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Zacks Small-Cap Research

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FST Corporation (NASDAQ: KBSX)

KBSX: FST reports 2nd quarter 2026 unaudited financial results and updates investors on a widely attended investor relations webinar.

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

Current Price (08/18/26)	$1.00
Valuation	**$3.00**

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.

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)	**$44.5**
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	**20.0**
P/E using 2027 Estimate	**8.3**

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

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	**Q2** (Jun)	**Q3** (Sep)	**Q4** (Dec)	**Year** (Dec)
2024					$36.5 A
2025	$11.1 A	$11.1 A	$12.5 A	$12.1 A	$47.9 A
2026	$14.6 A	$12.6 A	$13.8 E	$14.5 E	$55.5 E
2027					$64.1 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 A	$0.01 E	$0.02 E	$0.05 E
2027					$0.12 E

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

WHAT'S NEW

2nd Quarter 2026 Financial Results

On July 28, 2026, the company announced unaudited 2nd quarter financial and operating results for the period ending June 30, 2026.

Revenue for second quarter was $12.6 million, a 9.7% increase from revenue of $11.4 million for the 2nd quarter of 2025. This increase was mainly the result of additional aftermarket sales in both the company's steel and graphite lines.

Net loss for the second quarter was ($1.0) million, or ($0.02) per share, compared to a net loss of ($3.0) million, or ($0.07) per share, in the prior year period.. This improvement was primarily the result of a $0.8 million improvement in gross profit driven by increased revenue and a change in product mix, a decline in total costs and operating expenses of $0.2 million, and a $2.4 million improvement in foreign exchange loss.

These improvements were offset in part by an unrealized loss on change in fair value of warrant liability of $0.7 million compared to no identical expense in the 2nd quarter of last year, an income tax expense of $0.3 million compared to an income tax benefit of $0.1 million in the year-ago period, and by a decrease in other income of $0.2 million compared to Q2 2025.

Operating income in the quarter was $0.3 million, an improvement of $0.9 million compared to an operating loss of ($0.7) million in the second quarter of 2025.

For the first six months of 2026, net cash provided by operating activities was $1.1 million compared with net cash used in operating activities of $4.3 million for the first six months of 2025. For the first six months of 2026 and 2025, net cash used in investing activities was $1.1 million and $0.2 million, and net cash provided by financing activities was $1.7 million and $3.4 million, respectively.

FST CEO David Chuang stated, *"We're pleased to report that our strong start to the year has continued throughout the second quarter, during which we've grown aftermarket revenue in both our steel and graphite lines and improved gross margins while reducing our operating expenses In addition, the flexibility utilized in our capital structure has enabled us to lay the foundation for providing greater long-term value for our shareholders."*

Balance Sheet

As of June 30, 2026, the company had cash balances of $8.2 million. Total current assets were $29.8 million and total current liabilities were $31.8 million at the end of the 2nd quarter. We believe 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.

Share Repurchase Plan

The Board of Directors recently authorized a stock repurchase program under which the company may repurchase up to $3.0 million of its outstanding ordinary shares. Shares may be repurchased from time to time through open-market transactions, privately negotiated transactions or other legally permissible means.

Valuation & Estimates

We adjust our 2026 revenue estimate to $55.5 million and our 2026 EPS estimate is now $0.05 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 certain global markets. However, in the U.S. the golf market remains strong with recent industry commentary stating that all regions in the country are showing positive growth in rounds played in 2026 (albeit some of the growth due to favorable weather).

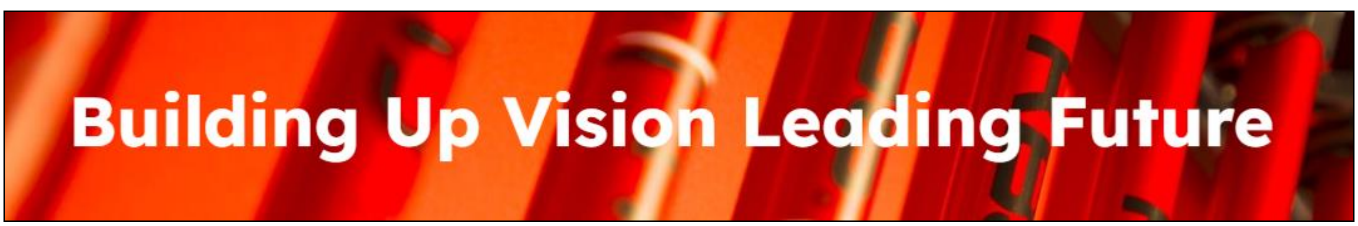
With FST still facing potentially higher fuel, shipping and other supply chain costs, we are maintaining our price target of **$3.00** until we see further visibility in 2026.

