseph, Missouri, to expand its manufacturing business to include advanced premium golf shafts. In July 2025, the Company entered into an additional lease agreement that added a parking lot and a designated space for a dumpster.

The expanded lease runs from January 1, 2025 through December 31, 2027, with monthly rent of $3,900.

The Company's lease liability balance was $84,000 as of December 31, 2025. As of June 30, 2026 our lease liability was $65,000, of which the current portion of lease liability was $42,000, leaving a long-term lease liabilities balance of $23,000.

During the six months ended June 30, 2026 and 2025, lease costs totaled approximately $23,000 and $20,000, respectively.

As of June 30, 2026, the weighted average remaining lease term for operating leases was 1.50 years, and the weighted average discount rate for operating leases was 10.00%.

NOTE 7 – STOCK OPTIONS

Summary of Options

The Company maintains the 2022 Equity Incentive Plan (the "2022 Plan"), which provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, RSUs, performance units and performance shares to employees, directors and consultants of the Company or any parent or subsidiary of the Company. The purpose of the 2022 Plan is to enable the Company to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to employees, directors and consultants of the Company or any parent or subsidiary of the Company, and to promote the success of the Company's business.

A summary of stock option activity for the six months ended June 30, 2026 is as follows:

	Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)		Aggregate Intrinsic Value
Outstanding at December 31, 2025	38,475	$	46.96	2.25	$	
Granted	30,000		1.35	-		-
Forfeited	(3,888)		68.39	-		-
Exercised	-		-	-		-
Outstanding at June 30, 2026	64,587	$	24.48	2.37	$	-
Exercisable at June 30, 2026	7,386	$	197.62		$	-

During the six months ended June 30, 2026, the Company granted stock options to a consultant to purchase 10,000 shares of common stock for services to be rendered. The options have an exercise price of $1.55 per share, and expire in five years, vesting 25% on the grant date, 50% upon playing in 15 official PGA Tour of Champions events with a Newton driver shaft or Gravity putter, and 25% at the conclusion of the 2026 PGA Tour of Champions Schwab Cup Finals. The total fair value of these options at the grant date was approximately $13,000 using the Black-Scholes option pricing model.

During the six months ended June 30, 2025, the Company granted stock options to an employee to purchase 20,000 shares of common stock for services rendered. The options have an average exercise price of $1.25 per share, expire in five years, vesting equally over four years from the employee's start date. The total fair value of these options at the grant date was approximately $23,000 using the Black-Scholes option pricing model.

The total stock compensation expense recognized related to vesting stock options for the six months ended June 30, 2026 and 2025 amounted to $58,000 and $94,000, respectively. As of June 30, 2025, the total unrecognized stock-based compensation was $70,000, which is expected to be recognized as part of operating expense through April 2030.

As of June 30, 2026, the intrinsic value of the outstanding options under the 2022 Plan was $0.

The fair value of share option award is estimated using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	Six Months Ended June 30,	
	2025	2024
Risk-free interest rate	3.47% - 4.19%	3.95% - 4.45%
Average expected term	5 years	7 years
Expected volatility	125.60% - 152.47%	150.0%
Expected dividend yield	-	-

NOTE 8 – CONVERTIBLE NOTES PAYABLE TO RELATED PARTIES

The Company has the following related party convertible notes payable as of June 30, 2026 and December 31, 2025:

Note	Issuance Date	Maturity Date	Interest Rate		Original Borrowing		Balance at March 31, 2026		Balance at December 31, 2025
Note 1	March 16, 2026	September 16, 2027	10.0%	$	500,000	$	500,000	$	-
Less: debt discount							(59,000)		-
Net debt payable						$	441,000	$	-
Less: current							-		-
Long-term debt payable						$	441,000	$	-

On March 16, 2026, the Company entered into a securities purchase agreement, pursuant to which the Company agreed to issue, at one or more closings, unsecured promissory notes in an aggregate funded amount of up to $2,000,000 and warrants to purchase shares of the Company's common stock at an exercise price of $1.75 per share, subject to adjustment from time to time.

In connection with the initial closing on March 16, 2026, the Company issued a Convertible Note to entities affiliated with a member of the Company's Board of Directors in the aggregate principal amount of $500,000 in exchange for $488,000 of net proceeds after deducting issuance costs. The Convertible Note bears interest at a rate of 10% per annum and matures 18 months from the date of issuance. The outstanding principal and accrued interest under the Convertible Note are convertible, at the option of the holder at maturity, into shares of the Company's common stock at a fixed conversion price of $1.60 per share.

In connection with the issuance of this Convertible Note, the Company also issued a five-year Warrant to purchase up to 50,000 shares of the Company's common stock at an exercise price of $1.75 per share. The Company determined the fair value of the Warrants at the grant date to be approximately $71,000 using the Black-Scholes option pricing model. The net proceeds from the financing were allocated between the Convertible Note and the Warrants on a relative fair value basis. As a result, approximately $61,000 of the net proceeds was allocated to the Warrants and recorded as a debt discount. In addition, the Company incurred $12,000 of issuance costs associated with the financing, which were also recorded as a debt discount. Accordingly, the total debt discount recorded in connection with the Convertible Note was approximately $73,000. The debt discount is being amortized to interest expense over the term of the Convertible Note using the effective interest method.

As of June 30, 2026, the Company amortized $14,000 of the debt discount, the outstanding principal balance of the Convertible Note was $500,000, with an unamortized debt discount of $59,000, resulting in a net carrying value of $441,000.

NOTE 9 – CONVERTIBLE NOTES PAYABLE

The Company has the following convertible notes payable as of June 30, 2026 and December 31, 2025:

Note	Issuance Date	Maturity Date	Interest Rate		Original Borrowing		Balance at March 31, 2026		Balance at December 31, 2025
Note 1	April 7, 2026	October 7, 2027	10.0%	$	500,000	$	500,000	$	-
Note 2	April 9, 2026	October 9, 2027	10.0%	$	250,000	$	250,000	$	-

Note 3	April 9, 2026	October 9, 2027	10.0%	$ 100,000	$ 100,000	$ -
Note 4	May 1, 2026	November 1, 2027	10.0%	$ 150,000	$ 150,000	$ -
Note 5	May 20, 2026	November 20, 2027	10.0%	$ 50,000	$ 50,000	$ -
Note 6	June 3, 2026	December 3, 2027	10.0%	$ 500,000	$ 500,000	$ -
Note 7	June 26, 2026	December 26, 2027	10.0%	$ 200,000	$ 200,000	$ -
Less: debt discount					(188,000)	-
Net debt payable					$ 1,562,000	$ -
Less: current					-	-
Long-term debt payable					$ 1,562,000	$ -

On March 16, 2026, the Company entered into a securities purchase agreement, pursuant to which the Company agreed to issue, at one or more closings, unsecured promissory notes in an aggregate funded amount of up to $2,000,000 and warrants to purchase shares of the Company's common stock at an exercise price of $1.75 per share, subject to adjustment from time to time.

In additional closings on April 7, 2026 and April 9, 2026, the Company issued Convertible Notes to entities unaffiliated with the Company in the aggregate principal amount of $1,750,000 in exchange for $1,712,000 of net proceeds after deducting issuance costs. The Convertible Notes bear interest at a rate of 10% per annum and mature 18 months from the date of issuance. The outstanding principal and accrued interest under the Convertible Note are convertible, at the option of the holder at maturity, into shares of the Company's common stock at a fixed conversion price of $1.60 per share.

