

Zacks Small-Cap Research

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FST Corporation

(NASDAQ: KBSX)

KBSX: FST reports 1st quarter 2026 unaudited financial results and hosted analyst and investor events in Taiwan and Southern California.

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe KBSX stock is worth **\$3.00** per share.

OUTLOOK

FST Corporation (KBSX) is a global leader in steel golf shaft production. The company currently produces and sells golf club shafts under its own high-performance “KBS” golf club shaft brand. The company is executing on various growth initiatives including expansion into new global regions and the production of graphite shafts. We believe the company is poised for strong growth over the next 5-10 years and KBSX stock appears to be significantly undervalued at this time and represents material upside for investors going forward.

Current Price (05/29/26) \$1.34
Valuation **\$3.00**

SUMMARY DATA

52-Week High \$2.52
52-Week Low \$1.04
One-Year Return (%) -18.3
Beta 0.28
Average Daily Volume (sh) 191,209

Shares Outstanding (mil) 44.8
Market Capitalization (\$mil) \$59.9
Short Interest Ratio (days) N/A
Institutional Ownership (%) 51
Insider Ownership (%) 55

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates

Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/E using 2026 Estimate 14.5
P/E using 2027 Estimate 8.7

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

ZACKS ESTIMATES

Revenue (in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024					\$36.5 A
2025	\$11.1 A	\$11.1 A	\$12.5 A	\$12.1 A	\$47.9 A
2026	\$14.6 A	\$13.3 E	\$14.7 E	\$15.4 E	\$58.1 E
2027					\$67.1 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024					-\$0.05 A
2025	-\$0.06 A	-\$0.07 A	-\$0.02 A	-\$0.01 A	-\$0.16 A
2026	\$0.04 A	\$0.02 E	\$0.02 E	\$0.01 E	\$0.09 E
2027					\$0.15 E

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

WHAT'S NEW

1st Quarter 2026 Unaudited Financial Results

On May 6, 2026, the company reported unaudited financial results for the quarter ending March 31, 2026 which showed strong revenue growth that was above our expectations. The company also reported a net profit for the first time since going public.

Revenues in the 1st quarter of 2026 were \$14.6 million, a 36.2% increase from revenue of \$10.8 million for the 1st quarter of 2025. This strong growth was largely driven by a 70% increase in sales to OEM partners and a 64% increase in KBS Graphite Shaft sales. The increase in graphite shaft sales was led by the successful launch of the KBS TGBBlack Driver Shaft.

Gross profit improved to \$7.6 million (51.6% *gross margin*) from approximately \$5.0 million (46.1% *gross margin*) in the 1st quarter of 2025. Operating income was \$2.18 million, compared to a loss of (\$0.84) million in the prior year period. Net income for the 1st quarter was \$1.9 million, or \$0.04 per share, compared to a net loss of (\$2.8) million, or (\$0.06) per share, in the 1st quarter of 2025.

Balance Sheet

As of March 31, 2026, the company had cash balances of \$7.4 million. Total current assets were \$30.1 million and total current liabilities were \$31.5 million at the end of the quarter. Management believes that its current liquidity, together with operating cash flow and available credit facilities, will be sufficient to fund operating requirements for the next 12 months.

Taiwan Showcase Visit

On April 7-10, 2026, the company hosted a showcase visit for its operations in Taiwan which was attended by analysts and investors. The event included a tour of the company's primary manufacturing facility in Chiayi County, Taiwan, a visit to the KBS Golf Experience in Taipei City, as well as various management meetings.

Management attendees included:

- David Chuang, CEO
- Warren Cheng-Teng Huang, President & Head of Production
- Kathee Lin, Vice President Investor Relations
- Marie Chao, EVP General Administration & Compliance

The manufacturing facility is modern industrial metal-processing campus that combines administrative offices, R&D, automated shaft production, heat-treatment operations, and warehousing in one integrated facility. The campus appears to be a clean, modern Taiwanese heavy-industrial facility with high ceilings, long production lines, robotic machinery, and large furnace/tube-processing areas. The size is roughly 331,000 sq feet and has the capacity to produce approximately 1.2 million steel shafts per month (vs 700,00-800,000 being produced currently). Graphite shafts are not produced at this facility.

Although there is a level of automation at the facility, it was noted there a still substantial manual type processes. The company hopes to increase the level of automation in coming years to make the manufacturing process more efficient.

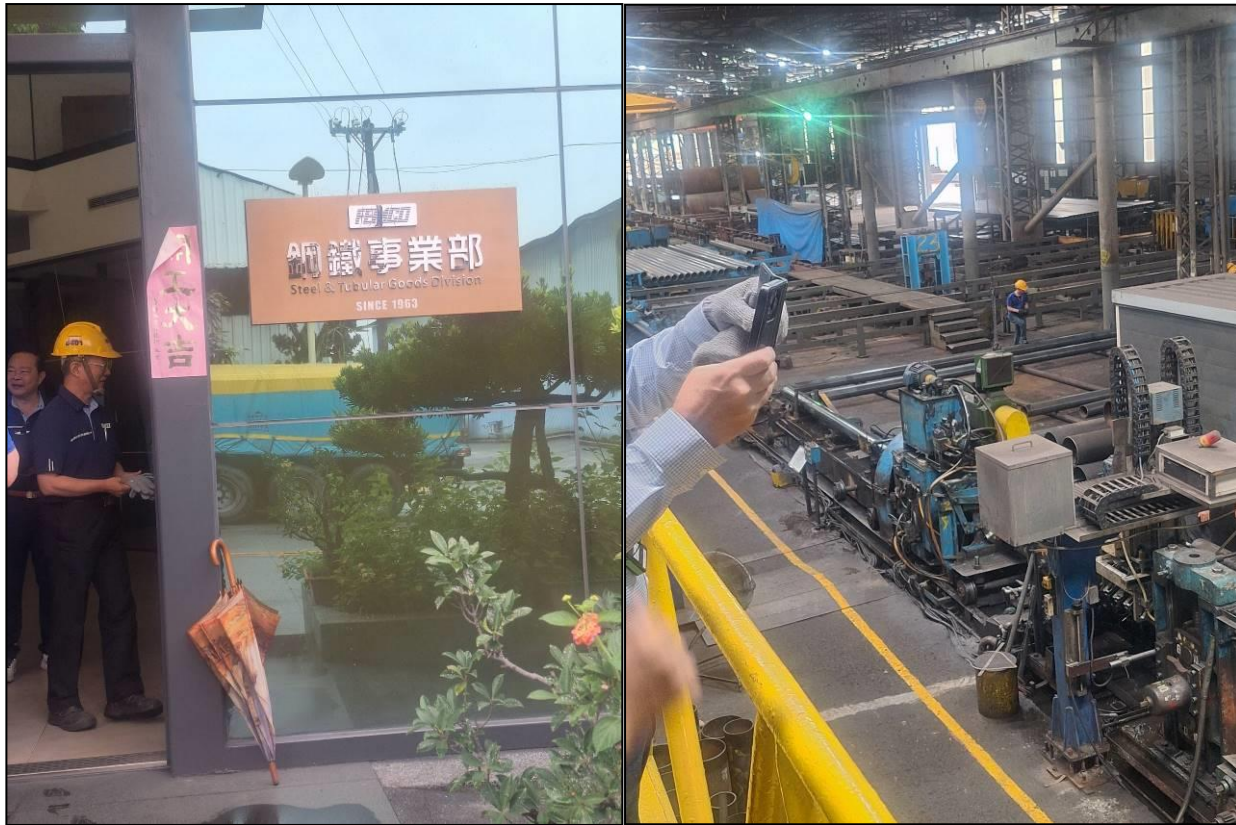


Photo credit – Richard Hantke, Zacks SCR



Photo credit – Richard Hantke, Zacks SCR



Photo credit – Richard Hantke, Zacks SCR

The warehouse located adjacent to the manufacturing facility currently holds approximately 2.5 million shafts waiting to be delivered and has the ability to hold 3.5 million shafts. The size of the warehouse facility is approximately 25,833 sq feet.

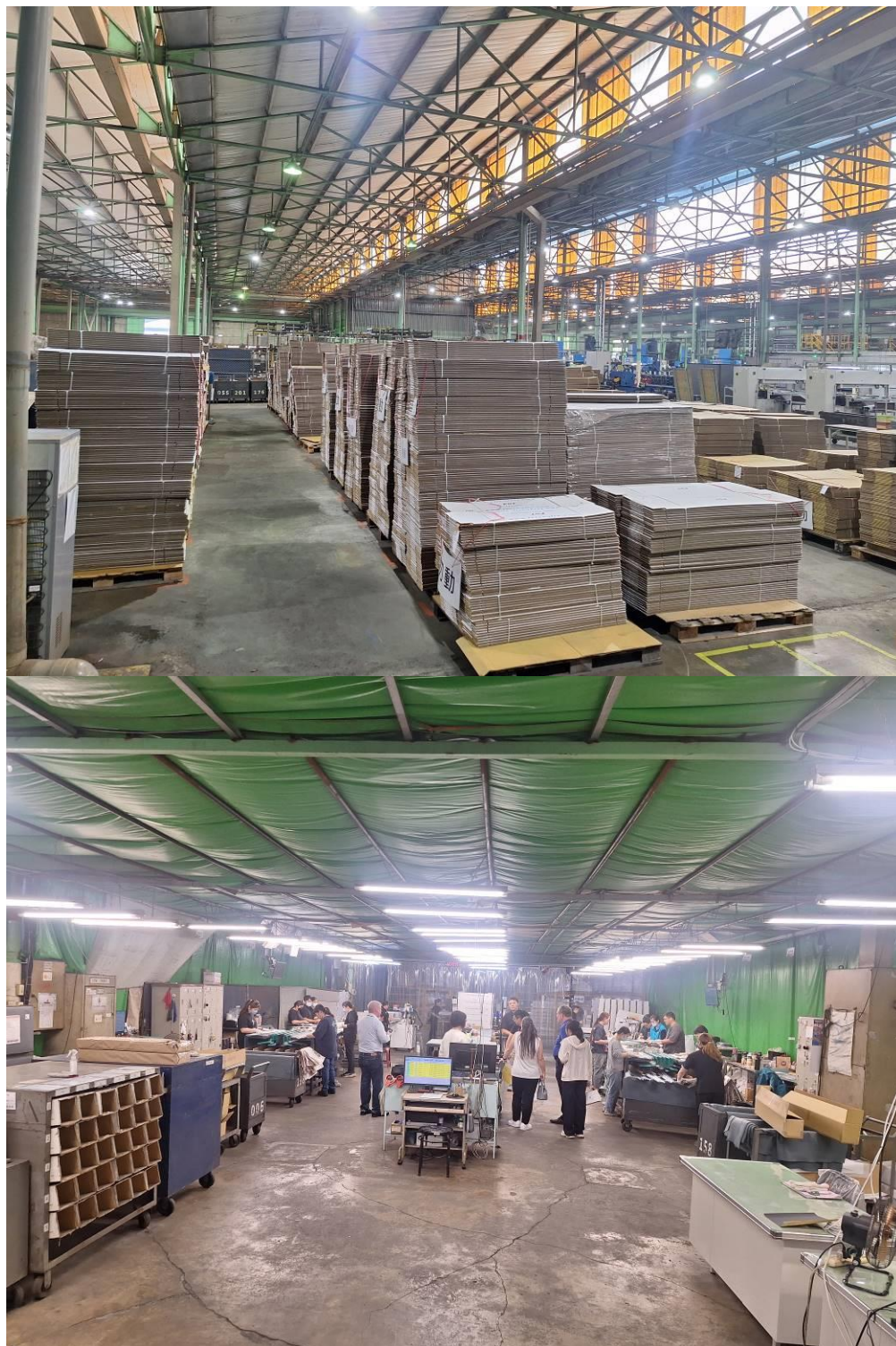


Photo credit – Richard Hantke, Zacks SCR



Photo credit – Richard Hantke, Zacks SCR

Visitors also attended the Femco Steel (see history below) manufacturing facility which is located adjacent to the golf shaft manufacturing facility.



Photo credit – Richard Hantke, Zacks SCR



Photo credit – Richard Hantke, Zacks SCR

Attendees also visited a KBS Golf Experience store in Taiwan, which will be described below in the Southern California tour section as all three locations are similar in features and amenities.

Miscellaneous notes and commentary from management meetings include:

- The breakdown of steel shaft sales between Premium, Standard, and Economy are:

Premium – 26% of shafts sold (52% of revenue)

Standard – 68% of shafts sold (46% of revenue)

Economy – 6% of shafts sold (2% of revenue)

\$46.6 million of the \$48.0 million of revenues generated in 2025 are from golf shafts.