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 $44 million appears to be irrational and more reflective of the ongoing microcap stock malaise as opposed to company fundamentals.



Source: fstcorp.com

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.

Investor Relations Webinar

On August 11, 2026, investor relations firm Skyline Corporate Communications hosted a webinar with FST CFO Sebastian Tadla. Highlights include:

- **FST has a three-tier product mix** – Premium KBS-branded shafts (53% of shaft revenue, 26% of units), standard OEM-spec shafts (45% revenue, 68% of units), and economy shafts (3% revenue, 6% of units). The economy shafts are mostly quality control rejects repurposed for big-box sets.

- **Competitive moat in steel** – High barriers to entry exist because FST has developed a proprietary steel blend over many years in conjunction with China Steel. It would cost approximately $45 million to build a plant capable of 100,000 units/month compared to FST's 1.2 million units per month capacity. The company also has low Taiwan-based labor/manufacturing costs, and full in-house control of the 21-step/21-day production process.

- **Growth strategy centers on graphite** – Graphite is now about 20% of revenue and up 64% year over year. With steel shafts garnering a 60% share of the overall golf club market, management sees graphite (either organic R&D or potential acquisitions) as the biggest lever for future growth. Other levers include international expansion such as the new UK office which has already identified 3,000+ potential accounts.

- **Strong Marketing through professional tour validation, not endorsement deals** – FST doesn't pay pros to play KBS shafts, but the brand has racked up 130+ tour wins since 2021, with roughly 25% of PGA Tour players and over 50% of LPGA players using KBS shafts. Management believes these wins tie directly to retail demand and OEM program wins.

- **Industry tailwinds** – U.S. golf participation hit roughly 48 million in 2025 and is projected to reach over 50 million in 2026, which would be the 7th straight year of growth. The global golf equipment market is expected to reach $9.0 billion in 2026 as demand is broadening among juniors, women and in new international markets.

- **OEM relationships and pricing dynamics** – OEM sales to customers such as TaylorMade, Callaway, Titleist, Tacoma, Mizuno represent about 65–70% of revenue and grew 57% YoY. Pricing varies widely by tier as economy shafts sell for $1–2 wholesale, standard shafts $3.50–$10, premium steel retail $29.95–$79.99, and graphite drivers around $200. Management noted resilience strategies such as a lower-cost manufacturing base and geographic diversification as key differentiators if a golf-market downturn occurs.

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.