In connection with the issuance of these Convertible Notes, the Company also issued five-year Warrants to purchase up to 175,000 shares of the Company's common stock at an exercise price of $1.75 per share. The Company determined the fair value of the Warrants at the grant date to be approximately $197,000 using the Black-Scholes option pricing model. The net proceeds from the financing were allocated between the Convertible Note and the Warrants on a relative fair value basis. As a result, approximately $172,000 of the net proceeds was allocated to the Warrants and recorded as a debt discount. In addition, the Company incurred $38,000 of issuance costs associated with the financing, which were also recorded as a debt discount. Accordingly, the total debt discount recorded in connection with the Convertible Notes was approximately $211,000. The debt discount is being amortized to interest expense over the term of the applicable Convertible Note using the effective interest method.

As of June 30, 2026, the Company amortized $23,000 of the debt discount, the outstanding aggregate principal balance of the Convertible Notes was $1,750,000, with an unamortized debt discount of $188,000, resulting in a net carrying value of $1,562,000.

NOTE 10 – WARRANTS

The Company has the following outstanding Warrants as of June 30, 2026, all of which are exercisable:

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	-	$ -	-	$ -
Granted	225,000	1.75	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at June 30, 2026, all vested	225,000	$ 1.75	4.82	$ -

During the six months ended June 30, 2026, the Company issued immediately exercisable Warrants to purchase 225,000 shares of its common stock in connection with a Convertible Note financing (see Note 8 & 9). The Warrants are exercisable at $1.75 per share and expire between March and June 2031.

The Company determined the fair value of the Warrants at the grant date to be approximately $268,000 using the Black-Scholes option pricing model. The net proceeds from the financing were allocated between the Convertible Note and the Warrants on a relative fair value basis. As a result, approximately $234,000 of the net proceeds was allocated to the Warrants and recorded as a debt discount. This amount was recorded as additional paid-in capital, with a corresponding debt discount, which is being amortized to interest expense over the term of the applicable Convertible Note using the effective interest method.

NOTE 11 – WARRANTS CLASSIFIED AS LIABILITY

A summary of warrants classified as a liability for the six months ended June 30, 2026 is as follows:

	Series A Warrant Instruments	Series A Warrant Shares	Exercise Price	Series B Warrants	Exercise Price
Warrants outstanding, December 31, 2025	268,333	268,333	$ 72.00	16,849	$ 72.00
Share combination event adjustment	-	2,031,667	(63.60)		
Warrants granted	-	-		-	
Warrants forfeited	-	-		-	
Warrants exercised	-	-		-	-
Warrants outstanding, June 30, 2026	268,333	2,300,000	$ 8.40	16,849	$ 72.00

Series A Warrants

The Series A Warrant agreements provide for adjustments to the exercise price and number of shares issuable upon exercise following certain specified events. The Series A Warrant agreements also provide for adjustments to the exercise price and number of shares issuable if the Company issues common stock or common stock equivalents at a price below the then-current exercise price, subject to the applicable Floor Price of $8.40 per share.

After issuance of the Series A Warrants, the Company effected a 1-for-30 reverse stock split. Pursuant to the Series A Warrant agreements, the reverse split resulted in a proportional adjustment to the Series A Warrants, including an increase in the exercise price from $2.40 to $72.00 per share. The Series A Warrant agreements also contain a Share Combination Event Adjustment pursuant to which, following a stock split, reverse stock split, stock dividend, recapitalization or similar transaction, the exercise price is subject to further adjustment based on the lowest volume-weighted average price ("VWAP") of the Company's common stock, as defined, following the applicable event, subject to a Floor

Price. Upon effectiveness of the Company's 1-for-30 reverse stock split, the Floor Price was proportionately adjusted to $8.40 per share.

In accordance with the Share Combination Event Adjustment provision, the exercise price of the Series A Warrants was reduced to the Floor Price of $ 8.40 per share, which proportionately increased the number of shares of common stock issuable upon exercise of the Series A Warrants to approximately 2.3 million shares, such that aggregate potential cash exercise proceeds remained approximately $19.3 million. The exercise price and number of Warrant Shares presented above reflect the Share Combination Event Adjustment.

As of June 30, 2026, no Series A Warrant instruments had been exercised. The fair value of the Series A Warrant liability was approximately $ 312,000 as of December 31, 2025, and approximately $1,187,000 as of June 30, 2026.

The fair value of the Series A Warrant Liability as of June 30, 2026 was estimated using a trinomial valuation model based on 2.3 million shares underlying the Series A Warrants and the following assumptions: exercise price of $8.40 per Warrant Share, an underlying stock price of $0.84 per share, a remaining contractual term of 1,261 days, expected volatility of 152%, a dividend yield of 0%, and a risk-free interest rate of 4.19%.

Series B Warrants

The Series B Warrants are exercisable at $72.00 per share, subject to adjustment, and expire 30 months from the date of the Warrant Stockholder Approval. The fair value of the Series B Warrants was valued by the Company based on the subsequent settlements of these warrants.

Beginning on the date of the Warrant Stockholder Approval, in lieu of a cash exercise, the holders of the Series B Warrants have the right to elect to receive an aggregate number of shares of common stock equal to the product of (x) the aggregate number of shares of common stock that would be issuable upon a cash exercise of the Series B Warrants and (y) 2.0. Also, the Series B Warrants provide for a Reverse Split Reset subject to the Floor Price. Additionally, effective on the 11th trading day following the date of the Warrant Stockholder Approval, the exercise price and the number of shares underlying the Series A Warrants and the Series B Warrants (collectively, the "Purchase Warrants") reset to the then-current lowest VWAP in the period commencing on the first trading day following the date of the Warrant Stockholder Approval and ending at the close of trading on the 10th trading day thereafter. Such reset was subject to the Floor Price. With respect to all of the Purchase Warrants, with the consent of the holder, the Company may adjust the exercise price to such amount and for such time as may be agreed upon. None of the Purchase Warrants were exercisable until the Warrant Stockholder Approval. The Series B Warrants allow an alternative cashless conversion, which is determined by multiplying the number of exercised Series B Warrants by the exercise price and dividing the result by the lesser of the VWAP price or the $8.40 floor. This amount is then doubled to arrive at the final share total.

Therefore, pursuant to ASC 815, the Company has classified the Purchase Warrants as liabilities in its condensed balance sheets. The classification of the Purchase Warrants, including whether the Purchase Warrants should be recorded as liabilities or as equity, is evaluated at the end of each reporting period with changes in the fair value reported in other income (expense) in the condensed statements of operations. Upon the closing of the registered direct offering, the fair value of the Series B Warrant liability was $12,456,000.

As of June 30, 2026, holders had exercised 251,484 Series B Warrants on an alternative cashless basis, resulting in the issuance of 4,233,238 shares of common stock. No Series B Warrants were exercised during the six months ended June 30, 2026.

As of December 31, 2025, the fair value of the Series B Warrants liability was $433,000. As of June 30, 2026, the fair value of the Series B Warrants liability was $ 242,000, resulting in the Company recognizing a $191,000 gain from the change in fair value of the warrant liability during the six months ended June 30, 2026.

The fair value of the Series B Warrants as of June 30, 2026 was determined based on the estimated number of shares issuable under the alternative cashless exercise provisions, multiplied by the Company's closing stock price on June 30, 2026.

Based on the alternative cashless exercise, the Company estimates issuing 288,834 shares of common stock when the remaining 16,849 Series B Warrants are exercised.

The Company's warrant liabilities are measured at fair value on a recurring basis using Level 3 inputs within the fair value hierarchy. The following table presents changes in the fair value of the Company's Level 3 warrant liabilities for the six months ended June 30, 2026. Changes in fair value are recognized in "Change in fair value of warrant liabilities" within other income (expense) in the condensed statements of operations.

	Series A	Series B	Total
Balance, December 31, 2025	$ 312,000	$ 433,000	$ 745,000
Change in fair value	875,000	(191,000)	684,000
Warrant exercises	-	-	-
Balance, June 30, 2026	$ 1,187,000	$ 242,000	$ 1,429,000

The change in fair value for the six months ended June 30, 2026 relates to warrant liabilities still held as of June 30, 2026. Significant unobservable inputs used in the fair value measurement of the warrant liabilities include expected volatility. A significant increase (decrease) in expected volatility would result in a significantly higher (lower) fair value measurement.