- TaylorMade is the largest customer and FST is believed to provide 70% of steel shafts for TaylorMade irons.
- Across the golf shaft industry, steel and graphite have an approximate 50/50 market share and in the graphite market, FST has only about 5% market share currently. The graphite shaft addressable market, including OEM and aftermarket, is estimated to exceed \$500 million. There are roughly 7-8 graphite manufacturers in Taiwan.
- The newly launch KBS Open golf tournament was discussed, which was first launched in Taiwan in late 2025 as a branded professional/amateur golf competition. The event took place in December 2025 in Chiayi County, Taiwan and was recognized by the Taiwan PGA. It was a unique tournament in that men, women, professionals and amateurs competed together. Contestants were required to use a full set of KBS shafts in their bag. The tournament was part marketing event, part brand showcase, and a concerted effort to grow golf participation in Taiwan.
- FST's competitive advantage over manufacturing costs was highlighted in which it was mentioned FST can produce clubs roughly 33% cheaper than its main competitor, True Temper, whose manufacturing facilities are based in the U.S.
- Management commented that golf industry was somewhat mature and overall growth rates should be in the low-single digit rate. In order to meet the company's own growth goals, they must take market share from its competitors and/or grow the graphite shaft business.
- Management reiterated that the number of professional golfers using KBS shafts continue to grow. Recent success stories include Gary Woodland who recently came out on top at the 2026 Texas

Children's Houston Open in an emotional win. More recently, Norwegian Kristoffer Reitan won the Truist open in North Carolina and reportedly played with KBS Tour X shafts (with Ping clubheads).

Southern California Site Visits and Management Meetings

On March 4, 2026, the company hosted analyst meetings in Southern California at its warehouse and fulfillment center in Garden Grove, California and its KBS Golf Experience store in Carlsbad, CA.

The first site visit was the company's warehouse and fulfillment center which is responsible for distributing golf shafts to the rest of the U.S. after receiving them from Taiwan. The size of the facility is approximately 8,900 sq feet after a major expansion in July 2025. The expansion was designed to alleviate congestion in the picking and packing areas and provide additional space for staging, overflow, and new SKUs.



Photo credit – Zacks SCR analyst

At the time of the visit, the warehouse was holding approximately 850,000 shafts with most of them being in the Premium shaft category. Total warehouse capacity is approximately 1.2 million shafts. The packages to be shipped and delivered to customers can range from just 1 shaft to 100's of shafts depending on the customer.

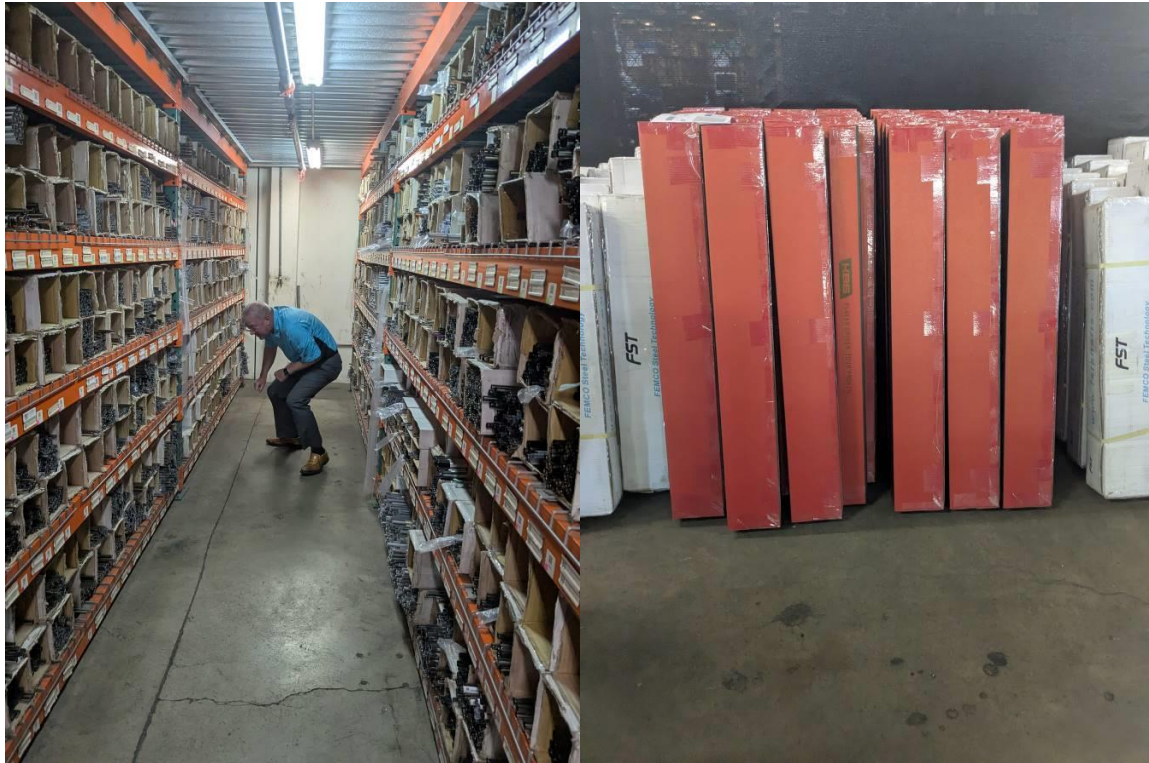


Photo credit – Zacks SCR analyst

The 2nd stop on March 4th was the company's KBS Golf Experience location in Carlsbad, CA. This store was the first facility of its kind for a shaft company, a fully open-to-the-public fitting studio designed to deliver a tour-level club fitting experience. The studio features two hitting bays equipped with TrackMan launch monitor technology, along with V1 Sports technology integrated throughout the fitting process. Golfers work directly with KBS-certified fitters and master builders who focus on detailed analysis and calibration of each player's setup rather than guesswork, identifying the ideal shaft and club configuration before building the clubs precisely to the customers specification.

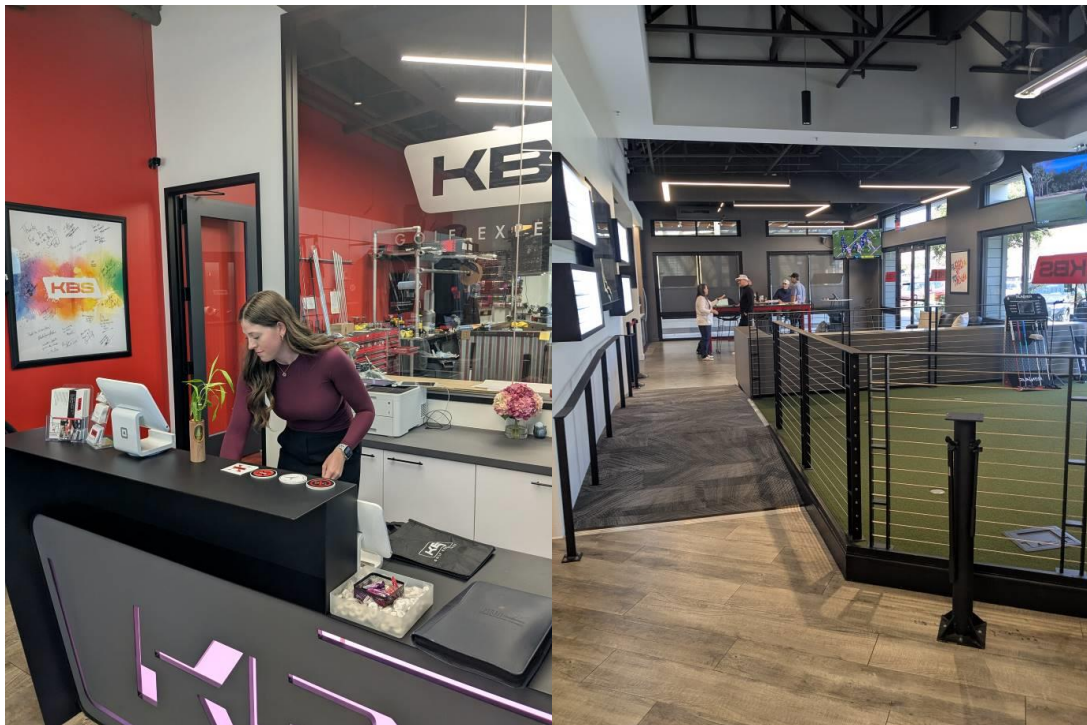


Photo credit – Zacks SCR analyst

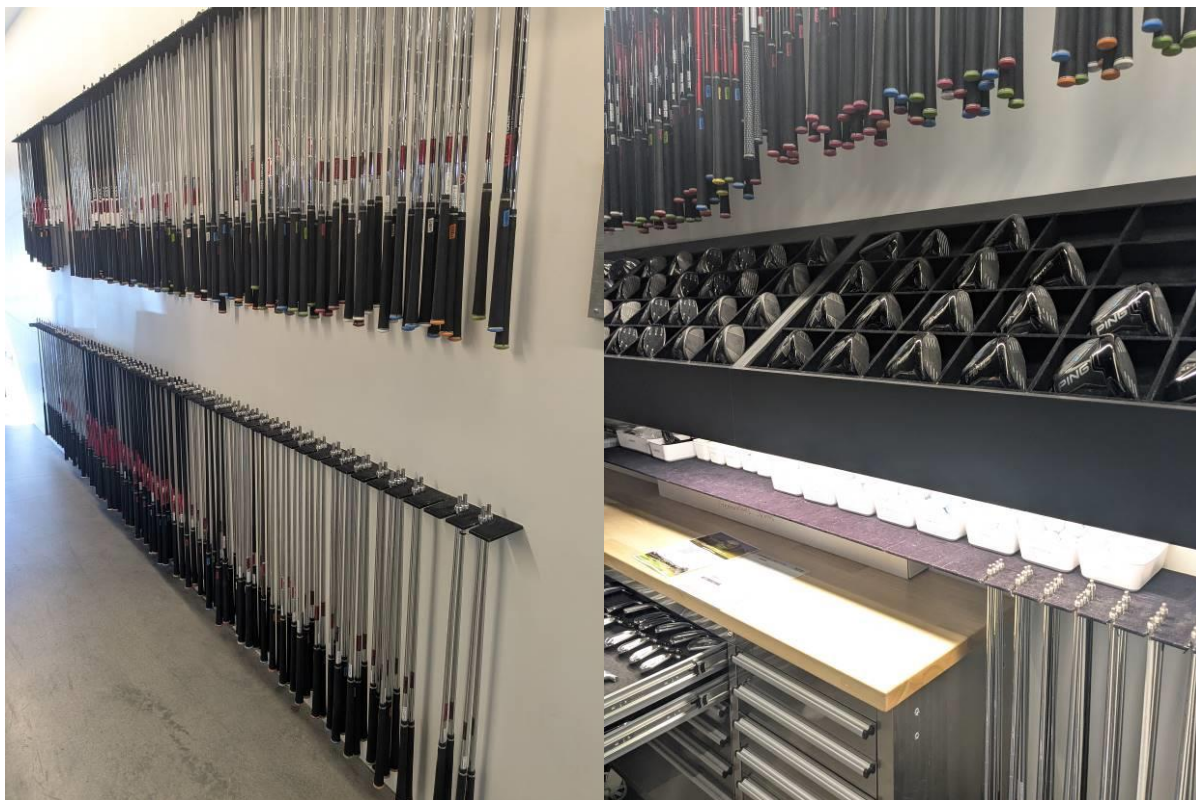


Photo credit – Zacks SCR analyst

All club construction is completed in an advanced build room using premium materials and components. The facility supports virtually every major golf equipment manufacturer, allowing for extensive customization options. Services range from complete new club builds and retrofitting existing clubs to comprehensive full-bag fitting sessions that cover drivers, fairway woods, hybrids, irons, wedges, and putters. The experience is designed to combine advanced fitting technology with professional-level craftsmanship in a highly personalized environment.



Photo credit – Zacks SCR analyst

Beyond fitting and club building, the facility also includes a retail and lounge component featuring exclusive KBS merchandise unavailable elsewhere, a customer lounge with TVs and beer on tap, and a putting green utilizing V1 Sports technology. KBS also established an Education Center within the facility, serving as the company's official training resource for PGA Professionals and club builders. The educational programs cover the full KBS product lineup, fitting techniques, and club-building instruction, while also offering MSR credits and professional certifications.

New United Kingdom Office

On May 21, 2026, the company announced the opening of its new UK office, a move designed to further the company's presence in the UK and EU golf markets. The office is located in Wokingham, about 40 miles west of London.