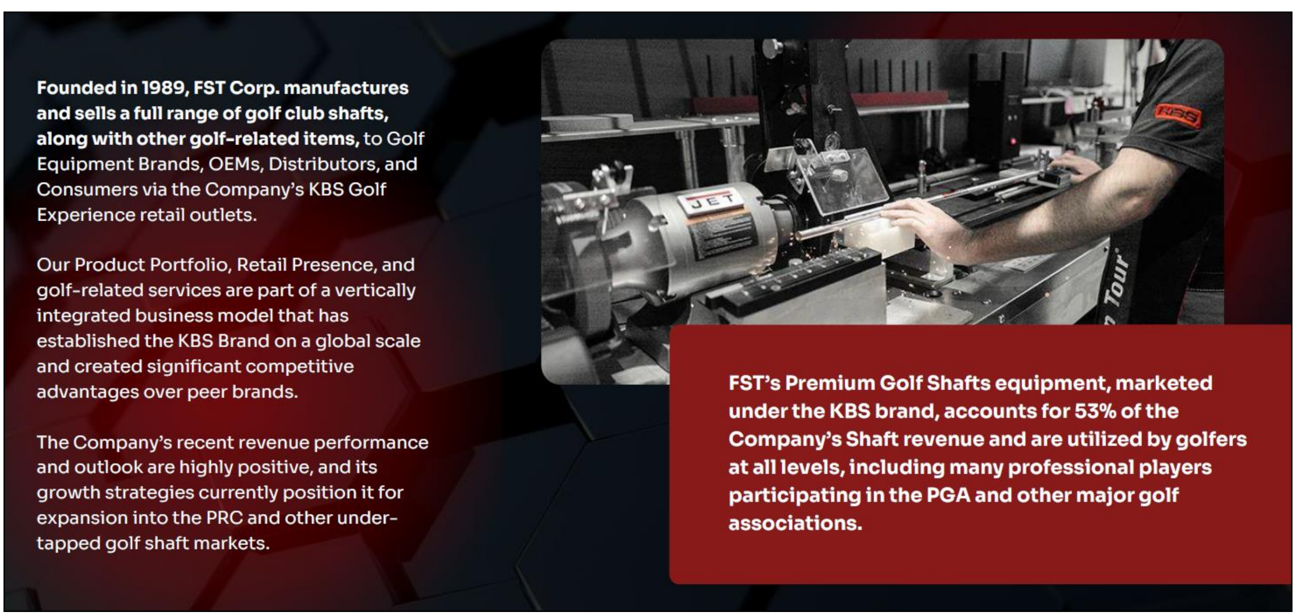
The KBS brand was first introduced in the U.S. market through the PGA tour in 2008. Since its launch, the company has continuously developed the KBS brand through the launch of golf shaft series that are well regarded in the golf community. These include the KBS Tour shaft series in 2008, KBS C-Taper 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.

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 $44 million and the company had $8.2 million in cash and equivalents as of 6/30/26.



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

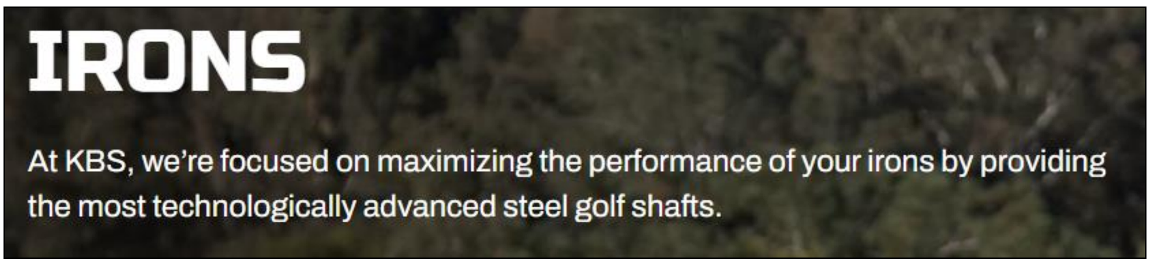
Premium shafts are distinguished from the company's other products in that they are manufactured entirely to proprietary designs, with different tooling and manufacturing processes to ensure consistency and reduce torque. They are subject to rigorous quality and inspection requirements. The premium shafts 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 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.

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.

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.

KBS MAX 80: The KBS MAX 80 Series is a lightweight shaft designed for mid-high handicap players.

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.

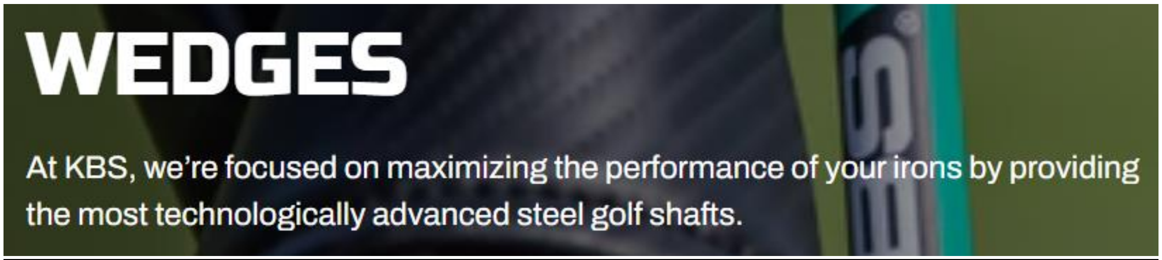
KBS Tour $-Taper Light: The KBS Tour $-Taper Light Series is a lightweight tour performance golf club shaft that provides KBS signature superior feel while maintaining shot workability and tight dispersion for players seeking the ultimate tour shaft with mid/high trajectory and low/mid spin performance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

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.