NOTE 12 – RESTRICTED STOCK UNITS

A summary of RSU activity for the six months ended June 30, 2026 is presented below:

	Shares	Fair Value	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2025	755,222	$ 1,164,000	$ 1.54
Granted	908,062	963,000	1.06
Vested / deemed vested	(199,768)	(221,000)	1.10
Forfeited	(200,000)	(312,000)	1.56
Unvested at June 31, 2026	1,263,516	$ 1,594,000	$ 1.26

During the six months ended June 30, 2026, the Company issued 189,357 RSUs to directors for services to be rendered with a fair value of $223,000. The shares were valued based on the market value of the Company's common stock price on the grant date and will be amortized over their vesting term.

During the six months ended June 30, 2026, the Company issued 256,851 RSUs to officers for services to be rendered with a fair value of $529,000. The shares were valued based on the market value of the Company's common stock price on the grant date and will be amortized over their vesting term.

During the six months ended June 30, 2026, the Company issued 185,023 RSUs to employees for services to be rendered with a fair value of $191,000. The shares were valued based on the market value of the Company's common stock price on the grant date and will be amortized over their vesting term.

During the six months ended June 30, 2026, the Company issued 20,000 RSUs to a consultant for services rendered with a fair value of $20,000. The shares were valued based on the market value of the Company's common stock price on the grant date and expensed on the grant date.

The total fair value of RSUs that vested or were deemed vested during the six months ended June 30, 2026 was $221,000 and recognized as an expense and included in selling, general and administrative expenses.

NOTE 13 – IMMEDIATELY VESTED RESTRICTED STOCK UNITS

During 2025, the Company issued 222,041 RSUs to vendors for services to be rendered with a fair value of $321,000. The shares were valued based on the market value of the Company's common stock price on the grant date. The issuance was recorded as pre-paid expense in the accompanying condensed balance sheets. The pre-paid expense related to issuances of RSUs was amortized over the service period and charged to selling, general and administrative expense. As of December 31, 2025, $153,000 remained unamortized as a pre-paid expense. During the six months ended June 30, 2026 the Company amortized $153,000 related to the issuance of these RSUs and $0 remained unamortized as a pre-paid expense at June 30, 2026.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

From time to time the Company may be named in claims arising in the ordinary course of business. Currently, there are no such legal proceedings that are pending against the Company or that involve the Company that, in the opinion of management, could reasonably be expected to have a material adverse effect on the Company's business or financial condition.

NOTE 15 - REPORTABLE SEGMENT INFORMATION

The Company is organized and operates as one operating and reportable segment. The Company's revenue comes from customers in the following geographic regions.

The following table presents our net sales by region for the period presented:

	Three Months Ended		Six Months Ended	
	June 30,2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Region				
United States	$ 1,263,000	$ 2,029,000	$ 2,240,000	$ 3,211,000
Japan	28,000	-	28,000	2,000
Canada	12,000	15,000	17,000	29,000
All other regions	13,000	24,000	22,000	36,000
Net Sales	**$ 1,316,000**	**$ 2,068,000**	**$ 2,307,000**	**$ 3,278,000**

This determination is based on the management approach which designates internal information regularly available to the Chief Operating Decision Maker ("CODM") for making decisions and assessing performance as the source of determination of the Company's reportable segments. The Company's CODM, the Chief Executive Officer, reviews financial information presented on a consolidated basis for the purpose of making operating decisions and assessing financial performance.

The accounting policies of the one reportable segment are the same as those described in Note 2, "Summary of Significant Accounting Policies". The CODM uses net (loss) income, as reported in our statements of operations, to measure segment profit or loss, assess performance, and make strategic capital resources allocations. The measure of segment assets is reported on our balance sheets as total assets. The significant expense categories regularly provided to the CODM are the expenses as noted on the face of the statements of operations.

	Three Months Ended		Six Months Ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Net sales	$ 1,316,000	$ 2,068,000	$ 2,307,000	$ 3,278,000
Cost of sales	405,000	669,000	768,000	1,027,000
Gross profit	911,000	1,399,000	1,539,000	2,251,000
Less:				
Employee compensation and benefits	191,000	218,000	869,000	477,000
Stock-based compensation expense	127,000	42,000	278,000	94,000
Sales and marketing expense	863,000	1,809,000	2,059,000	3,106,000
Other operating expenses	1,270,000	837,000	2,488,000	2,052,000
Total operating expenses	2,451,000	2,906,000	5,694,000	5,729,000
Loss from operations	**$ (1,540,000)**	**$ (1,507,000)**	**$ (4,155,000)**	**$ (3,478,000)**

NOTE 16 – SUBSEQUENT EVENTS

Revolving Line of Credit

On July 1, 2026, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with an unrelated third party providing for a senior secured revolving credit facility with aggregate borrowing capacity of up to $5.0 million. The revolving credit facility matures on July 1, 2028 and bears interest at a rate equal to Daily Simple SOFR plus 13%. Borrowings under the facility are available in minimum advances of $200,000 and are secured by a first-priority security interest in substantially all of the Company's assets. The Company paid a one-time commitment fee equal to 2.0% of the facility amount upon the effective date of the Loan Agreement. The proceeds of the revolving credit facility may be used for working capital, capital expenditures, growth initiatives and other general corporate purposes.

The Loan Agreement contains customary affirmative and negative covenants, events of default, and reporting requirements for a credit facility of this nature.

Convertible Debt Settlement into Series A Preferred

On July 6, 2026, the Company entered into exchange agreements with certain holders of its outstanding convertible promissory notes pursuant to which approximately $2.3 million, inclusive of accrued interest, of outstanding convertible promissory notes were exchanged for an aggregate of 24,092.61 shares of the Company's newly designated Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The exchange shares were issued at an implied purchase price of $100.00 per share of Series A Preferred Stock, representing 105% of the outstanding principal and accrued interest exchanged. The exchange was completed pursuant to the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended.

On July 8, 2026, the Company filed a Certificate of Designation establishing the rights, preferences and privileges of the Series A Preferred Stock. The Certificate of Designation authorizes the issuance of up to 50,000 shares of Series A Preferred Stock. The Series A Preferred Stock ranks senior to the Company's common stock with respect to dividends and liquidation preferences, accrues dividends at a rate of 10% per annum, payable in cash, payment-in-kind, or as accrued unpaid dividends at the Company's election, and is initially convertible into shares of the Company's common stock at a conversion price of $1.00 per share, subject to certain anti-dilution adjustments. The Series A Preferred Stock also includes customary protective provisions, beneficial ownership limitations, and registration rights.

Private Placement Financing

On August 14, 2026, the Company completed a private placement financing for aggregate gross proceeds of $1.0 million, at a purchase price of $1.33 per share, pursuant to which the Company issued 751,880 shares of common stock. The Company received net proceeds of approximately $880,000, which are expected to be used for working capital and general corporate purposes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes appearing elsewhere in this Quarterly Report. This discussion and analysis may contain forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under "Risk Factors" in our Annual report on Form 10-K for the year ended December 31, 2025 and in this Quarterly Report.

Executive Summary

During the three and six months ended June 30, 2026, several factors influenced the Company's operations and financial position, including:

● **New product introduction.** The Company introduced the Fast Motion fairway wood shaft and hybrid shafts at the 2026 PGA Show, which are expected to launch commercially during the fourth quarter of 2026 or the first quarter of 2027.