This location serves as a combined marketing, education, and logistics hub for FST's European operations. The office will be staffed by a dedicated team including a certified fitter, tour representative, and a UK territory sales manager. The initial focus will be on sales development and customer service, including direct engagement with distributors and over 500 retail golf shops in the UK.

This office will also support players on the DP World Tour, maintain Tour stock inventory, and facilitate OEM liaison work and EU program development with regional equipment partners. The DP World Tour is

the premier men's professional golf tour in Europe, formerly known as the European Tour. It works with the PGA Tour through strategic alliances that create pathways for international players to reach the U.S. based PGA Tour.

The new UK facility features a golf simulator with fitting capabilities used for demonstrations and education, along with a small warehouse space to support European tour operations and limited shipping throughout the region.

CEO Fireside Chat

On April 26, 2026, Zacks SCR hosted a video interview with Chief Executive Office David Chuang. A replay of the interview can be found [here](#).

Valuation & Estimates

We adjust our 2026 revenue estimate to \$58.1 million and our 2026 EPS estimate is now \$0.09 per share based on stronger than expected revenue growth and profitability.

However, we are cautious about growth in the overall golf industry as the Middle East conflict is creating inflation uncertainties and reduced consumer sentiment. In addition, FST may be facing potentially higher fuel, shipping and other supply chain costs. As a result, we are maintaining our price target of **\$3.00** until we see further visibility in 2026.

We believe the company can generate double digit revenue growth over the next 5 years scaling down to mid-single digit revenue growth in years 5-10. We believe gross margins can reach the mid 50% range and operating margins can reach the mid-teens range over time.

Our primary valuation tool utilizes a Discounted Cash Flow process. Under the scenario described above, we arrive at a target valuation of **\$3.00** per share. Our target price may be conservative as it incorporates a high discount rate of 10.0% due to the unpredictability of earnings, prevailing interest rates, and the timeline for reaching higher margins on an annual basis.

The current average price/sales ratio of competitors Acushnet (GOLF) and Callaway (CALY) and also adding the acquisition price/sales ratio for TaylorMade is approximately 1.5x. This metric would provide a potential value for KBSX stock of approximately **\$2.15** per share (based on our 2026 revenue estimates).

The current market cap of only \$60 million appears to be irrational and more reflective of the ongoing microcap stock malaise as opposed to company fundamentals.



Source: fstcorp.com

KEY INVESTMENT POINTS



Source: fstcorp.com

- FST Corporation (NASDAQ: KBSX) is a leading global manufacturer of steel golf shafts and other related golf products and was founded in 1989. The company's manufacturing facilities are based in Taiwan with corporate headquarters based in Boulder, CO.
- The company's legacy entity has a rich history going back over 75 years through FEMCO (Far East Machinery Co), which is based in Taiwan and manufactures steel pipes, tubes and machinery.
- The product portfolio, manufacturing process, retail presence, and golf-related services are part of a vertically integrated business model that has established the KBS Brand on a global scale and created significant competitive advantages over peer brands.
- In July 2025, FST rolled out an e-commerce platform on Shopify Plus. This solution is intended to consolidate all of FST's commerce platforms including direct-to-consumer (DTC), business-to-business (B2B), and point-of-sale (POS) under a unified system.
- The global golf shaft market size was valued at \$460 million in 2024 and is projected to grow at a CAGR of 5.1% to reach \$720 million by 2033. The total golf equipment market size was estimated to be worth approximately \$13.0 billion in 2023 and is expected to reach \$17.6 billion by 2028.
- The move into graphite shafts is poised to be a key growth driver. Management expects the new graphite offerings to increase overall sales momentum.
- The company has plans to expand into greenfield markets throughout Asia and other regions of the world. Currently, approximately half of total sales are made in the U.S.
- The company experienced large net losses in the 2025 fiscal year primarily due to listing expenses, many of which will not be repeated in 2026. We believe the company will show positive net income in 2026 at some point.
- In 2025, the company generated approximately \$48 million in revenues with gross margins of 43.0%. We believe gross margins can reach over 50% as sales volume continues to increase.
- In early 2026, the company sees continued strong growth with new inroads in several new geographic markets as well as in our expanded graphite product lines. The company has also implemented key strategic cost-reduction initiatives which should result in significant improvements in gross profit and operating income.
- We believe the company is poised for strong revenue and profit growth over the next 5-10 years as the company's growth strategies gain traction. We believe the company will reach cash flow breakeven at some point in calendar year 2026 and does not require additional funding to execute on its growth plans.
- Based on a conservative Discounted Cash Flow (DCF) calculation and other valuation methodologies, we believe KBSX stock to be worth **\$3.00** per share.

OVERVIEW



Source: fstcorp.com

Founded in 1989, FST Corp. manufactures and sells a full range of golf club shafts, along with other golf-related items. Customers include golf equipment brands, OEMs, distributors, and consumers through the company's KBS Golf Experience retail outlets and online websites. Founded in Taiwan, they started making golf club shafts in 1992. The company has spent more than three decades carefully crafting high-performance shafts for golfers worldwide.

The company currently produces and sells golf club shafts under its own high-performance "KBS" golf club shaft brand. It also serves as an original equipment manufacturer (OEM) and original design manufacturer (ODM) for other well-known and popular golf equipment brands, golf equipment OEMs, and golf equipment distributors. The company also develops its retail footprint in the U.S. and Japan markets through its KBS Golf Experience stores which offer retail customers new equipment build services and retro-build services for existing clubs.

Beginning in 2007, the company started using the "KBS" brand as part of a broader initiative to transition from an OEM for other international golf brands to an owner and operator of an independent and competitive brand. The development of the KBS brand was led by renowned golf designer Kim Braly.

The KBS brand was first introduced in the U.S. market through the PGA tour in 2008. Since its launch, the company has continuously developed the KBS brand through the launch of golf shaft series that are well regarded in the golf community. These include the KBS Tour shaft series in 2008, KBS C-Taper steel shaft series in 2011, KBS Tour Hybrid series in 2017, KBS Tour-TGI graphite series in 2018 and KBS TD Driver graphite shaft series in 2020 (see below for full product descriptions). We believe the company can address its customers' preference for one-stop shopping through the expansion of its product lines to encompass both steel club shafts and carbon fiber shafts.

Since 2016, the FST Corp has supplied golf shafts directly to PGA players. This initiative allows PGA players to test the shafts in competitions and opens up an avenue to receive high levels of feedback. This close interaction with the top professional players also provides the company with opportunities to market its KBS shafts. There are well over 100 professional golfers players were using KBS brand shafts in their professional competitions. As a result of this professional level endorsement and high market visibility, the company has successfully evolved from being an OEM for international brands to a trusted provider of golf shafts under its proprietary brand **KBS**.

The company has also developed KBS Golf Experience stores in Carlsbad, California in the U.S. and Tokyo in Japan. These stores offer golf club customization and fitting services for individual customers. The stores are equipped with simulation tracking technology, software tools, and data recording systems. By quantifying the performance of golf clubs used on courses and analyzing consumer preferences and swing performance on-site, the staff are able to recommend suitable golf equipment for golfers based on their skill levels and personal attributes.

We believe the company will be able to continue to improve its competitive positioning by adhering closely to consumer demand, supported by strong brand development efforts, a comprehensive product line, and online and offline sale touch points.

In early 2026, the company sees continued strong growth with new inroads in several new geographic markets as well as in its expanded graphite product lines. The company has also implemented key strategic cost-reduction initiatives which should result in significant improvements in gross profit and operating income.

The current market capitalization is approximately \$60 million and the company had \$7.3 million in cash and equivalents at the end of 2025.



Founded in 1989, FST Corp. manufactures and sells a full range of golf club shafts, along with other golf-related items, to Golf Equipment Brands, OEMs, Distributors, and Consumers via the Company's KBS Golf Experience retail outlets.

Our Product Portfolio, Retail Presence, and golf-related services are part of a vertically integrated business model that has established the KBS Brand on a global scale and created significant competitive advantages over peer brands.

The Company's recent revenue performance and outlook are highly positive, and its growth strategies currently position it for expansion into the PRC and other under-tapped golf shaft markets.

FST's Premium Golf Shafts equipment, marketed under the KBS brand, accounts for 53% of the Company's Shaft revenue and are utilized by golfers at all levels, including many professional players participating in the PGA and other major golf associations.

Source: fstcorp.com

PRODUCTS

FST specializes in the development and manufacturing of high-performance golf club shafts and targets golfers of all skill levels and price points through three distinct product lines: premium shafts, standard shafts, and economy shafts.

The company markets its **Premium shafts** under the widely recognized KBS brand. KBS shafts are sold to retail customers, international golf brands and sports retailers. Premium shafts, crafted from top quality materials such as steel and carbon fiber (graphite), are specially engineered to meet the rigorous demands of PGA professionals and serious players. In addition, the premium shafts undergo a sophisticated manufacturing process to increase symmetry and reduce torque. These shafts provide precise control over the center of gravity and torque, optimizing hitting accuracy and feel. With multiple lengths and stiffness options, they allow the customers to customize a shaft specifically for each person's style.

The company offers its **Standard shafts** to other international brands as an OEM or ODM partner. The standard shafts are steel shafts that are designed in accordance with the brand customers' specification. If acting as an OEM or ODM partner, the company designs and manufactures the standard shafts based

on the customers' specification. The standard shafts are typically incorporated into the pre-packaged branded clubs offered by the customers.

The company offers **Economy shafts** to other non-branded golf club manufacturers. The non-branded golf clubs target beginners with low budgets. Therefore, the company manufactures economy shafts based on industry standard specifications with little customization, and generally in bulk orders.

Historically, the company has primarily marketed steel golf club shafts. Beginning in 2017, the company expanded its product offering to include carbon fiber (graphite) shafts. Graphite shafts are typically lighter than steel shafts, which allows golfers to generate greater clubhead speed and distance.

They are also typically offered in ultra-lite weight series of products, which can help golfers with slower swing speeds achieve greater distance. Steel shafts are generally heavier than graphite shafts, which makes them more stable during the swing, and is generally preferred by stronger, faster-swinging golfers who prefer control over distance.

	Premium Shafts	Standard Shafts	Economy Shafts
Customization	Full	Limited	Little
Manufacturing	Sophisticated process Proprietary designs	Cost-efficient process Customers' specification	Streamlined process Industry standard specifications
Customers	International golf club brands, National golf merchandise distributors, Retail customers	International golf club brands Other Taiwanese golf club OEMs or ODMs	Non-branded golf club makers Their OEMs
Target Users	PGA professionals Serious players	General golf players	Beginners with low budget
Share of Shaft Revenue	52%	46%	2%
Share of FST Units	26%	68%	6%

Source: fstcorp.com

Premium Shafts

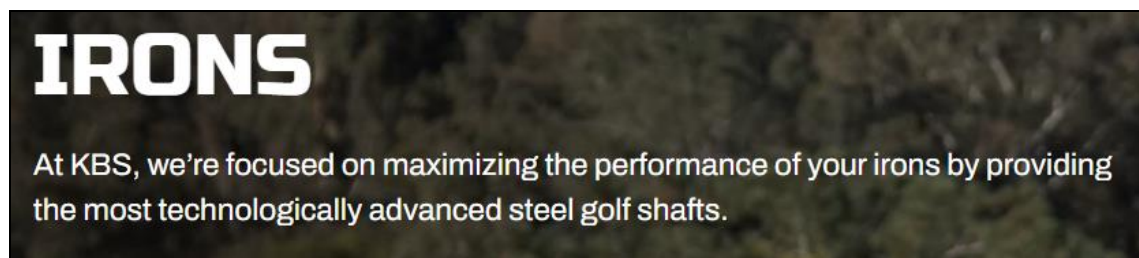
Premium shafts are distinguished from the company's other products in that they are manufactured entirely to proprietary designs, with different tooling and manufacturing processes to ensure consistency and reduce torque. They are subject to rigorous quality and inspection requirements. The premium shafts also include additional coating which gives them a premium finish and appearance. For the year ended December 31, 2024, sales of premium shafts made up approximately 48.3% of the Company's revenues.

FST primarily supplies premium shafts to:

- (a) major international golf club brands to be fitted in their premium clubs,
- (b) national golf merchandise distributors to be resold in their shops as standalone products, and
- (c) retail customers who desire to upgrade their equipment using a custom fitting process through the company's online store or KBS Golf Experience store.