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.

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.

Shafts for Wedges



Source: fstcorp.com

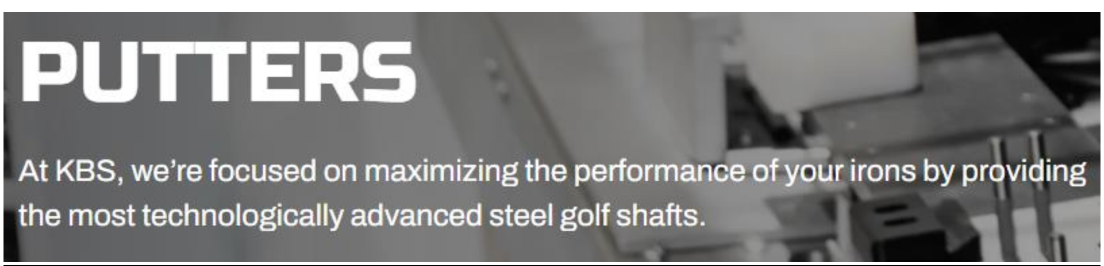
KBS Wedge: The KBS Wedge Series is developed for players seeking a similar feel to the KBS TOUR. The firmer tip section on the KBS WEDGE allows for less ball spin and increased control.

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.

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.

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.

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.

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..

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

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.

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.

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.

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.

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.

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.

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.

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”.

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”.

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.

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.

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.

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.

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.

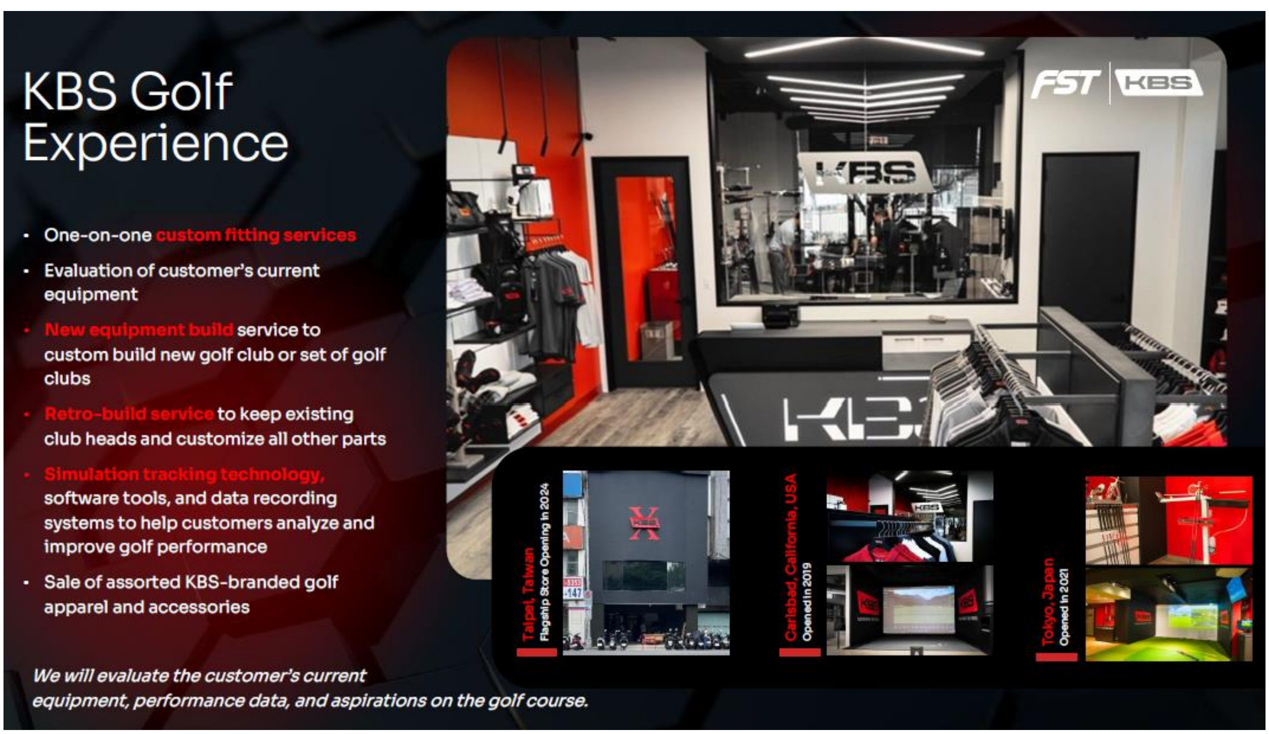
SERVICES

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.