● **Capital raising activities.** On March 16, 2026, the Company entered into the Purchase Agreement providing for the issuance, in one or more closings, of Convertible Notes with an aggregate principal amount of up to $2.0 million, together with Warrants to purchase shares of the Company's common stock at an exercise price of $1.75 per share, subject to adjustment. On May 28, 2026, the Company's Board of Directors approved an amendment increasing the maximum aggregate principal amount of Convertible Notes available under the Purchase Agreement to $3.0 million.

During the six months ended June 30, 2026, the Company issued an aggregate principal amount of $2.25 million of Convertible Notes pursuant to the Purchase Agreement. The Convertible Notes bear interest at 10% per annum, mature 18 months from issuance, and are convertible, together with accrued interest, into shares of the Company's common stock at a conversion price of $1.60 per share at maturity. In connection with these issuances, the Company also issued five-year Warrants to purchase an aggregate of 225,000 shares of common stock at an exercise price of $1.75 per share. Net proceeds from these financings were used for working capital and general corporate purposes (see Notes 8 and 9).

Subsequent to June 30, 2026, the Company entered into a $5.0 million senior secured revolving credit facility, which matures on July 1, 2028 and bears interest at Daily Simple SOFR plus 13%, and completed the exchange of approximately $2.3 million of outstanding Convertible Notes, including accrued interest, for Series A Convertible Preferred Stock. These transactions increased available liquidity, reduced outstanding indebtedness, and increased stockholders' equity. On August 14, 2026, the Company also completed a private placement financing at a purchase price of $1.33 per share for aggregate gross proceeds of approximately $1.0 million and net proceeds of approximately $880,000.

● **Manufacturing transition activities.** In conjunction with the manufacturing transition undertaken during the spring of 2026, the Company introduced updated versions of its Fast Motion driver shaft and Motion driver and fairway shafts. The updated products, referred to as the Company's "2.0" shafts and differentiated by green product logos, incorporate refinements to the Company's manufacturing techniques, equipment utilization, bend profiles, product specifications and production tolerances.

The 2.0 shafts were designed to provide more consistent performance characteristics, tighter ball-flight dispersion, improved continuity between driver and fairway shaft specifications and a broader fitting profile across different player types. The Company believes these refinements also provide greater manufacturing consistency and tighter production tolerances. The updated shafts have experienced strong initial adoption among professional players using Newton Golf products on various professional tours, including significant conversion from prior-generation shafts to the 2.0 products and recent adoption of the updated Motion fairway wood shaft by multiple players on the PGA TOUR Champions.

As part of this transition, the Company implemented 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.

The Company also experienced temporary carbon fiber supply constraints, which, together with the manufacturing transition activities, reduced production throughput and delayed the fulfillment of certain customer orders. As a result, the Company temporarily moderated its marketing activities to better align demand with available manufacturing capacity and avoid generating demand beyond its ability to fulfill customer orders on a timely basis.

Subsequent to quarter end, the Company secured additional carbon fiber supply from Toray Japan, while availability from Toray U.S. improved. As manufacturing capacity and raw material availability improved, the Company began selectively resuming marketing initiatives in late July 2026 and increasing production of its updated 2.0 shaft products. Marketing activity remains below historical levels as the Company transitions to a new marketing agency and has not yet fully ramped paid media expenditures.

Marketing Strategy. During the quarter, the Company evaluated its direct-to-consumer strategy and implemented changes intended to improve the efficiency and effectiveness of its customer acquisition efforts. As part of this initiative, the Company engaged a new marketing agency to oversee its direct-to-consumer business, refine the Company's brand messaging, diversify customer acquisition channels, and broaden awareness of the Company's proprietary shaft technology among golfers. Sales and marketing expenses decreased approximately $1.0 million during both three and six months ended June 30, 2026 compared with the corresponding prior-year periods, reflecting the Company's decision to moderate marketing expenditures while manufacturing capacity and raw material availability were constrained.

During the manufacturing transition and periods of constrained raw material availability, the Company intentionally moderated marketing expenditures to align customer demand with available production capacity. With manufacturing throughput improving and additional carbon fiber supply secured, the Company has resumed its marketing initiatives.

Company Overview

We design, manufacture, and sell performance golf equipment, including premium golf shafts and putters, and focus on developing technology-driven golf products intended to enhance player performance.

We sell our products through direct-to-consumer channels, including our websites, as well as through resellers, professional club fitters, distributors, and golf retailers. We currently distribute products primarily in the United States, with additional distribution in international markets including Japan and South Korea.

Management continues to focus on expanding distribution through professional club fitters, retail partners, and international distributors.

Newton Motion Shafts

Products

The Newton Motion™ shaft platform continues to represent the Company's primary product category and the principal driver of revenue during the six months ended June 30, 2026.

During the second quarter of 2026, the Company introduced updated versions of its Fast Motion driver shaft and Motion driver and fairway shafts. These updated "2.0" products incorporate refinements to shaft design, manufacturing techniques, bend profiles, product specifications and production tolerances, and are differentiated from prior-generation products by green product logos.

The Company also introduced the Fast Motion fairway wood shaft and hybrid shafts at the 2026 PGA Show, which are expected to launch commercially during the fourth quarter 2026 or the first quarter of 2027.

Newton Gravity Putters

The Company also offers a line of putters under the Newton Gravity brand.

Key Factors Affecting Our Performance

Seasonality and General Trends in Golf Participation

Golf equipment sales are generally seasonal, with demand typically increasing during the spring and summer months when golf activity is highest in many regions. As a result, the Company historically experiences stronger sales during the second and third quarters when weather conditions are more favorable for outdoor play. Conversely, sales may be lower during the first and fourth quarters when cold weather in certain regions reduces outdoor golf activity.

Future participation trends and consumer demand remain subject to economic conditions and other factors beyond the Company's control.

Manufacturing Transition Activities

During the three and six months ended June 30, 2026, the Company implemented updates to certain existing shaft recipes and related production processes, including recalibration of machining operations, modifications to finishing workflows, changes to paint mixtures, and maintenance activities intended to improve product quality, production consistency, and manufacturing scalability. These activities were undertaken in conjunction with the introduction of updated versions of the Company's Fast Motion driver shaft and Motion driver and fairway shafts. During the same period, the Company also experienced temporary constraints in the availability of carbon fiber, which further limited manufacturing capacity. Collectively, these factors temporarily reduced production throughput and delayed the fulfillment of certain customer orders.

In accordance with the Company's accounting policies, approximately $704,000 of idle manufacturing costs during the six months ended June 30, 2026 were recognized as period costs and classified within research and development and general and administrative expenses rather than capitalized into inventory or included in cost of sales. Accordingly, these costs increased operating expenses rather than cost of sales.

In response to these manufacturing and supply constraints, the Company intentionally moderated its marketing activities to align customer demand with available production capacity, reduce its order backlog, and avoid generating demand beyond its ability to fulfill customer orders on a timely basis. Subsequent to quarter end, the Company secured additional carbon fiber supply from Toray Japan, while supply availability from Toray U.S. improved. Beginning in late July 2026, as manufacturing capacity and raw material availability improved, the Company began selectively resuming marketing initiatives. Initial results from these activities have been encouraging; however, overall marketing activity remains below historical levels as the Company transitions to a new marketing agency and has not yet fully ramped paid media expenditures. The Company intends to increase marketing activity in a measured manner as production capacity and material availability support higher demand and timely order fulfillment.

Public Company Costs

Since listing our common stock on The Nasdaq Capital Market in August 2023, we have incurred additional expenses associated with operating as a public company. These costs include compliance with SEC reporting requirements, internal control compliance, director and officer liability insurance, board compensation, and increased accounting, legal, and audit fees.

These costs are expected to continue as long as the Company remains a publicly traded company.

Impact of Inflation

Inflation has resulted in moderate increases in the cost of certain raw materials and component parts used in the manufacture of our products. If inflationary pressures persist, our manufacturing costs may increase and could adversely affect gross margins unless we are able to offset these increases through pricing adjustments, cost reductions, or operational efficiencies.