The company's current line of premium shafts includes the following:

Shafts for Irons



Source: fstcorp.com

KBS TOUR: The KBS TOUR Series is designer Kim Braly's signature shaft and is ideal for players desiring shot versatility with mid-flight trajectory, while maximizing energy transfer for increased shot control. The KBS TOUR Series can be fitted into 2 to 9 iron golf clubs, pitching wedge, and sand wedge, and comes in Regular, Regular+, Stiff, Stiff+, and Extra Stiff flexes ranging from 110 grams, 115 grams, 120 grams, 125 grams, and 130 grams respectively in weight, from 37.5 to 41 inches in length with tip diameter of .355 and .370 inches in Classic KBS Chrome finish.

KBS TOUR LITE: The KBS TOUR LITE Series is designed to provide tight dispersion, a higher trajectory, additional spin and longer distance in a lightweight package. As the newest, lightest steel shaft in the KBS product line, it is 20% lighter than the comparable KBS TOUR shaft. The KBS TOUR LITE Series can be fitted into 2 to 9 iron clubs, pitching wedge, and sand wedge, and comes in Regular Stiff, Stiff, and Extra Stiff flexes ranging from 95 grams, 100 grams, and 105 grams in weight, from 37 to 40.5 inches in length, with tip diameter of .355 and .370 inches in black gloss and Classic KBS Chrome finish.

KBS TOUR-V: The KBS TOUR-V Series is a steel shaft that features larger outer diameters, resulting in a stable tip section and tight shot dispersion. It is designed for players who prefer a mid-flight trajectory with less ball spin. The KBS TOUR-V Series can be fitted into 2 to 9 iron clubs, pitching wedge, and sand wedge, and comes in Regular Stiff, Stiff, Extra Stiff, Tour Spec S+, and Tour Spec X flexes ranging from 110 grams, 115 grams, 120 grams, 125 grams, and 130 grams respectively in weight, from 37 to 40.5 inches in length with tip diameter of .355 inches in Classic KBS Chrome finish.

KBS MAX 80: The KBS MAX 80 Series is a lightweight shaft designed for mid-high handicap players. It is a R/S/X combination parallel tip shaft that produces a high trajectory and spin rate for longer distance shots. The KBS MAX 80 Series can be fitted into 2 to 9 iron clubs, pitching wedge, and sand wedge, and comes in Regular, Stiff, and Extra Stiff flexes, 111 grams in weight, 43 inches in length with tip diameter of .370 inches in Classic KBS Chrome finish.

KBS Tour \$-Taper: The KBS Tour \$-Taper Series provides superior feel while maintaining shot workability and tight dispersion for players seeking the ultimate tour shaft with mid-flight trajectory and low spin performance. The KBS Tour \$-Taper shares the same bend profile as the KBS TOUR with elongated step patterns that generate a more stable performance throughout the swing. The KBS Tour \$-Taper Series can be fitted into 2 to 9 iron clubs, pitching wedge, and sand wedge, and comes in Regular, Regular+, Stiff, Stiff+, and Extra Stiff flexes ranging from 110 grams, 115 grams, 120 grams, 125 grams, and 130 grams respectively in weight, from 37.5 to 41 inches in length with tip diameter of .355 inches in Black Gloss and Classic KBS Chrome finishes.

KBS Tour \$-Taper Light: The KBS Tour \$-Taper Light Series is a lightweight tour performance golf club shaft that provides KBS signature superior feel while maintaining shot workability and tight dispersion for players seeking the ultimate tour shaft with mid/high trajectory and low/mid

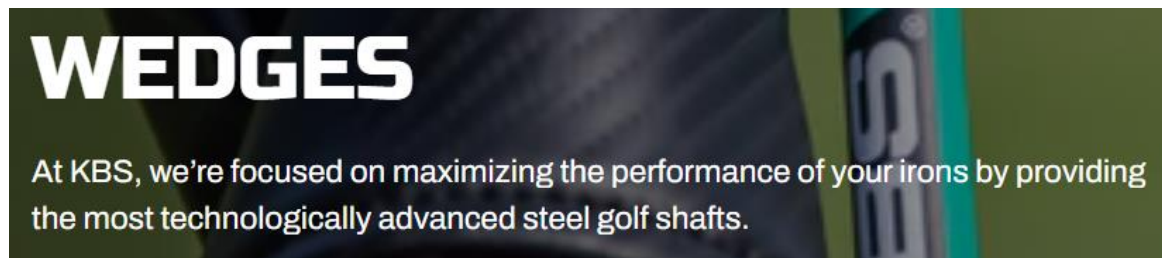
spin performance in a lighter weight package. The KBS Tour S-Taper Light Series can be fitted into 2 to 9 iron clubs, pitching wedge, and sand wedge, and comes in Regular, Stiff, and Extra Stiff flexes ranging from 110 grams, 115 grams, and 120 grams, respectively, in weight, 42 inches in length with tip diameter of .370 inches in Classic KBS Chrome finish.

KBS C-Taper: The KBS C-Taper is a high-performance steel iron shaft built for golfers with faster swing speeds who want to lower spin and produce a penetrating, lower ball flight. Its design emphasizes stability and control, using KBS Advanced Stability Technology to deliver a firm, butt-stiff profile with reduced torque for consistency on off-center strikes while still maintaining a smooth, responsive feel. Visually, it features a distinctive stepless construction with a brushed satin finish. Intended primarily for skilled players or those with aggressive tempos, the C-Taper is offered in multiple flexes from Regular through X-Stiff and in weight ranges roughly from 110 g to 130 g (taper tip) and 125 g to 140 g (parallel tip).

KBS C-Taper Lite: The KBS C-Taper Lite is a lighter-weight steel iron shaft that delivers a mid-high launch with controlled spin, giving players added distance and higher ball flight while preserving accuracy and stability. Compared with the original C-Taper, it features a firm tip and softer butt section for a smoother, slightly more active feel, supported by a constant-taper design and proportional wall-thickness structure. It retains KBS's signature brushed satin finish and is offered in weights of 105 g (Regular), 110 g (Stiff), and 115 g (X-Stiff), with both .355" taper and .370" parallel tip options and roughly 3° torque.

KBS GENERATION: This shaft is designed for younger players and is based off of the same E.I. curve as the KBS MAX but for the new Younger GENERATION. KBS GENERATION will give players at a young age, with lower swing speeds, the ability to hit the ball at a higher launch trajectory, while adding spin and accuracy in a lightweight performance steel iron shaft. KBS GENERATION is designed for a wide range of younger generation players looking to take their game and performance to the next level.

Shafts for Wedges



Source: fstcorp.com

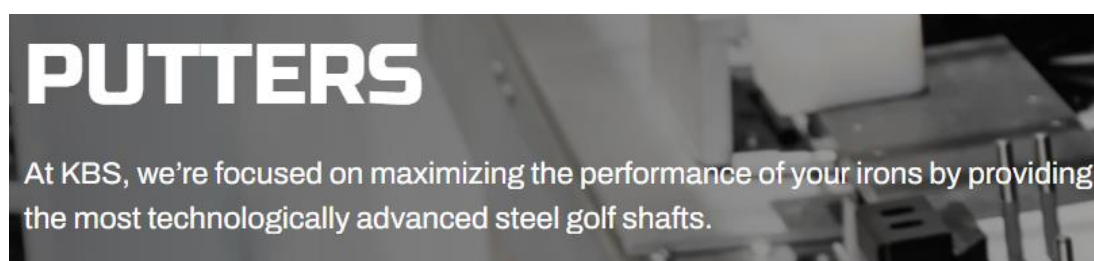
KBS Wedge: The KBS Wedge Series is developed for players seeking a similar feel to the KBS TOUR. The firmer tip section on the KBS WEDGE allows for less ball spin and increased control. The KBS Wedge Series can be fitted into the pitching wedge, gap wedge, lob wedge, and sand wedge, and comes in Regular, Stiff, and Extra Stiff flexes ranging from 110 grams, 120 grams, and 130 grams respectively in weight, 37 inches in length with tip diameter of .355 inches in Classic KBS Chrome finish.

KBS Tour 610 Wedge: The KBS Tour 610 Wedge Series shaft delivers a lower, more penetrating ball flight with controlled spin. This wedge-specific shaft allows skilled players to produce knock-down and other workable shots into and around the green. The KBS Tour 610 Wedge Series can be fitted into the pitching wedge, gap wedge, lob wedge, and sand wedge, and comes in Regular, Regular+, Stiff, Stiff+ flexes ranging from 110 grams, 115 grams, 120 grams, and 125 grams respectively in weight, 37 inches in length with tip diameter of .355 inches in Black Gloss and Classic KBS Chrome finishes.

KBS TOUR-V Wedge: The KBS TOUR-V Wedge shaft is designed exclusively for wedges to produce shots with a lower-mid trajectory and mid ball spin, creating a piercing ball flight with incredibly tight shot dispersion. The KBS TOUR-V Wedge can be fitted into the pitching wedge, gap wedge, lob wedge, and sand wedge. This shaft is available in a single Stiff+ flex (125g), is 37 inches in length with tip diameter of .355 inches in Classic KBS Chrome finish.

KBS HI-REV 2.0: The KBS HI-REV 2.0 wedge shaft series feature an active tip section that increases the effective loft of the club head, delivering a higher ball launch with more spin for added stopping power and accuracy. The KBS HI-REV 2.0 wedge shaft can be fitted into the pitching wedge, gap wedge, lob wedge, and sand wedge. This shaft is available in Regular, Stiff, and Extra Stiff flexes ranging from 115 grams, 125 grams, and 135 grams, respectively, in weight, 37 inches in length with tip diameter of .355 inches in Black Gloss and Classic KBS Chrome finishes.

Shafts for Putters



Source: fstcorp.com

KBS Tour One Step Putter: The KBS Tour One Step Putter shaft is designed to create pure amplified feel, along with reduction in vibrations at impact for putts to be stable and accurate with different putter head weights. This shaft enables the player to have more flexibility in creating pure amplified feel, along with reductions in vibrations at impact. This shaft is available in Straight Bend, is 130 grams in weight, 38 inches in length with tip diameter of .355 inches in Black Matte, Black Gloss, and Classic KBS Chrome finishes.

KBS CT Tour Putter: The KBS CT Tour Putter shaft series was designed based off of the company's "Constant Taper" Technology and is available in Straight, Single, and Double Bends, is 124 grams in weight, 38 inches in length with tip diameter of .355 or .370 inches in Black Matte, Black Gloss, and Classic KBS Chrome finishes.

KBS Tour: The KBS Tour putter shaft is another of Kim Braly's signature golf club shafts. It uses the same performance principles as the original KBS TOUR Shaft, maximizing energy transfer for increased putting control, with a stiff design structure to stabilize the head at impact. It is available in Straight Bend, is 124 grams in weight, 38 inches in length with tip diameter of .370 inches in Black Matte, Black Gloss, and Classic KBS Chrome finishes.

KBS GPS Graphite: The KBS GPS Graphite putter shaft is made from composite materials and fibers and is designed as a high cash performance shaft that results in minimizing deflection bend commonly found in traditional steel putter shafts on longer putts, along with better distance control. It is available in Straight Bend, is 124 grams in weight, 38 inches in length with tip diameter of .355 or .370 inches.

Graphite Shafts



Source: fstcorp.com

KBS Tour Graphite Hybrid Prototype: The KBS Tour Graphite Hybrid Prototype series is inspired and designed from the KBS Tour shaft, the most popular steel shaft in the KBS Golf Shaft line. It is available in Regular, Regular+, Stiff, Stiff+, and Extra Stiff flexes ranging from 65 grams, 75 grams, 85 grams, 95 grams, and 105 grams, respectively, in weight, 42 inches in length with tip diameter of .370 inches.

KBS TGI (Tour Graphite Iron): The KBS TGI series is designed for players looking for maximum steel like playability, shot control and performance in a graphite shaft, and is developed with optimized weight and stiffness to gain maximum playability and performance. It is designed with the same E.I. curve as the KBS Tour Steel and is in every weight class to fit players from Juniors to Women and Tour Professionals. The KBS TGI series can be fitted into 2 to 9 iron clubs, pitching wedge, and sand wedge, and comes in Regular, Regular+, Stiff, Stiff+, Stiff++, Extra Stiff, and Extra Stiff+ flexes ranging from 60 grams, 70 grams, 80 grams, 90 grams, 95 grams, 100 grams, and 110 grams respectively in weight, is 36 to 39.5 inches in length with tip diameter of .355 inches in Black Matte finish.

KBS MAX Graphite: The KBS MAX Graphite Iron Shaft series is suitable for players seeking to maximize swing speed, giving players with lower swing speeds the ability to hit the ball at a higher launch and spin with accuracy. It is designed for a wide range of players seeking to maximize the performance of their iron shafts with trajectory, spin, and distance in a consistent, lighter weight package. The KBS MAX Graphite Iron Shaft series can be fitted into 2 to 9 iron clubs, pitching wedge, and sand wedge, and comes in Lite, A, and Regular flexes ranging from 45 grams, 55 grams, and 65 grams respectively in weight, is 36 to 39.5 inches in length with tip diameter of .355 inches in Black Matte finish.