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

See FST Initiation dated March 31, 2026 for full discussion of the manufacturing process and materials.

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.

Source: fstcorp.com

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.

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.

Source: fstcorp.com

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.

COMPETITION

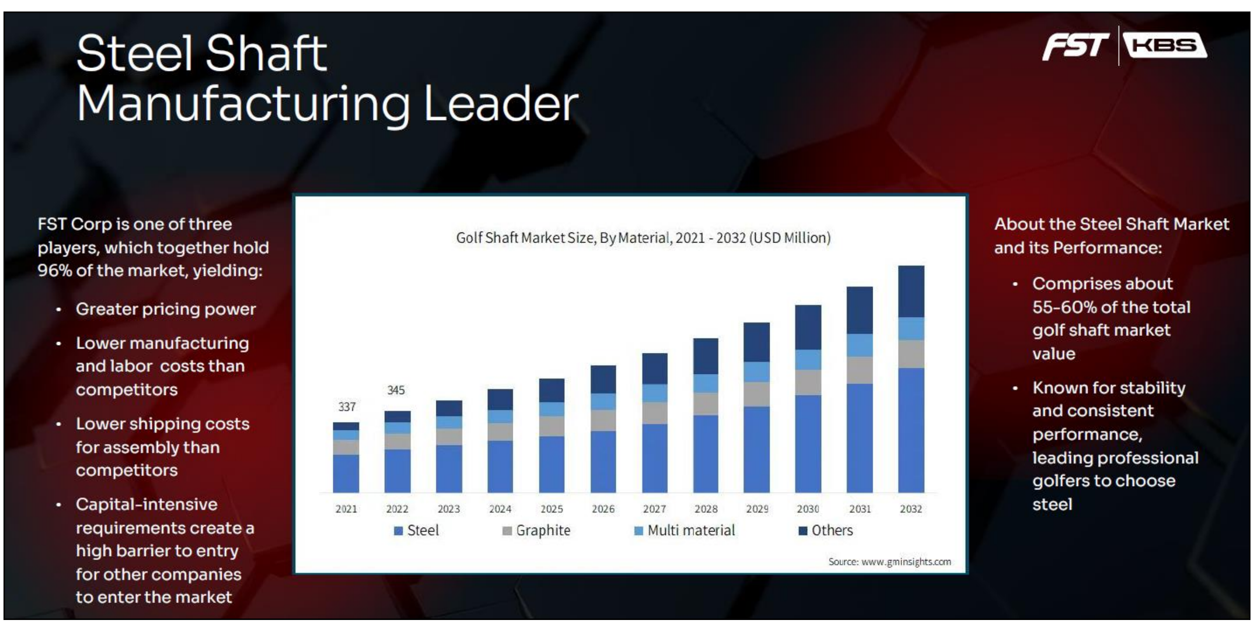
FST's major global competitors for premium golf club shafts include established brands such as True Temper, Nippon Shaft and Newton Golf. The company also faces competition from other Taiwanese manufacturers in the standard and economy shafts segment.

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.



Source: fstcorp.com

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.