During the three and six months ended June 30, 2026, the Company did not implement any pricing changes in response to inflationary pressures.

Results of Operations

Three Months Ended June 30, 2026 as Compared to the Three Months Ended June 30, 2025

The following is a comparison of our results of operations for the three months ended June 30, 2026 and 2025 (amounts rounded to the nearest thousand):

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Change

Net Sales	$ 1,316,000	$ 2,068,000	$ (752,000)
Cost of goods sold	405,000	669,000	(264,000)
Gross profit	911,000	1,399,000	(488,000)
Operating expenses:			
Selling, general and administrative	2,103,000	2,763,000	(660,000)
Research and development	348,000	143,000	205,000
Total operating expenses	2,451,000	2,906,000	(455,000)
Loss from operations	(1,540,000)	(1,507,000)	(33,000)
Interest (expense) income, net	(43,000)	29,000	(72,000)
Amortization of debt discount	(35,000)	-	(35,000)
Loss on disposal of asset	(16,000)	-	(16,000)
Change in fair value of warrant liabilities	(644,000)	(42,000)	(602,000)
Net Loss	$ (2,278,000)	$ (1,520,000)	$ (758,000)

Net Sales

Our net sales decreased $0.8 million, or 36%, to $1.3 million during the three months ended June 30, 2026, compared to $2.1 million during the three months ended June 30, 2025. The decrease was driven primarily by reduced manufacturing capacity at the Company's shaft production facility as the Company continued implementing updates to certain existing shaft recipes and related production processes in connection with the introduction of updated versions of its Fast Motion driver shaft and Motion driver and fairway shafts, including recalibration of machining operations, modifications to finishing workflows, changes to paint mixtures, and maintenance activities intended to improve product quality, production consistency, and manufacturing scalability. In addition, temporary constraints in the availability of carbon fiber further limited production capacity during the quarter. Collectively, these factors reduced production throughput and delayed the shipment of certain customer orders.

During the quarter, the Company also moderated marketing expenditures to align customer demand with available manufacturing capacity. Subsequent to quarter end, manufacturing capacity improved following the completion of certain manufacturing transition activities and improved carbon fiber availability.

Cost of goods sold

Cost of goods sold consists primarily of materials, labor, components, and changes in inventory reserves for slow-moving or potentially obsolete products.

Cost of goods sold decreased approximately $0.3 million, or 39%, to approximately $0.4 million for the three months ended June 30, 2026, compared to approximately $0.7 million for the three months ended June 30, 2025. The decrease was primarily attributable to lower sales volumes resulting from reduced production throughput during the Company's manufacturing transition and temporary carbon fiber supply constraints.

Gross margin increased to 69.2% for the three months ended June 30, 2026, compared to 67.6% for the three months ended June 30, 2025. The increase was primarily attributable to 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 Company's ongoing manufacturing transition.

Operating expenses

Operating expenses include selling, general and administrative expenses, and research and development costs.

<u>Selling, General and Administrative Expenses</u>

Selling, general and administrative expenses consist primarily of employee compensation and benefits, legal and professional fees, sales and marketing expenses, stock-based compensation, public company compliance costs, shipping costs, Shopify transaction fees, rent, depreciation, and other general operating expenses.

Selling, general and administrative expenses decreased approximately $0.7 million to $2.1 million for the three months ended June 30, 2026, compared to $2.8 million for the three months ended June 30, 2025. The decrease was primarily attributable to $1.0 million of lower sales and marketing costs, partially offset by an increase of $0.3 million of manufacturing costs classified as operating expenses due to reduced production throughput and resulting idle capacity, and approximately $0.1 million of increased stock-based compensation expense.

<u>Research and Development Expenses</u>

Research and development costs include employee costs, consultants, licensing fees, and product design and development costs.

Research and development expenses increased $205,000, or 143%, to $348,000 for the three months ended June 30, 2026, compared to $143,000 for the three months ended June 30, 2025. The increase was primarily attributable to approximately $0.1 million of overtime and travel costs associated with the Company's manufacturing transition, together with approximately $0.1 million of manufacturing labor reclassified to research and development to reflect work performed on product and manufacturing process improvements.

Loss from operations

Loss from operations increased approximately $0.03 million to $1.54 million for the three months ended June 30, 2026, compared to $1.51 million for the three months ended June 30, 2025. The increase was primarily attributable to lower net sales resulting from reduced manufacturing throughput associated with the Company's manufacturing transition and temporary carbon fiber supply constraints, together with increased operating expenses related to idle manufacturing capacity and higher research and development costs associated with manufacturing process improvements, offset by lower sales and marketing expenses and an improvement in gross margin driven by a more favorable product and sales channel mix.

As discussed above, the Company intentionally moderated its marketing activities to align customer demand with available manufacturing capacity while completing its manufacturing transition and securing additional raw material supply. Subsequent to quarter end, the Company secured additional carbon fiber supply, substantially completed its manufacturing transition activities, improved manufacturing capacity and production throughput, and resumed marketing initiatives under its revised commercial strategy. As a result, the Company believes it is better positioned to reduce customer order backlog, improve order fulfillment, and support future revenue growth.

Interest income (expense), net

Interest expense, net was $43,000 for the three months ended June 30, 2026, compared to interest income, net of $29,000 for the three months ended June 30, 2025. The change was primarily due to lower interest income on cash balances and interest expense incurred on Convertible Notes issued during the first half of 2026.

Amortization of debt discount

Amortization of debt discount was $35,000 for the three months ended June 30, 2026, compared to $0 for the three months ended June 30, 2025, reflecting the amortization of debt discounts related to Convertible Notes issued during the first half of 2026.

Change in Fair Value of Warrant Liability

The Company recognized a non-cash loss of approximately $0.6 million from the change in the fair value of its warrant liabilities. The net loss consisted primarily of an approximately $0.9 million loss resulting from an increase in the fair value of the Series A Warrant liability, partially offset by an approximately $0.2 million gain resulting from a decrease in the fair value of the Series B Warrant liability.

Net loss

Net loss increased approximately $0.8 million to $2.3 million for the three months ended June 30, 2026, compared to $1.5 million for the three months ended June 30, 2025. The increase was primarily attributable to the change in the fair value of warrant liabilities of $0.6 million plus a higher operating loss.

Six Months Ended June 30, 2026 as Compared to the Six Months Ended June 30, 2025

The following is a comparison of our results of operations for the six months ended June 30, 2026 and 2025 (amounts are rounded to the nearest thousand):

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change
Net Sales	$ 2,307,000	$ 3,278,000	$ (971,000)
Cost of goods sold	768,000	1,027,000	(259,000)
Gross profit	1,539,000	2,251,000	(712,000)
Operating expenses:			
Selling, general and administrative	4,998,000	5,304,000	(306,000)
Research and development	696,000	425,000	271,000
Total operating expenses	5,694,000	5,729,000	(35,000)
Loss from operations	(4,155,000)	(3,478,000)	(677,000)
Interest (expense) income, net	(45,000)	74,000	(119,000)
Amortization of debt discount	(37,000)	-	(37,000)
Loss on disposal of asset	(16,000)	-	(16,000)
Change in fair value of warrant liabilities	(684,000)	1,359,000	(2,043,000)
Net Loss	$ (4,937,000)	$ (2,045,000)	$ (2,892,000)

Net Sales

Net sales decreased approximately $1.0 million, or 30%, to approximately $2.3 million for the six months ended June 30, 2026, compared to $3.2 million for the six months ended June 30, 2025. The decrease was driven primarily by reduced manufacturing capacity at the Company's shaft production facility as the Company implemented updates to certain existing shaft recipes and related production processes in connection with the introduction of updated versions of its Fast Motion driver shaft and Motion driver and fairway shafts, including recalibration of machining operations, modifications to finishing workflows, changes to paint mixtures, maintenance activities intended to improve product quality, production consistency, and manufacturing scalability, and temporary constraints in the availability of carbon fiber. Collectively, these factors reduced production throughput, delayed the shipment of certain customer orders, and resulted in lower sales during the period.