KBS TD Driver/Wood: The KBS TD Driver/Wood shaft series is a lighter and stiffer Driver/Wood shaft that has the characteristics of the original KBS feel, efficiency, and optimization of spin and launch that the KBS product line is known for. It is a mid-launch/low spin performance graphite shaft that optimizes the maximum performance and efficiency of spin and launch angles at various swing speeds. The TD Driver/Wood shaft series is available in A, R, S, X, and Tour X flexes ranging from 40 grams, 50 grams, 60 grams, 70 grams, and 80 grams, respectively, in weight with tip diameter of .335 inches in Black Gloss, Black Matte, and White Gloss finish.

KBS PGI Players Graphite Iron: The KBS PGI Players Graphite Iron series was designed to provide the same tolerances, dispersion and control as the KBS Tour Steel shaft at a lighter weight, making it easier to swing. The KBS PGI Players Graphite Iron series can be fitted into 1 to 9 iron clubs, pitching wedge, and sand wedge, and is available in Lite/A, Regular, Regular+, Stiff, Stiff+, and Extra Stiff flexes ranging from 50 grams, 60 grams, 70 grams, 80 grams, 90 grams, and 110 grams, respectively, in weight, is 41 inches in length with tip diameter of .370 inches in Black Matte finish.

KBS Players Graphite Hybrid PGH: The KBS Players Graphite Hybrid PGH series is based on the KBS Players Graphite Iron platform, offering golfers of all abilities an easier launch shaft with better spin. It is a lighter weight version of the KBS Tour Graphite Hybrid Prototype. The KBS Players Graphite Hybrid PGH series is available in Lite, A, Regular, Regular+, Stiff, Stiff+, and

Extra Stiff flexes ranging from 45 grams, 55 grams, 65 grams, 75 grams, 85 grams, 95 grams, and 105 grams respectively in weight, is 41 inches in length with tip diameter of .370 inches.

KBS MAX HL Hybrid: This is a developed Graphite Hybrid Shaft designed to fit into the MAX Family of Graphite Game Improvement Products from KBS. Based off the same E.I. curve as the KBS MAX HL Wood Shaft, the NEW KBS MAX HL Hybrid will fit players using “swing speed” rather than the traditional “flex”. This will give players with lower swing speeds the ability to hit the ball at a higher launch/spin with accuracy in a performance graphite hybrid shaft.

Max HL Driver/Wood: This is a Graphite Wood Shaft designed to fit into the MAX Family of Graphite Products from KBS. Based off the same E.I. curve as the KBS MAX Graphite Iron Shaft, the NEW KBS MAX HL will fit players using “swing speed” rather than the traditional “flex”. This will give players with lower swing speeds the ability to hit the ball at a higher launch/spin with accuracy in a performance graphite driver/wood shaft.

PGW Players Graphite Wood: This is the latest extension within the line of highly successful PLAYERS graphite performance products from KBS. This shaft is designed to fit a wide variety of swing speeds and features multiple weights and flexes allowing a broad range of players to achieve optimum trajectory and spin resulting in more distance and accuracy off the tee. It provides optimized launch and spin at targeted swing speeds.

TGBLACK Driver/Wood: This driver/wood shaft is designed for elite players seeking control, stability, and optimized launch. The High Modulus Graphite construction delivers consistent energy transfer and tight dispersion. It has a low launch/ low spin profile which is preferred by stronger players who are looking for a penetrating ball flight. It is available in weights ranging from 40g to 80g and multiple flexes.

KBS Generation Driver/Wood: This shaft will give players at a young age, with lower swing speeds, the ability to hit the ball at a higher launch trajectory, while adding spin and accuracy in a lightweight performance graphite driver/wood shaft. It comes in 42g and 45g weights.

KBS Generation Graphite Iron: This shaft will give players at a young age, with lower swing speeds, the ability to hit the ball at a higher launch trajectory, while adding spin and accuracy in a lightweight performance graphite iron shaft. It comes in 40g and 50g weights with a .370 tip.

Limited Edition Shafts

In addition to the above products, the company occasionally offers limited edition series of premium shafts with alternate color schemes as part of its marketing campaigns to increase interest in its products. Currently, FST offers the following limited-edition shafts: the C-TAPER Black Limited Edition and the C-TAPER LITE Black Limited Edition steel shafts, the TD Driver/Wood Limited Edition graphite shafts, the HI-REV 2.0 Wedge Major Green Limited Edition series wedges, and the HI-REV 2.0 Wedge Liberty Limited Edition wedges.

Standard Shafts

Standard shafts are exclusively steel shafts. The company manufactures and primarily supplies standard shafts to international golf club brands as part of their standard or economy clubs or to other Taiwanese golf club OEMs. The standard shafts typically carry the brand of the customers. The company produces a full product line of standard shafts including drivers, wedges and putters for its branded customers.

The company offers standard shafts as an OEM or ODM, based on the branded customers' requirements. As an OEM, the company manufactures the shafts based on the design provided by the customer. As an ODM, the company will first design the shafts based on the specifications provided by the customers. After the customer approves the design, a prototype based on the approved design is

made. After the prototype is approved by customer, the company can start to take orders from the customer.

In 2024, standard shafts made up approximately 41.0% of the company's revenues. Golf clubs fit with standard shafts are typically priced at a lower price point than premium clubs, so the per unit sale price of standard shafts is typically lower than that of premium shafts. The company also uses a more cost-efficient manufacturing process for standard shafts to balance final pass yield and production costs, as compared with premium shafts.

Economy Shafts

Economy shafts are exclusively steel shafts. The company manufactures and supplies economy shafts primarily to non-branded golf club makers or their OEMs to be assembled in generic clubs. The company produces a full product line of economy shafts including drivers, wedges and putters for its non-branded customers. The non-brand golf clubs are typically sold in bulk and at competitive pricing points to attract price sensitive golfers.

During 2024, economy shafts made up approximately 2.7% of the company's revenues. The company manufactures economy shafts based on industry standard designs with little customization. Economy shafts are made from substantially the same materials as standard shafts but using a more streamlined production process. Moreover, the quality and inspection standards applied to economy shafts are far more lenient than for standard shafts. The unit sale price of economy shafts is lower than that of standard shafts.

Golf Accessories

FST also sells KBS-branded golf accessories in its online store and in KBS Golf Experience Stores. Golf accessories include KBS branded golf apparel, Vessel branded golf bags, putter covers, and duffle bags. The company sources its KBS-branded golf accessories from other third-party suppliers.

SERVICES

Custom Fitting Services

KBS Golf Experience Stores - The company operates KBS Golf Experience stores in Carlsbad, California, Tokyo, Japan, and in Taipei, Taiwan, which were opened in 2019, 2021, and 2024 respectively. The company primarily provides new equipment build services and retro-build services for existing clubs through the KBS Golf Experience stores. The new equipment build service allows a customer to custom build a new golf club or set of golf clubs at the customer's customized parameters and specifications. The retro-build service allows a customer to keep the customer's existing club heads and customize all of the other parts of a golf club from the grip down to the label.

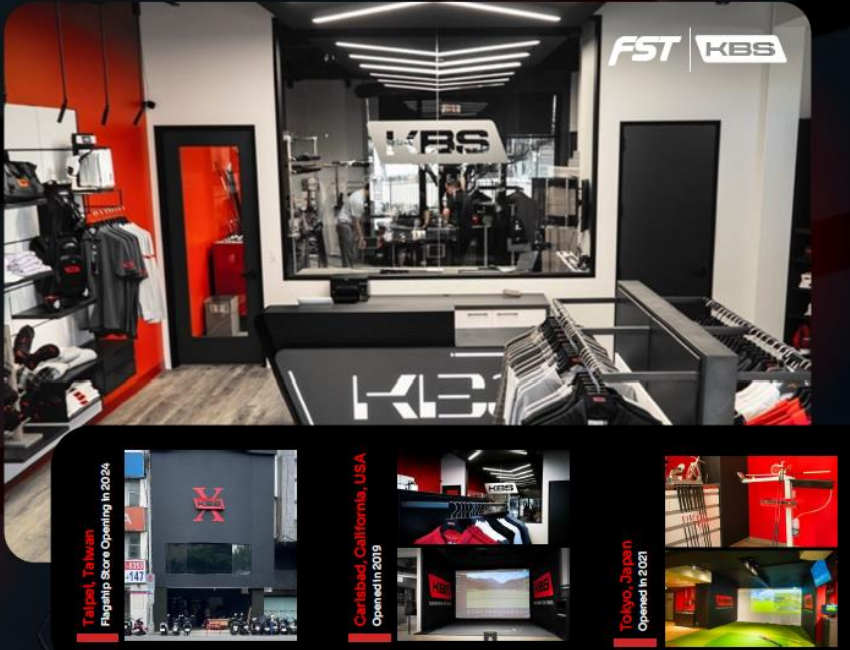
FST offers exclusive KBS shafts, and other parts of a golf club, including club heads, grip and the label of other major international brands. In both new build and retrofit processes, customers work one-on-one with the company's fitters and builders to customize golf clubs tailored to each individual customer's preferences and needs.

The company's fitters will evaluate a customer's current equipment, performance data, and consult them regarding their golf game and aspirations on the golf course. After gaining an initial understanding of the customer's needs, fitters will test different shafts to determine the one that best suits the customer's swing profile, focusing on distance, feel, and shot dispersion among the various shaft options.

KBS Golf Experience

- One-on-one **custom fitting services**
- Evaluation of customer's current equipment
- **New equipment build** service to custom build new golf club or set of golf clubs
- **Retro-build service** to keep existing club heads and customize all other parts
- **Simulation tracking technology**, software tools, and data recording systems to help customers analyze and improve golf performance
- Sale of assorted KBS-branded golf apparel and accessories

We will evaluate the customer's current equipment, performance data, and aspirations on the golf course.



Source: fstcorp.com

Online Fitting Tool - Utilizing the company's online fitting tool available on the [Find Your Fit](#) website, customers can choose among shafts for irons, wedges, putters, and woods to find the shafts best suited for the customer's playing abilities. Customers can then purchase these shafts on the website and mail their existing clubs to a store for the company to replace the existing shafts with the newly purchased shafts.

Fittings are offered in many different packages, ranging from: comprehensive full-bag fitting; fitting the entire bag from driver to putter; partial bag fitting; fitting to optimize a specific iron, driver, wedges and/or putter; long-game fitting, focusing on the top portion of the bag to ensure consistent yardage gapping and performance; fairway or hybrid fitting, to optimizing distance gapping and consistency in the long part of the bag; and junior golfer fitting.

PGA Tour Trucks

For each of the 39 PGA tour events held annually, the company deploys on-site customized KBS-branded PGA Tour trucks outfitted with new equipment build and retro-build services to bring its KBS custom fitting expertise to support professional players. As in KBS Golf Experience Stores, in these trucks, golfers work directly with our expert fitters to individually tailor golf clubs for players based on their needs and preferences. These trucks are solely for professional tour player support at this time and are not open to the general public.



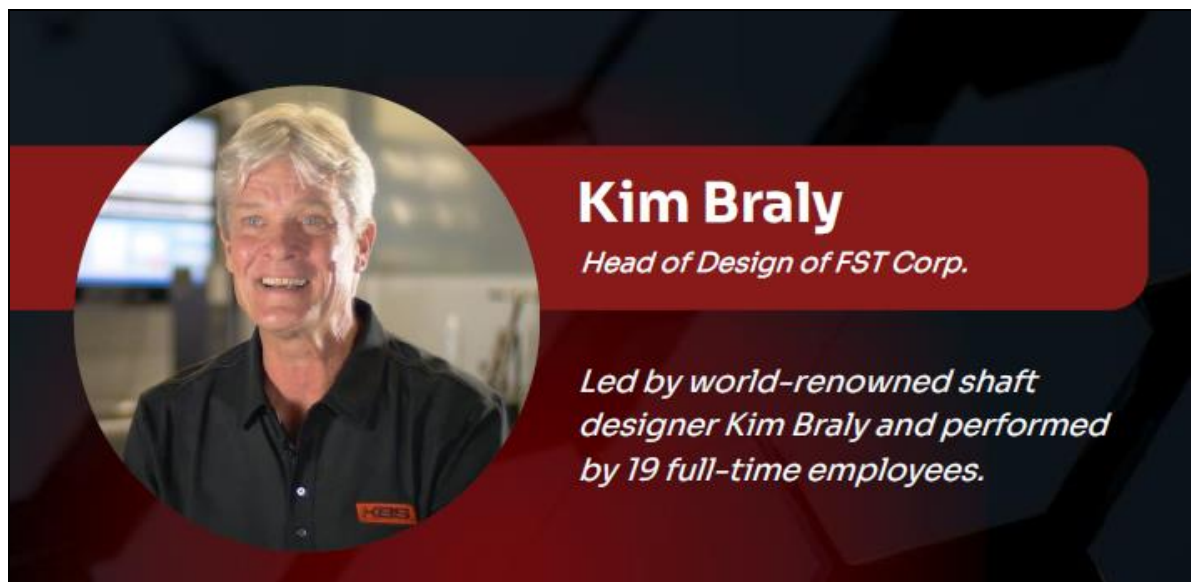
Source: fstcorp.com

Restaurants and Bars

The company also operates a restaurant in Chiayi, Taiwan, “Hit Cat Kitchen”, where it sells Western cuisine, and a bar in Taipei, Taiwan “Hit Cat Brewing”, where it sells imported craft beer and wines. These establishments are decorated with KBS merchandise and located near golf resorts, with the goal to introduce and immerse customers with the KBS brand.