During the period, the Company also moderated marketing expenditures to align customer demand with available manufacturing capacity. Subsequent to quarter end, manufacturing capacity improved following the completion of certain manufacturing transition activities and the Company's securing of additional carbon fiber supply. Beginning in late July 2026, the Company began selectively resuming marketing initiatives as production capacity and material availability improved.

Cost of goods sold

Cost of goods sold consists primarily of materials, labor, components, and changes in inventory reserves for slow-moving or potentially obsolete products.

Cost of goods sold decreased approximately $0.3 million, or 25%, to approximately $0.8 million for the six months ended June 30, 2026, compared to approximately $1.0 million for the six months ended June 30, 2025. The decrease was primarily attributable to lower sales volumes resulting from reduced production throughput during the Company's manufacturing transition and temporary carbon fiber supply constraints.

Gross margin was 67% for the six months ended June 30, 2026, compared to 69% for the six months ended June 30, 2025. The decrease was primarily attributable to manufacturing inefficiencies associated with reduced production throughput and idle manufacturing capacity during the Company's manufacturing transition, partially offset by a more favorable product and sales channel mix, including a higher proportion of direct-to-consumer sales.

Operating expenses

Operating expenses include selling, general and administrative expenses, and research and development costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of employee compensation and benefits, legal and professional fees, sales and marketing expenses, stock-based compensation, public company compliance costs, shipping costs, Shopify transaction fees, rent, depreciation, and other general operating expenses.

Selling, general and administrative expenses decreased $0.3 million, or 6%, to $5.0 million for the six months ended June 30, 2026, compared to approximately $5.3 million for the six months ended June 30, 2025. The decrease was primarily attributable to a reduction of approximately $1.0 million in sales and marketing expenses, partially offset by approximately $0.5 million of idle manufacturing costs classified as operating expenses due to reduced production throughput and resulting idle capacity, approximately $0.2 million of increased stock-based compensation expense, and a $0.1 million increase in professional services.

Research and Development Expenses

Research and development costs include employee costs, consultants, licensing fees, and product design and development costs.

Research and development expenses increased $0.3 million, or 64%, to $0.7 million for the six months ended June 30, 2026, compared to $0.4 million for the six months ended June 30, 2025. The increase was primarily attributable to $0.2 million of manufacturing labor reclassified to research and development to reflect work performed on product and manufacturing process improvements.

Loss from operations

Loss from operations increased approximately $0.7 million to $4.2 million for the six months ended June 30, 2026, compared to $3.5 million for the six months ended June 30, 2025.

The increase was primarily attributable to lower net sales resulting from reduced manufacturing throughput associated with the Company's manufacturing transition and temporary carbon fiber supply constraints, together with increased operating expenses related to idle manufacturing capacity, higher stock-based compensation costs, and increased research and development activities associated with manufacturing process improvements. These factors were partially offset by lower sales and marketing expenses resulting from the Company's decision to moderate marketing activities while aligning customer demand with available manufacturing capacity.

Interest income (expense), net

Interest expense, net was $45,000 for the six months ended June 30, 2026, compared to interest income, net of $74,000 for the six months ended June 30, 2025. The change was primarily due to lower interest income on cash balances and interest expense incurred on Convertible Notes issued during the first half of 2026.

Amortization of debt discount

Amortization of debt discount was $37,000 for the six months ended June 30, 2026, compared to $0 for the six months ended June 30, 2025, reflecting the amortization of debt discounts related to Convertible Notes issued during the first half of 2026.

Change in Fair Value of Warrant Liability

The Company recognized a non-cash loss of approximately $0.7 million from the change in the fair value of its warrant liabilities for the six months ended June 30, 2026, compared with a non-cash gain of approximately $1.4 million for the six months ended June 30, 2025. The current-period loss primarily consisted of an approximately $0.9 million loss resulting from an increase in the fair value of the Series A Warrant liability, partially offset by an approximately $0.2 million gain resulting from a decrease in the fair value of the Series B Warrant liability. The prior-year period gain consisted of a $1.4 million decrease in the fair value of the Series A Warrants, partially offset by a $0.1 million increase in the fair value of the Series B Warrants.

Net loss

Net loss increased by $2.9 million to $4.9 million for the six months ended June 30, 2026, compared to a $2.0 million net loss for the six months ended June 30, 2025.

The increase was primarily attributable to an unfavorable year-over-year change of approximately $2.0 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 a higher loss from operations.

Manufacturing transition activities and temporary carbon fiber supply constraints reduced production throughput during the period, resulting in lower net sales and higher operating costs associated with idle manufacturing capacity.

Liquidity and Capital Resources

The Company's primary sources of liquidity include existing cash resources and access to external financing. The Company's primary uses of cash include operating expenses, inventory purchases, manufacturing investments, and marketing initiatives to support growth.

On October 24, 2025, the Company entered into an At-The-Market Sales Offering Agreement (the "ATM Offering Agreement") with Kingswood Capital Partners, LLC ("Kingswood"), which allows the Company to sell up to $10.0 million of its common stock from time to time pursuant to its effective shelf registration statement on Form S-3. The ATM program provides the Company with a source of potential liquidity, and the Company intends to utilize the program opportunistically, subject to market conditions, trading volume, and capital requirements. As of June 30, 2026, the Company had not sold any shares under the ATM program.

On March 16, 2026, the Company entered into the Purchase Agreement providing for the issuance, in one or more closings, of Convertible Notes with an aggregate principal amount of up to $2.0 million, together with Warrants to purchase shares of the Company's common stock at an exercise price of $1.75 per share, subject to adjustment. On May 28, 2026, the Company's Board of Directors approved an amendment increasing the maximum aggregate principal amount available under the Purchase Agreement to $3.0 million.

During the six months ended June 30, 2026, the Company issued an aggregate principal amount of $2.25 million of Convertible Notes pursuant to the Purchase Agreement. The Convertible Notes bear interest at 10% per annum, mature 18 months from issuance, and are convertible, together with accrued interest, into shares of the Company's common stock at a conversion price of $1.60 per share at maturity. In connection with these issuances, the Company also issued five-year Warrants to purchase an aggregate of 225,000 shares of common stock at an exercise price of $1.75 per share. Net proceeds from these financings were used for working capital and general corporate purposes (see Notes 8 and 9).

Subsequent to June 30, 2026, the Company entered into a $5.0 million senior secured revolving credit facility, which matures on July 1, 2028 and bears interest at Daily Simple SOFR plus 13%, and completed the exchange of approximately $2.3 million of outstanding Convertible Notes, including accrued interest, for Series A Convertible Preferred Stock. These transactions increased available liquidity, reduced outstanding indebtedness, and increased stockholders' equity. On August 14, 2026, the Company also completed a private placement financing at a purchase price of $1.33 per share for aggregate gross proceeds of approximately $1.0 million and net proceeds of approximately $880,000.

The Company expects that additional capital will be required to fund operations and execute its growth strategy. Management intends to evaluate financing alternatives, including the ATM program and other potential equity financings, to meet its capital requirements while seeking to manage dilution to existing stockholders. As of August 13, 2026 the Company had drawn $750,000 under the revolving credit facility. The private placement financing completed on August 14, 2026 provided approximately $880,000 of additional net proceeds.

The Company's future capital requirements will depend on numerous factors, including the pace of revenue growth, if any, manufacturing utilization, inventory requirements, and the level of investment in marketing and operational initiatives. Management may also adjust the timing and level of certain discretionary expenditures based on operating performance and available liquidity.