RESEARCH & DEVELOPMENT

The company’s R&D department has a team of 19 employees and is headed by legendary shaft designer Kim Braly. As an innovator in golf equipment engineering, Mr. Braly has authored multiple patents in both steel and graphite shaft technology and served as the creative force behind several groundbreaking shaft designs. He also developed proprietary steel shafts for leading OEM manufacturers, helping advance performance standards across the golf industry. In 2007, he co-launched the KBS (**K**im **B**raly **S**ignature) brand with FST, establishing a premium brand known for high-performance golf shafts.



Source: fstcorp.com

These R&D efforts have resulted in a broad range of golf shafts designed to suit players of all abilities and styles. The company has built strong, trusted partnerships with major international golf equipment brands and is known for its steady pace of innovation, supported by frequent new product launches and fast development cycles.

The company has spent between \$1.3-\$1.5 million on R&D annually over the past 3 years. We expect R&D spending to remain above \$1.0 million for the foreseeable future.

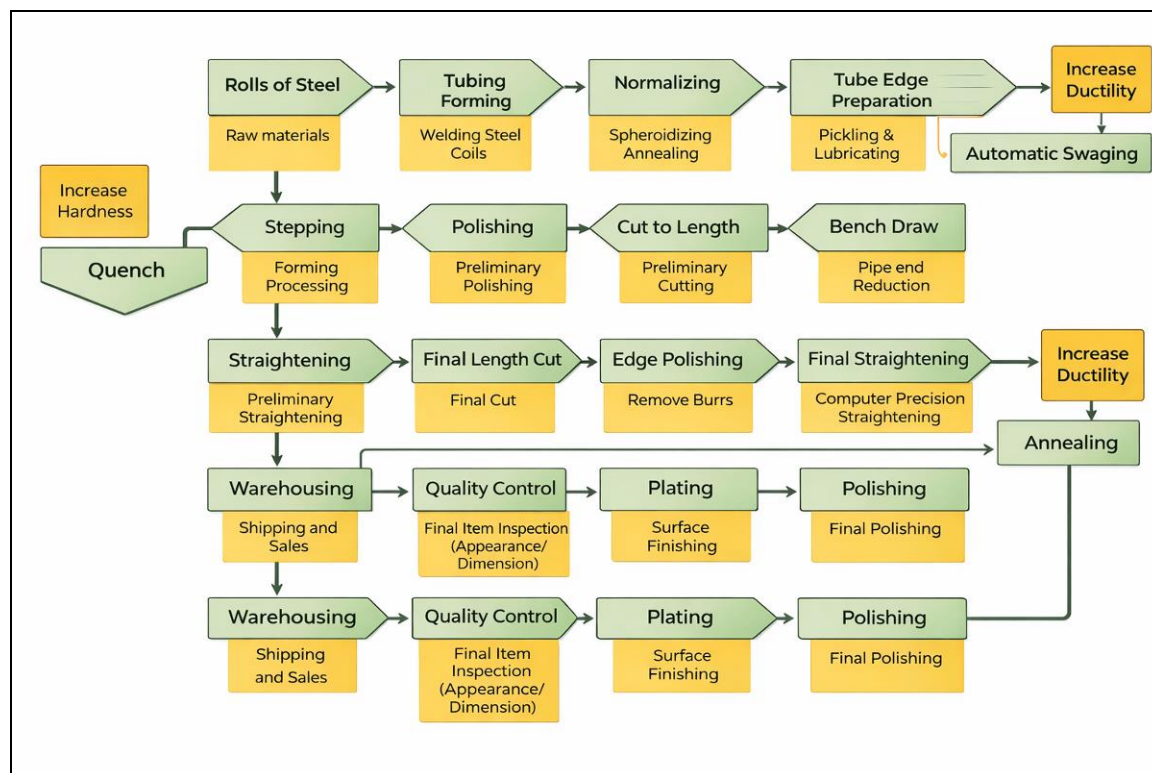
MANUFACTURING

FST uses proprietary processing technology for advanced materials such as steel and machine components when making the shafts. The company's manufacturing facilities uses specialized equipment for making golf club shafts such as blunt furnaces, burn-in furnaces, hydrogen annealing furnaces, straightening furnaces, pipe making machines, and golf club straighteners.

The base process starts by welding steel coils into tubes, then heating the tubes using spheroidizing annealing to improve ductility and relieve stress in order to allow the steel tubes to be further worked. Then the tubes are coated with phosphate to improve corrosion resistance and lubrication and then put through an automatic swaging machine (a metal-forming tool used to reduce, taper, or shape wire, rod, or tubing) to shape the dimensions of the shaft.

A draw bench is then used to pull the shaft through a drawing die to shape its ends. The shafts are then cut for the first time and polished, then tempered through heating them above a critical temperature then soaked in an oil bath to improve toughness until the temperature becomes uniform throughout the entire length of the shafts.

After that, the shafts are straightened, polished at the edges to remove burrs, cut to the final length, put through annealing again, and polished for a final time. Shaft surfaces are then plated in an electroplating machine for the final finish. Finally, quality inspection personnel will examine each manufactured shaft based on the company's quality criteria, and those that pass are warehoused pending sales and delivery.



Source: fstcorp.com

The company believes that its manufacturing process has the following competitive advantages:

- **Reduced Manual Labor**
- **Shorter Delivery Periods**
- **Enhanced Production Capacity**

The manufacturing plant currently has the capacity to produce 1.2 million steel shafts per month, or 14.4 million per year. We believe the plant is currently operating at 50%-60% capacity, which provides a solid runway for growth before capacity expansion spending is required.

Materials

FST golf club shafts are manufactured using iron, carbon fiber, and decorative materials such as coatings, paints, and inks, which are primarily sourced from established third-party suppliers in Taiwan. Although the company relies on external suppliers for most raw materials, all steel shafts are produced in-house. Key inputs for steel shaft manufacturing include steel coils, industrial gases, abrasive materials, quenching oil, molding equipment, and packaging materials.

Steel coil suppliers are critical to iron shaft production, with China Steel Corporation (based in Taiwan) serving as a key partner for specialized steel. Additional material suppliers support iron shaft manufacturing, while contracted processing factories handle graphite shaft production and surface treatments such as electroplating, which are essential for appearance and finish.

To ensure supply stability, the company maintains cooperative relationships with many suppliers and processing partners, primarily in Taiwan and Southeast Asia, including providers of specialized services such as electroplating and metal coating.

The company intentionally avoids long-term supply contracts and purchases materials on an order-by-order basis to preserve flexibility, even though some inputs have limited sourcing options. However, this strategy exposes the company to supply concentration risks due to reliance on a small number of manufacturing partners. To mitigate these risks, management is actively diversifying suppliers and manufacturers, building new partnerships, and monitoring supply chain performance.

Graphite Materials

Manufacturing graphite shafts require sophisticated machinery and a manufacturing processes to manipulate carbon fiber in accordance with the product design. The company uses a third-party manufacturer located in Taiwan who specializes in carbon fiber sport products to manufacture all graphite shafts for the Company on a purchase order basis.

So far, the company has not experienced any delivery delay or production disruption with this supplier. FST typically holds 5 to 6 months of inventory of graphite shafts in reserve in case the company needs to find a new manufacturer for graphite shafts.

To protect its intellectual property, the company has also required its graphite shafts supplier and the relevant employees at the supplier to enter into non-disclosure agreements restricting the disclosure or improper use of any design or confidential information.

SALES & MARKETING

FST's KBS brand has gained broad recognition in the U.S. golf industry as the company has transitioned from primarily being an OEM for international brands to becoming a retailer of high-end shafts for private-label golf clubs and branded club heads.

In addition, the company has expanded its OEM activities under the KBS private brand to include carbon fiber clubs. This larger product offering now covers both iron and carbon fiber clubs which allows one-stop shopping for customers and strengthens the company's ability to win orders and negotiate with clients.

The launch of the KBS Tour shaft series in 2008, followed by the KBS C-Taper steel shafts in 2011, led to widespread adoption by professional golfers. Beginning in 2017, the company expanded into graphite shafts with the KBS Tour Hybrid and TGI series, which increased brand adoption among international golf club brands. The TD Driver graphite shaft series, launched in 2020, further rounded out the product portfolio and was well received by the professional market.

The company serves four primary customer groups:

- 1) golf equipment brands,
- 2) OEM manufacturers serving those brands,
- 3) distributors, and
- 4) individual consumers through its website and KBS Golf Experience stores.

INDUSTRY & ADDRESSABLE MARKET

The golf equipment market size was estimated to be worth approximately \$13.0 billion in 2023 and is expected to reach \$17.6 billion by 2028 which is a CAGR of approximately 5.8%. The entire golf industry, which includes courses, equipment and related services is estimated at \$86.0 billion.

According to a July 2025 report by Business Research Insights, the global golf shaft market size was valued at \$460 million in 2024 and is projected to grow at a CAGR of 5.1% to reach \$720 million by 2033. The key driving factors are expected to include a surge in the number of golf courses, new product innovations, and the market's growth in the Asia Pacific region.

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

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

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



Source: fstcorp.com

COMPETITIVE ADVANTAGES

Recognized Proprietary KBS Brand

The KBS brand has been widely accepted and well received by the golf players of all levels, from top professional players to recreational players. Approximately 30-35 PGA players are using KBS brand shafts in their professional competitions. The company has also developed long-term collaboration relationships with major international golf club brands through which the company may supply KBS brand shafts to be incorporated into a client's clubs.

As a supplier to PGA players, FST has a dedicated team catering exclusively to the needs of PGA professional players, including customizing each club shaft based on the player's specific requirements and feedback. This approach ensures that the shafts conform to a player's unique characteristics which improve performance, stability and shot-to-shot consistency. The endorsement by prominent PGA players further improves the brand recognition and typically leads to increase sales of KBS products.

Vertically Integrated Business Model

FST has developed a vertically integrated business model with design and development, production and marketing capabilities. These include:

- **Shaft Design Research and Development:** The company focuses on its internal shaft-making technological expertise under guidance from its R&D team and receives input and insights from players to continuously improve on its shaft design and introduce new shaft models.
- **Shaft Production:** This internal production capacity provides substantial control over material costs and production processes, ensuring consistent quality and efficient output.
- **Global Brand Marketing:** Leveraging its KBS brand, the company has direct access to diverse international markets and all segments of golfers, capturing valuable brand profitability that exceeds the typical margins achieved through OEM or ODM business models.

This integrated approach generates several advantages over typical golf shaft manufacturers:

- **Enhanced Profitability:** By operating its own brand, the company is able to charge brand premiums for its KBS products, which help increase the company's gross margins as compared to its OEM/ODM peers.
- **Brand-Driven Growth:** The established KBS brand provides the company with insights to market trends which enables them to quickly identify and capitalize on new market opportunities, further strengthening its competitive position.
- **Production Flexibility:** Ownership of independent production technology and capacity allows the company to adapt swiftly to market shifts. This agility allows for resilient allocation of production resources in response to changes in marketing or sales strategies, ensuring efficient operations and rapid response to evolving market dynamics.

Direct Customer Engagement and Strong R&D Capabilities

We believe the company is well-positioned to capture greater market share through its close connection with its customer base and its investment in R&D:

- **Dedicated Efforts to Professional Players:** The company assign dedicated staff to PGA players using its shafts while attending tournaments and events to gather performance feedback and

customization ideas. This input is shared with R&D to refine premium products for professionals and serious golfers. The company believes endorsements from top players enhance brand prestige and can drive increased retail sales.