The Company is also evaluating additional actions to strengthen its balance sheet and stockholders' equity in connection with maintaining compliance with applicable Nasdaq continued listing requirements.

The following table summarizes our cash flows for the periods indicated (amounts are rounded to the nearest thousand):

	Six Months Ended June 30,	
	2026	2025
Net cash provided by (used in):		
Operating activities	$ (2,815,000)	$ (2,777,000)
Investing activities	(169,000)	(291,000)
Financing activities	2,128,000	(577,000)
Net decrease in cash	$ (856,000)	$ (3,645,000)

Operating Activities

Net cash used in operating activities for the six months ended June 30, 2026 was $2.8 million, compared to $2.8 million for the six months ended June 30, 2025. Operating cash outflows during the period included employee-related costs associated with personnel expansion and investments in operational systems intended to support scalability. Operating cash flows were also affected by reduced manufacturing capacity associated with the Company's manufacturing transition and temporary carbon fiber supply constraints. Cash used in operating activities was partially offset by an approximately $0.8 million increase in accounts payable and accrued liabilities, reflecting the timing of payments to vendors and the accrual of operating expenses.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2026 totaled $0.2 million, primarily related to purchases of property and equipment supporting the Company's manufacturing operations.

Net cash used in investing activities for the six months ended June 30, 2025 totaled $0.3 million, also related primarily to purchases of property and equipment.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2026 was $2.1 million, compared to net cash used in financing activities of $0.6 million for the six months ended June 30, 2025.

Financing activities during the six months ended June 30, 2026 primarily reflected approximately $2.2 million of net proceeds from the issuance of Convertible Notes.

Management believes that the revolving credit facility entered into subsequent to quarter end, the Convertible Note exchange and the Company's existing ATM program, provide additional financial flexibility while the Company continues to pursue revenue growth and evaluate additional capital raising opportunities.

Nasdaq Continued Listing Requirements

On April 6, 2026, the Company received a notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") indicating that the Company was not in compliance with Nasdaq Listing Rule 5550(b)(1), which requires listed companies to maintain a minimum of $2.5 million in stockholders' equity.

The notice had no immediate effect on the listing of the Company's common stock on Nasdaq.

The Company submitted a plan to regain compliance prior to the May 21, 2026 deadline. As of the date of this filing, the Company has not received a response from Nasdaq regarding its compliance plan. If Nasdaq accepts the plan, it may grant the Company up to 180 calendar days from the date of the notice to regain compliance with the continued listing requirement.

Since submitting its compliance plan, the Company has completed several initiatives intended to strengthen its balance sheet, including entering into a $5.0 million senior secured revolving credit facility and exchanging approximately $2.3 million of outstanding Convertible Notes, including accrued interest, for Series A Convertible Preferred Stock. These transactions increased available liquidity, reduced outstanding indebtedness, and increased stockholders' equity. The Company continues to evaluate additional actions to strengthen its balance sheet and regain compliance while seeking to minimize dilution to existing stockholders.

There can be no assurance that Nasdaq will accept the Company's compliance plan or that the Company will regain compliance within any extension period that may be granted. Although management believes the actions taken subsequent to quarter end improve the Company's ability to address the Nasdaq continued listing requirements, additional financing will be required to support ongoing operations, as discussed below under "Going Concern."

Going Concern

The accompanying condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying condensed financial statements, for the six months ended June 30, 2026, the Company incurred a net loss of $4.9 million, used $2.8 million of cash in operating activities, and had a stockholders' deficiency of $3.5 million. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these condensed financial statements are issued. In addition, the Company's independent registered public accounting firm included an explanatory paragraph in its report on the Company's financial statements for the year ended December 31, 2025, expressing substantial doubt about the Company's ability to continue as a going concern.

At June 30, 2026, the Company had approximately $0.4 million of cash and cash equivalents. The Company also has an existing ATM program, which provides an additional potential source of liquidity, although the amount of capital that may be raised under the program will depend on market conditions, trading volume, and investor demand. Management currently expects that its existing cash resources, together with recent financing activities, the ATM program, if utilized, and other potential financing alternatives, will provide additional sources of liquidity; however, management expects that additional financing will be required to support ongoing operations.

Subsequent to June 30, 2026, the Company entered into a $5.0 million senior secured revolving credit facility, which matures on July 1, 2028 and bears interest at Daily Simple SOFR plus 13%. In addition, holders of approximately $2.3 million of outstanding Convertible Notes, including accrued interest, exchanged such indebtedness for Series A Convertible Preferred Stock, reducing outstanding indebtedness and increasing stockholders' equity. On August 14, 2026, the Company also completed a private placement financing at a purchase price of $1.33 per share for aggregate gross proceeds of approximately $1.0 million and net proceeds of approximately $880,000.

The Company's ability to continue as a going concern remains dependent upon its ability to obtain additional debt or equity financing and achieve improved operating performance. While management believes the actions taken subsequent to June 30, 2026, including establishing the revolving credit facility, the exchange of Convertible Notes for preferred equity, the completion of the private placement financing, and the continued availability of the Company's ATM program, have improved the Company's liquidity and capital structure, there can be no assurance that additional financing will be available on acceptable terms, or at all. Any additional financing may contain restrictive covenants, require the issuance of additional equity securities, or otherwise result in dilution to existing stockholders. Accordingly, substantial doubt remains about the Company's ability to continue as a going concern.

Inflation and Supply Chain

The Company's manufacturing operations utilize raw materials such as carbon fiber, metals, coatings, and other specialized components. Inflationary pressures have continued to affect the cost of certain raw materials, freight, and labor; however, the Company has sought to mitigate these impacts through supplier diversification, operational efficiencies, and product pricing strategies.

During the six months ended June 30, 2026, the Company experienced temporary constraints in the availability of carbon fiber, which, together with ongoing manufacturing process improvements, reduced production throughput and delayed the shipment of certain customer orders. Subsequent to quarter end, the Company secured additional carbon fiber supply and believes these constraints have been substantially alleviated.

Because the Company manufactures a significant portion of its shaft products domestically at its facility in St. Joseph, Missouri, management believes the Company benefits from greater operational control and reduced exposure to certain international supply chain disruptions and tariffs compared to companies that rely more heavily on overseas manufacturing.

At present, inflation has not had a material adverse effect on the Company's financial condition or results of operations. However, sustained increases in raw material, freight, or labor costs, or future disruptions in the availability of key manufacturing inputs, could adversely affect the Company's cost structure, production capacity, and operating margins in future periods.

Off-Balance Sheet Arrangements

At June 30, 2026 and December 31, 2025, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations, financial condition, and liquidity are based upon our financial statements, which have been prepared and audited in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these condensed financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders' equity (deficiency), revenues, and expenses, as well as the related disclosures of contingent assets and liabilities.

Management bases its estimates on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Because the use of estimates is inherent in the financial reporting process, actual results could differ materially from those estimates.

Management evaluates its estimates on an ongoing basis and adjusts those estimates when facts and circumstances change. Management believes the following accounting policies involve the most significant judgments and estimates used in the preparation of the Company's financial statements.

Revenue Recognition

We account for revenue recognition in accordance with Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers."

The amount of revenue we recognize is based on the amount of consideration we expect to receive from customers. The amount of consideration is the sales price adjusted for estimates of variable consideration, including sales returns, discounts and allowances as well as sales programs, sales promotions and price concessions that we offer, as described further below. These estimates are based on amounts earned or expected to be claimed by customers on the related sales, and are therefore recorded to the respective net revenue, trade accounts receivable, and sales program liability accounts.