- **Addressing Retail Demand Through Omni-channel Sales Network:** The company engages retail customers through online and in-store channels. Customers can use the online [Find Your Fit](#) tool to purchase or retrofit clubs, while in-store fitting services provide direct insight into customer preferences. Data from both channels is analyzed to refine products and adapt to evolving customer needs.
- **Investment in Research and Development:** The company maintains a dedicated R&D team focused on product design, development, and process improvement. The current R&D team includes 19 full-time staff and holds two registered utility patents. This focus enables the company to respond quickly to market changes and deliver products that meet customer needs. In 2024, the company spent \$1.33 million on R&D, which increased to \$1.44 million in 2025. We believe going forward, R&D spending levels will be between 2.0%-3.0% of total revenues.

Manufacturing Expertise and Efficiency

With more than 30 years of manufacturing experience, the company has developed extensive expertise in mechanical manufacturing and metal material processing. Leveraging its manufacturing expertise, FST has established an efficient manufacturing process to reduce production costs as well as engage in rigorous quality control processes to ensure product quality.

In addition, over the past four decades, Taiwan has established itself as a leading global golf equipment production hub with a comprehensive supply chain ecosystem. The strong manufacturing capabilities allow Taiwanese manufacturers to meet the customers' specified needs throughout the lifecycle of a product. In addition, the relatively low labor costs and competitive production pricing have cemented Taiwanese manufacturers' position as preferred partners for international brands.

Also, FST has seen manufacturing orders move from the China to Taiwan due to the recent trade tensions between China and the U.S. which presents an opportunity for the FST to further expand its operations. Because of the company's existing competitive position in the market, we believe that they are able to secure larger order volumes and new product development opportunities from customers seeking alternative production sources.



Source: fstcorp.com

COMPETITION

FST's major global competitors for premium golf club shafts include established brands such as True Temper, Nippon Shaft and Newton Golf. The company also faces competition from other Taiwanese manufacturers in the standard and economy shafts segment.

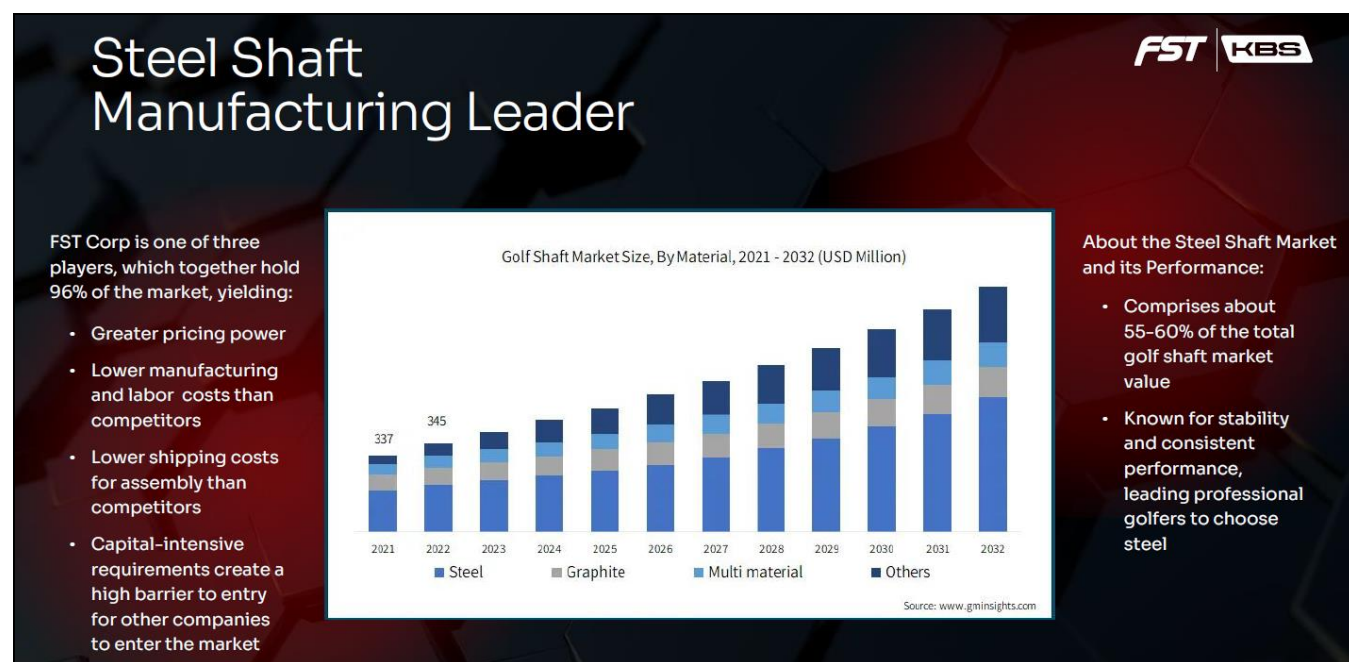
The company can compete in the standard and economy shaft segment due to manufacturing capacity, pricing and product safety. The company competes effectively with other global and local competitors in terms of:

- **Production Technology:** Advanced manufacturing capabilities and technology, enabling consistent quality and efficiency.
- **R&D and Innovation:** Dedicated R&D efforts ensure a steady stream of new products and rapid development cycles.
- **Mass Production Capacity:** Production facilities in Taiwan offer a competitive advantage in terms of cost and efficiency as compared to True Temper in the U.S. and Nippon Shaft in Japan.
- **Global Market Focus:** While the company prioritizes the U.S. market, they are beginning to actively compete on a global basis.

INDUSTRY POSITION & MARKET SHARE

We believe that the top three participants in global steel shaft manufacturing represent about 96% of the total market. FST and True Temper garner about 40% market share each in steel shafts with Nippon Shaft representing about 15-20% of the market. Smaller niche manufacturers represent about 4%-5% of the market.

With FST's facilities based in Taiwan, we believe the company has lower manufacturing costs than its largest competitors and well as lower shipping and fulfillment costs. The capital intensive nature of shaft manufacturing also creates a high barrier to entry for other companies to enter the market at large scale.



Source: fstcorp.com

PROFESSIONAL TOUR PLAYERS

The company is widely recognized as one of the most popular golf shaft brands for professionals worldwide, which is backed by strong performance credentials and deep industry ties. Its shafts are used in professional tournaments across major tours including the PGA Tour, LPGA Tour, LIV Golf, Korn Ferry Tour, and DP World Tour as well as the Presidents Cup between 2021 and 2025.

Although the numbers change weekly, below are the estimated number of professional players using KBS shafts on tour:

PGA Tour	30-35
LIV	10-15
DP World Tour	35-45
Korn Ferry	30-40
LPGA	<75

In an emotional and memorable win, PGA veteran Gary Woodland won the Texas Children's Houston Open on March 29, 2026 using KBS iron shafts (KBS C-Taper 130 X). Woodland had experienced some difficult medical situations in recent years.

The brand maintains long-standing partnerships with leading global golf club manufacturers and was ranked by the National Golf Foundation in 2023 among the top 100 businesses in the golf industry. Ongoing research and development efforts have also produced measurable gains in club accuracy and power, reinforcing its reputation for performance innovation.



Source: fstcorp.com

MANAGEMENT

David Chuang Chairman & CEO

Mr. Chuang has over 24 years of experience in the golf equipment industry and has played a pivotal role in transforming the company from a small steel shaft manufacturer in Taiwan into one of the world's largest golf shaft makers. He founded the KBS branded golf shaft series in 2008, shifting the company from a contract manufacturer to a globally recognized brand, and served as general manager from 2014 to 2019. Under his leadership, the company expanded tubular pipe capacity by more than 300%, became one of Taiwan's largest square steel tubing manufacturers, and completed a major digital transformation that significantly improved quality, efficiency, and automation. In parallel, Mr. Chuang held senior leadership roles at Factory Automation Technology Co. Ltd. (Fatek) from 2009 to 2021, including Chairman and CEO, where he led its digital transformation and enhanced manufacturing capabilities. He currently serves as a director of the Taiwan Association of Machinery Industry (TAMI) and as executive director of its Chiayi section.

Warren Cheng-Teng Huang President and Head of Production and Supply Chains

Mr. Huang focuses on managing the company's manufacturing operations and its supply chains. Mr. Huang has more than 20 years of experience in the field of golf shaft manufacturing and sales. Mr. Huang holds a bachelor's degree from the Department of Public Administration of National Chengchi University in Taiwan. In 1995, he joined Cheng Jan Metal Industry Co., Ltd., a manufacturer of large diameter steel pipes and steel pipe accessories in Chiayi, Taiwan, serving successively as its general affairs department specialist, sales department specialist, and sales department section chief. In 2002, Mr. Huang joined Femco Steel Technology Co., Ltd., the manufacturing subsidiary of the company in Taiwan, as the operations department specialist, section chief and deputy manager, mainly responsible for sales, production line planning, and management. In 2013, Mr. Huang was promoted to operations department manager and senior manager of Femco.

Rob Cheng President and Head of FST Golf

Mr. Cheng is President and Head of FST Golf. He previously served as the General Manager of FST America, in charge of the global business of shafts sales and marketing. In his new role, Mr. Cheng will manage the company's sales efforts, marketing, and customer relationships. Mr. Cheng has more than 20 years of experience in the field of golf shaft marketing and sales. Mr. Cheng holds a bachelor's degree from the Leeds School of Business at the University of Colorado at Boulder. In 2005, Mr. Cheng assumed the role of Chief Operating Officer at a U.S.-based operation, where he oversaw sales, marketing, and overall business management. He was instrumental in launching the KBS brand and led key initiatives in tour operations and research and development. Under his leadership, the organization achieved significant growth through the development of strategic sales channels and the acquisition of major OEM clients.

Sebastian Tadla Chief Financial Officer

Mr. Tadla has over a decade of experience in accounting and finance, beginning his career in 2010 as a Staff Accountant. In 2016, he was promoted to Accounting and Finance Director at FST America Inc., where he oversaw financial reporting, budgeting, and strategic planning. During his tenure, Mr. Tadla has played a key role in streamlining financial operations and ensuring regulatory compliance across the company's U.S. operations. He holds a degree in Accounting from the University of Colorado at Boulder and brings a strong foundation in corporate finance and leadership to the role.

2025 FINANCIAL REVIEW

For the year ending December 31, 2025, FST had revenues of \$48.0 million, a 31% increase from \$36.5 million in 2024. This increase is primarily due to increased market share in the steel shaft business with OEM partners and the growth of KBS graphite. Gross margin for 2025 remained stable at 43.0%. We believe gross margins can reach 50% over time.

	For the Years Ended December 31,		
	2025	2024	2023
Primary geographical markets			
United States	\$ 24,211,551	\$ 18,877,162	\$ 16,707,660
Vietnam	5,376,521	4,263,006	2,860,192
China mainland	7,470,987	3,960,825	2,644,342
Mexico	3,781,316	3,015,173	1,130,696
Taiwan	2,114,336	2,478,429	1,865,032
Japan	2,341,291	1,729,559	1,746,123
Europe	1,193,338	1,159,928	824,563
Others	1,480,451	1,015,562	951,941
Total	\$ 47,969,791	\$ 36,499,644	\$ 28,730,549

Source: fstcorp.com

The company had a net loss of (\$7.1) million, or (\$0.16) per share in 2025, compared with a net loss of (\$3.2) million, or (\$0.09) per share in 2024. This decline in bottom line performance was mainly the result of higher than anticipated landed costs, loss on foreign exchange, and listing related expenses.

After excluding (\$2.4) million in listing-related G&A expenses, (\$852,183) in foreign exchange losses, and (\$1.9) million in unrealized losses on derivative fair value changes, the loss would have been (\$1.98) million in 2025.

FST ended the year with **\$7.3 million** in cash. Net cash used by operating activities was (\$0.37) million in 2025, compared with a use of (\$1.6) million in the prior year period. We believe capital expenditures going forward will be about \$2.5 million annually.

Company management noted strong global OEM demand, ongoing product launches, expanded distribution in Asia and Europe, and new cost-control initiatives. All merger-related listing expenses are expected to be fully recognized by year-end, positioning FST for improved profitability in 2026.

	For the Years Ended December 31,		
	2025	2024	2023
Sales of golf shafts	\$ 46,634,028	\$ 35,315,363	\$ 27,825,905
Sales of sports accessories, food and beverage	1,053,161	935,593	904,644
Software service	282,602	248,688	-
Total revenues	\$ 47,969,791	\$ 36,499,644	\$ 28,730,549

Source: fstcorp.com

RISKS

- The company's future growth and financial performance depend on the production and sale of its current and new golf shaft products on a projected timeline and within an anticipated cost and pricing structure. If the company is unable to maintain and enhance its brand and capture additional market share or if its reputation and business are harmed, it could have a negative impact on the company's business and financial condition.