We may offer short-term sales incentives, which include sell-through promotions and price concessions or price reductions. Sell-through promotions are generally offered throughout a product's life cycle, which varies from two to three years but could be shorter or longer. Price concessions or price reductions are generally offered at the end of the product's life cycle. The estimated variable consideration related to these potential programs will be based on a rate that includes historical and forecasted data. We may record a reduction to net revenues using this rate at the time of the sale. We will monitor this rate against actual results and forecasted estimates and adjusts the rate as necessary in order to reflect the amount of consideration we expect to receive from our customers.

We also may record an estimate for anticipated returns as a reduction of sales and cost of sales, and accounts receivable in the period that the related sales are recorded. The cost recovery of inventory associated with this reserve will be accounted for in other current assets. Sales returns will be estimated based upon historical returns, current economic trends, changes in customer demands and sell-through of products. We also may offer certain customers sales programs that would allow for specific returns. We may record a return reserve for anticipated returns related to these sales programs at the time of the sale based on the terms of the sales program.

Stock-Based Compensation

The Company periodically grants restricted stock units ("RSUs") and stock options to employees, directors, and consultants as compensation for services. The Company accounts for these awards in accordance with ASC 718, Compensation—Stock Compensation, whereby the fair value of the award is measured on the grant date and recognized as compensation expense on a straight-line basis over the vesting period. Stock-based compensation expense is recorded within the Company's condensed statements of operations based on the nature of the services rendered. The fair value of RSUs is determined based on the fair market value of the Company's common stock on the grant date. RSUs generally vest based on continued service over a specified vesting period. Compensation expense for time-based RSU awards is recognized on a straight-line basis over the requisite service period. The Company may grant RSU awards in the future that include performance-based vesting conditions tied to operational or financial milestones. For such awards, compensation expense would be recognized when it becomes probable that the performance condition will be achieved. The Company recognizes forfeitures as they occur.

The fair value of stock option awards is estimated on the grant date using the Black-Scholes option-pricing model, which requires management to make assumptions regarding the expected term of the award, expected volatility of the Company's common stock, risk-free interest rate, and expected dividend yield.

The expected term of stock options granted to employees is determined using the "simplified method" for awards that qualify as plain-vanilla options. The expected term of stock options granted to non-employees is generally based on the contractual term of the award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant for time periods approximately equal to the expected term of the award. The expected dividend yield is zero, based on the fact that the Company has never paid dividends and does not currently expect to pay dividends in the foreseeable future.

Warrant Accounting

The Company accounts for common stock warrants as either equity-classified or liability-classified instruments based on an evaluation of the specific terms of the warrants and the applicable guidance in ASC 480, Distinguishing Liabilities from Equity, and ASC 815, Derivatives and Hedging.

This evaluation includes determining whether the warrants are freestanding financial instruments, whether they meet the definition of a liability under ASC 480, and whether they satisfy the criteria for equity classification under ASC 815. In particular, the Company assesses whether the warrants are indexed to the Company's own stock and whether the terms of the warrants could require net cash settlement in circumstances outside the Company's control, among other conditions required for equity classification.

This assessment requires the use of professional judgment and is performed at the time of warrant issuance and reassessed at each reporting period while the warrants remain outstanding.

Warrants that are classified as liabilities are recorded at fair value upon issuance and remeasured at fair value at each reporting date, with changes in fair value recognized in the Company's condensed statements of operations. Warrants that qualify for equity classification are recorded within additional paid-in capital and are not subsequently remeasured.

Recently Issued Accounting Pronouncements

See Note 2 of the Notes to Condensed Financial Statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

A smaller reporting company is not required to provide the information required by this Item 3.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Principal Financial Officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of June 30, 2026.

Based on that evaluation, our Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2026 to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

This conclusion is consistent with management's assessment as of December 31, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management continues to monitor the effectiveness of its internal controls and may implement additional enhancements as the Company's operations continue to grow.

Inherent Limitations on Effectiveness of Controls

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. However, management does not expect that our disclosure controls and procedures will prevent or detect all errors or fraud.

Because of inherent limitations, any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company receives claims and demand letters arising in the ordinary course of business, including employment-related matters. Certain former employees have asserted pre-litigation claims against the Company, and one former employee has filed an administrative charge with the Equal Employment Opportunity Commission. No civil litigation has been filed with respect to these matters. The Company intends to vigorously defend these claims and has recorded an accrual for estimated losses where appropriate. Management does not believe that the ultimate resolution of these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Item 1A. Risk Factors

There have been no material changes from our risk factors as previously reported in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business. All forward-looking statements in this document are based on information available to us as of the date hereof, and we assume no obligations to update any such forward-looking statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On March 16, 2026, the Company entered into a securities purchase agreement, as subsequently amended, pursuant to which the Company agreed to issue, at one or more closings, unsecured convertible promissory notes in an aggregate funded amount of up to $3.0 million and warrants to purchase shares of the Company's common stock. During the six months ended June 30, 2026, the Company issued Convertible Notes in the aggregate principal amount of $2.25 million, consisting of $500,000 issued to entities affiliated with a member of the Company's Board of Directors and $1.75 million issued to unaffiliated investors. The Convertible Notes bear interest at 10% per annum, mature 18 months from their respective dates of issuance, and are convertible, at the option of the holders at maturity, together with accrued interest, into shares of the Company's common stock at a fixed conversion price of $1.60 per share. In connection with the issuance of the Convertible Notes, the Company issued five-year Warrants to purchase an aggregate of 225,000 shares of common stock at an exercise price of $1.75 per share, subject to adjustment in accordance with their terms. The Company received aggregate net proceeds of approximately $2.2 million from the issuances after deducting issuance costs.

During the six months ended June 30, 2026, the Company granted 20,000 restricted stock units to a consultant in consideration for services rendered. The restricted stock units had an aggregate grant-date fair value of approximately $20,000, based on the market price of the Company's common stock on the grant date, which was recognized as stock-based compensation expense upon grant.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended June 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in the SEC rules).

Item 6. Exhibits

The following exhibits are filed herewith as a part of this report.

Exhibit No.	Description
3.1	Certificate of Incorporation (including amendments) (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025).
3.2	Amended and Restated Bylaws (including amendments) (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 30, 2025).
4.1	Certificate of Designations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on July 9, 2026).
4.2	Form of Warrant (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on March 18, 2026).
4.3	Form of Convertible Note (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K filed on March 18, 2026).
10.1	Form of Purchase Agreement, initially entered into on June 3, 2026. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2026).
10.2	Form of Purchase Agreement (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on March 18, 2026).
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) / 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) / 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document**
101.SCH	Inline XBRL Taxonomy Extension Schema Document**
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document**

101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document**
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEWTON GOLF COMPANY, INC.

Date: August 14, 2026	By: */s/ Akinobu Yorihiro* Akinobu Yorihiro *Interim Chief Executive Officer* *(Principal Executive Officer)*
Date: August 14, 2026	By: */s/ Jeff Clayborne* Jeff Clayborne *Chief Financial Officer, Chief Operating Officer (Principal Financial Officer and Principal Accounting Officer)*

EXHIBIT 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Akinobu Yorihiro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newton Golf Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Akinobu Yorihiro
Akinobu Yorihiro
Interim Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeff Clayborne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newton Golf Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Jeff Clayborne
Jeff Clayborne
Chief Financial Officer, Chief Operating Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Newton Golf Company, Inc., a Delaware corporation (the "Company") for the period ended June 30, 2026 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), Akinobu Yorihiro, Interim Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2026

By: */s/ Akinobu Yorihiro*
Akinobu Yorihiro
Interim Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Newton Golf Company, Inc. a Delaware corporation (the "Company") for the period ended June 30, 2026 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), Jeff Clayborne, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2026	By: */s/ Jeff Clayborne*
	Jeff Clayborne
	Chief Financial Officer, Chief Operating Officer
	(Principal Financial Officer)