- A reduction in the number of rounds of golf played or in the number of golf participants could adversely affect the company's business, results of operation and financial condition. The demand for golf-related products is directly related to the number of golf participants and the number of rounds of golf being played by these participants.
- Geopolitical conflicts, tensions, developments and tariffs could affect the company's operations, business and profitability. Under the Trump administration, the U.S. government may enact new and more restrictive export control regulations that may reduce the company's ability to ship and sell products to certain customers and increase its cost to implement additional measures to comply with such new regulations.
- Political tensions in the Taiwan Strait, including any threat of potential military confrontation between China and Taiwan, as well as any U.S. involvement in any such military operations, could have a material adverse effect on the company's business.

SUMMARY

We believe FST Corp has the potential to deliver strong revenue growth and positive earnings over the next 5-10 years as its shafts and other products reach greater economies of scale. We believe the company can generate strong double-digit annual revenue growth over the next 5 years and improve margins to industry averages over time.

The company's recent revenue performance and outlook are highly positive, and its growth strategies currently position it for expansion into mainland China and other under-tapped golf shaft markets around the world.

In terms of product strategy, the introduction of the KBS PGW graphite shaft is a key growth driver. Management expects this new offering to "boost sales momentum," signaling a commitment to diversifying its product line beyond its traditional steel shaft dominance. This aligns with broader industry trends and caters to evolving golfer preferences.

Another growth opportunity occurred in July 2025 when FST rolled out an e-commerce platform on Shopify Plus. This scalable platform is Shopify's enterprise-level ecommerce platform which is essentially a much more powerful version of Shopify and designed for fast-growing, high-volume, or global brands. This solution is intended to consolidate all of FST's commerce platforms including direct-to-consumer (DTC), business-to-business (B2B), and point-of-sale (POS) under a unified system.

The company stands at an inflection point in its growth opportunities and is leveraging its established reputation for high-performance KBS golf shafts and a clear strategic roadmap for growth. FST's history of high quality engineering and its proven ability to translate professional tour success into sales is expected to also drive growth.

Our primary valuation tool utilizes a Discounted Cash Flow process. Under the scenario described above, our DCF based valuation target is approximately **\$3.00** per share.

Investment Highlights



Protected Status in Steel Shaft Manufacturing

As one of three dominant players, with a high barrier to entry



Global Expansion into Asia, Untapped Markets

Driven by Direct Customer Engagement



Cost Advantage

Improve Margins Leveraging Taiwan's Manufacturing Cost Advantages/Trade Dynamics



Vertically Integrated Business Model

Provides Numerous Competitive Advantages



Proven R&D Capabilities via Player Collaboration

World's Top Professional Golfers Enhance Product Development



47% Revenue Growth in Q3 FY25, Reaching Cash Flow Positivity



32% Revenue Growth for 9M FY25



Improved Bottom Line Results Forecasted 1H 2026

Legacy SPAC Expenses to be eliminated by Year End 2025, boosting profitability

Source: fstcorp.com

The company's current stock price does not likely reflect that potential level of profitable growth going forward and we believe the stock to be significantly undervalued at this time. With the company trading at such a large discount to intrinsic value, a margin of safety also appears to exist at this time.

PROJECTED ANNUAL INCOME STATEMENT

<u>Income Statement</u>	<u>Dec-23</u>	<u>Dec-24</u>	<u>Dec-25</u>	<u>Dec-26</u>	<u>Dec-27</u>
Net Sales	28,730,549	36,499,644	47,969,791	58,086,313	67,113,162
Growth	0.0%	27.0%	31.4%	21.1%	15.5%
Cost of Goods Sold	13,471,944	18,854,181	25,129,714	27,525,094	31,131,474
%	46.9%	51.7%	52.4%	47.4%	46.4%
Depreciation & Amort	1,815,588	1,932,074	2,206,703	2,250,837	2,295,854
Gross Profit	13,443,017	15,713,389	20,633,374	28,310,382	33,685,834
Margin	46.8%	43.1%	43.0%	48.7%	50.2%
Selling Expenses	9,194,267	10,533,039	12,287,010	12,164,140	13,987,383
% of sales	32.0%	28.9%	25.6%	20.9%	20.8%
General & Administrative Expenses	5,838,969	7,527,952	9,188,447	8,729,025	10,018,437
% of sales	20.3%	20.6%	19.2%	15.0%	14.9%
Research & Development	1,529,690	1,296,969	1,492,137	1,507,058	1,582,411
% of sales	5.3%	3.6%	3.1%	2.6%	2.4%
Amortization	0	0	0	0	0
% of sales	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Income	(3,119,909)	(3,644,571)	(2,334,220)	5,910,159	8,097,602
Margin					
EBITDA	511,267	(1,712,497)	(127,517)	8,160,996	10,393,456
Margin	1.8%	-4.7%	-0.3%	14.0%	15.5%
Other Expenses/(Income)	(215,930)	(1,408,970)	(945,420)	0	(209,394)
%	-0.8%	-3.9%	-2.0%	0.0%	-0.3%
EBIT	(2,903,979)	(2,235,601)	(1,388,800)	5,910,159	8,306,997
%	-10.1%	-6.1%	-2.9%	10.2%	12.4%
Total Interest Exp (net)	14,703	543,328	845,026	845,026	845,026
%	0.1%	1.5%	1.8%	1.5%	1.3%
Net Profit Before Tax	(2,918,682)	(2,778,929)	(2,233,826)	5,065,133	7,461,971
%	-10.2%	-7.6%	-4.7%	8.7%	11.1%
Income Tax	(751,071)	456,246	(729,907)	1,013,027	746,197
% Effective Rate	25.7%	-16.4%	32.7%	20.0%	10.0%
% Cash Tax Rate	25.7%	-16.4%	32.7%	20.0%	10.0%
Minority Interests	0	0	(3,728)	0	0
Net Profit	(2,167,611)	(3,235,175)	(1,500,191)	4,052,106	6,715,773
%	-7.5%	-8.9%	-3.1%	7.0%	10.0%
	0.0%	0.0%	0.0%	0.0%	0.0%
Non-recurring income (expense)					
Average Diluted Shares Outstanding	46,207,400	37,749,381	44,447,649	44,447,649	44,447,649
Reported FD EPS					
Zacks Cash EPS	(0.05)	(0.09)	(0.03)	0.09	0.15
Zacks EPS	(0.05)	(0.09)	(0.03)	0.09	0.15

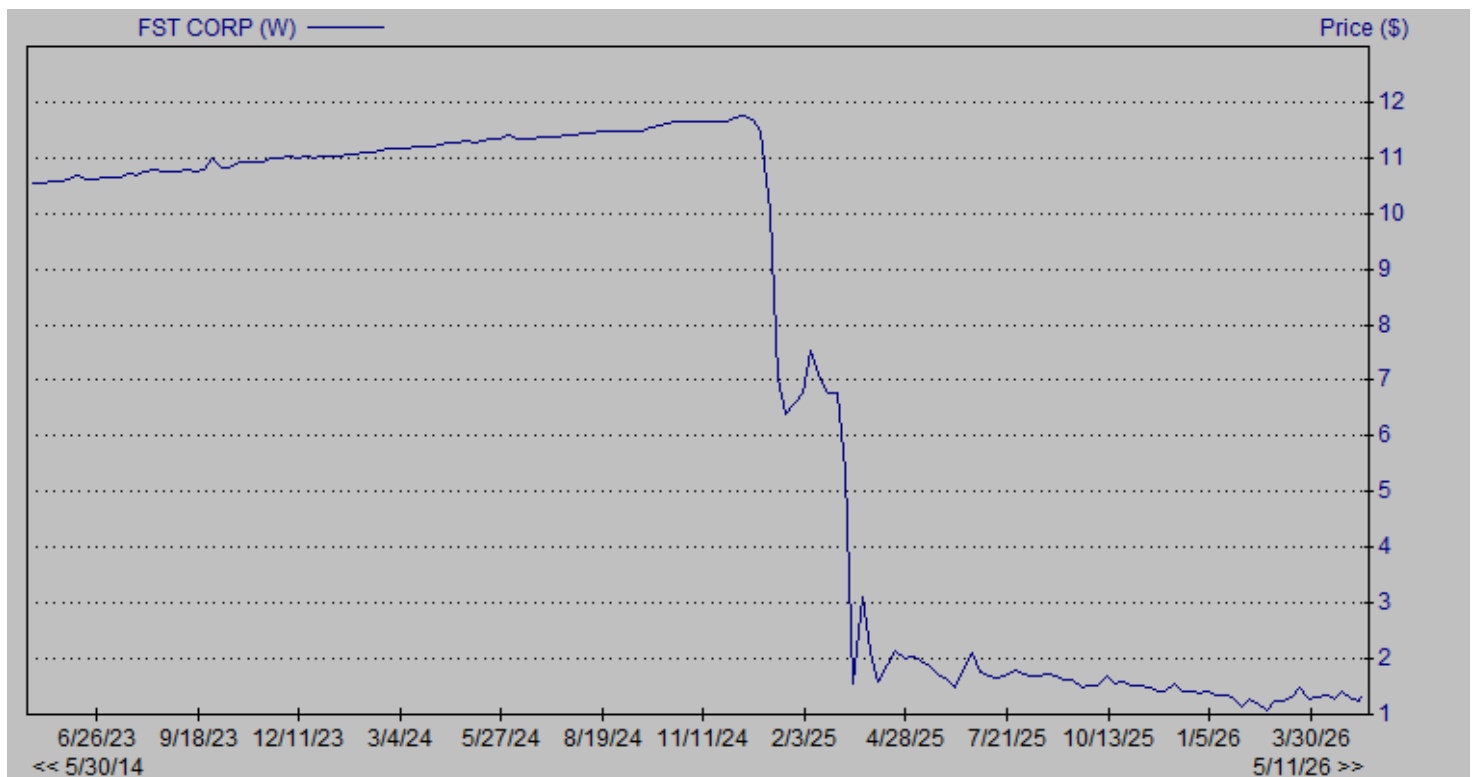
Source: Zacks SCR analyst

PROJECTED QUARTERLY INCOME STATEMENT

	Q1/26A	Q2/26E	Q3/26E	Q4/26E
Net Sales	14,646,354	13,316,059	14,752,053	15,371,847
Cost of Goods Sold	6,564,883	6,168,351	7,054,822	7,737,039
%	44.8%	46.3%	47.8%	50.3%
Depreciation	525,000	525,000	525,000	675,837
Gross Profit	7,556,471	6,622,709	7,172,231	6,958,971
%	51.6%	49.7%	48.6%	45.3%
Selling General & Administrative Expenses	2,867,913	3,054,115	3,051,237	3,190,875
%	19.6%	22.9%	20.7%	20.8%
Research & Development	2,116,984	2,011,135	2,131,803	2,469,103
%	28.0%	30.4%	29.7%	35.5%
Other Expenses	393,372	373,703	373,703	366,280
%	13.7%	12.2%	12.2%	11.5%
Amortization	0	0	0	0
%	0.0%	0.0%	0.0%	0.0%
Operating Income	2,178,202	1,183,755	1,615,489	932,713
%	14.9%	8.9%	11.0%	6.1%
EBITDA	2,703,202	1,708,755	2,140,489	1,608,550
%	18.5%	12.8%	14.5%	10.5%
Other Expenses/(Income)	(433,172)	0	0	0
%	-3.0%	0.0%	0.0%	0.0%
EBIT	2,611,374	1,183,755	1,615,489	499,541
%	17.8%	8.9%	11.0%	3.2%
Total Interest Exp. (net)	226,416	226,416	226,416	226,416
%	1.5%	1.7%	1.5%	1.5%
Net Profit Before Tax	2,384,958	957,339	1,389,073	333,763
%	16.3%	7.2%	9.4%	2.2%
Income Tax	507,390	191,468	277,815	66,753
% Effect Rate	21.3%	20.0%	20.0%	20.0%
Minority Interest	12,392	0	0	0
Net Profit	1,865,176	765,871	1,111,258	267,011
%	12.7%	5.8%	7.5%	1.7%
 Shares Outst.	 44,766,003	 44,766,003	 44,766,003	 44,766,003
Reported FD EPS				
Fully Diluted EPS	0.04	0.02	0.02	0.01

Source: Zacks SCR analyst

HISTORICAL STOCK PRICE



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