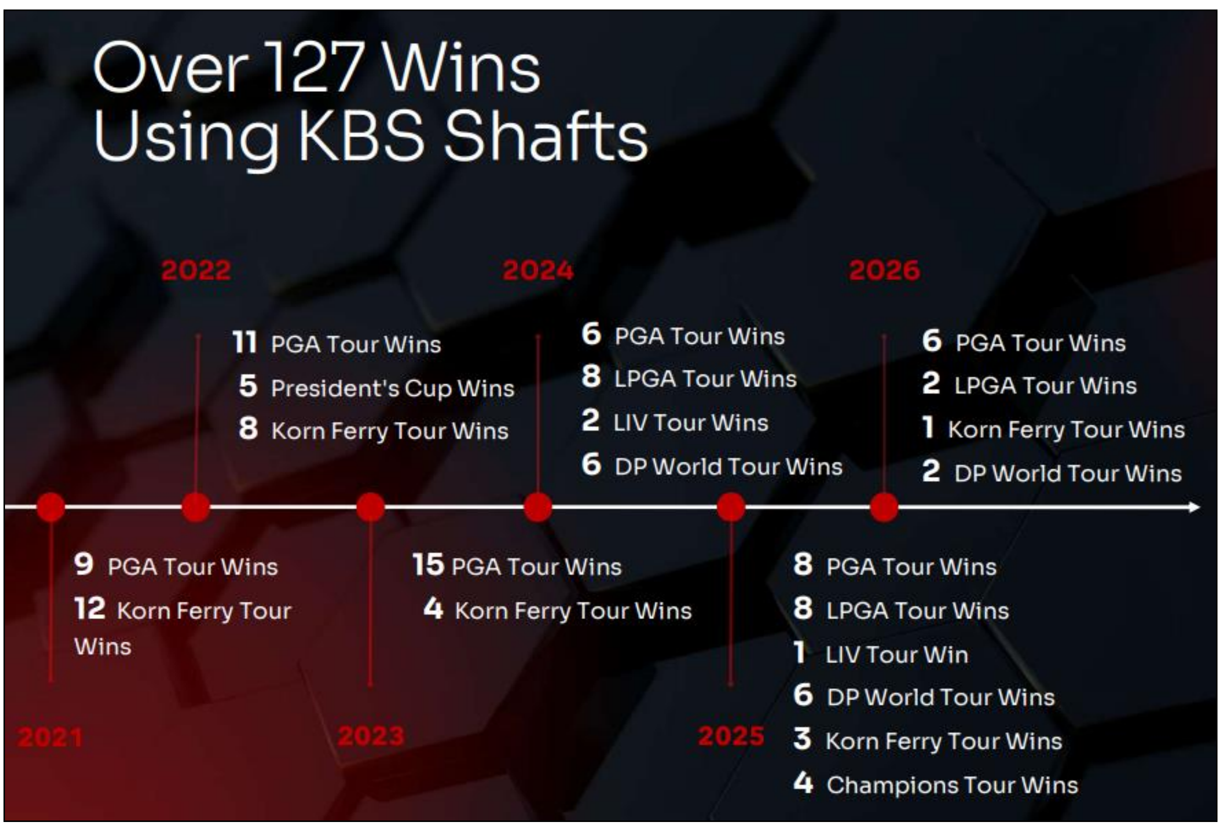
PROFESSIONAL TOUR PLAYERS

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

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

RECENT NEWS

KBS Putter Shafts Selected as Stock Offering Across TaylorMade's New Spider Tour and Spider ZT Max Putter Families

On August 4, 2026, the company announced that its KBS putter shafts have been selected by TaylorMade Golf as the stock shafts across two newly launched putter families: the all-new Spider Tour putter family and the Spider ZT Max lineup.

TaylorMade's June 4, 2026 Spider Tour family announcement confirmed all four head shapes (Spider Tour, Spider Tour X, Spider Tour F, and Spider Tour V), offered in a new torched PVD finish at $349.99, use the KBS CT Putter 120 Stepless Black shaft, while the separately announced Spider ZT Max high-MOI mallet putter, priced from $449.99 to $549.99, comes in three KBS-shafted configurations including Standard (KBS CT Putter 120 Stepless), Counterbalance (155-gram KBS Custom Graphite), and Long (210-gram KBS Custom Graphite)—each bored directly toward the putter head's center of gravity for a consistent, toe-up orientation at address.

According to TaylorMade, Spider putters have accumulated more PGA Tour wins than any other putter family since the start of the 2024 season, including recent major championship victories by the world's top-ranked players.

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.

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.

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

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.

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.

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.

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.

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.

See Zacks SCR FST report dated June 1, 2026 for pictures of both events.

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.

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.

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. The company has industry tailwinds in the U.S. as rounds played are up approximately 4.0% year-to-date.

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.

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.

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

Income Statement	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27
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

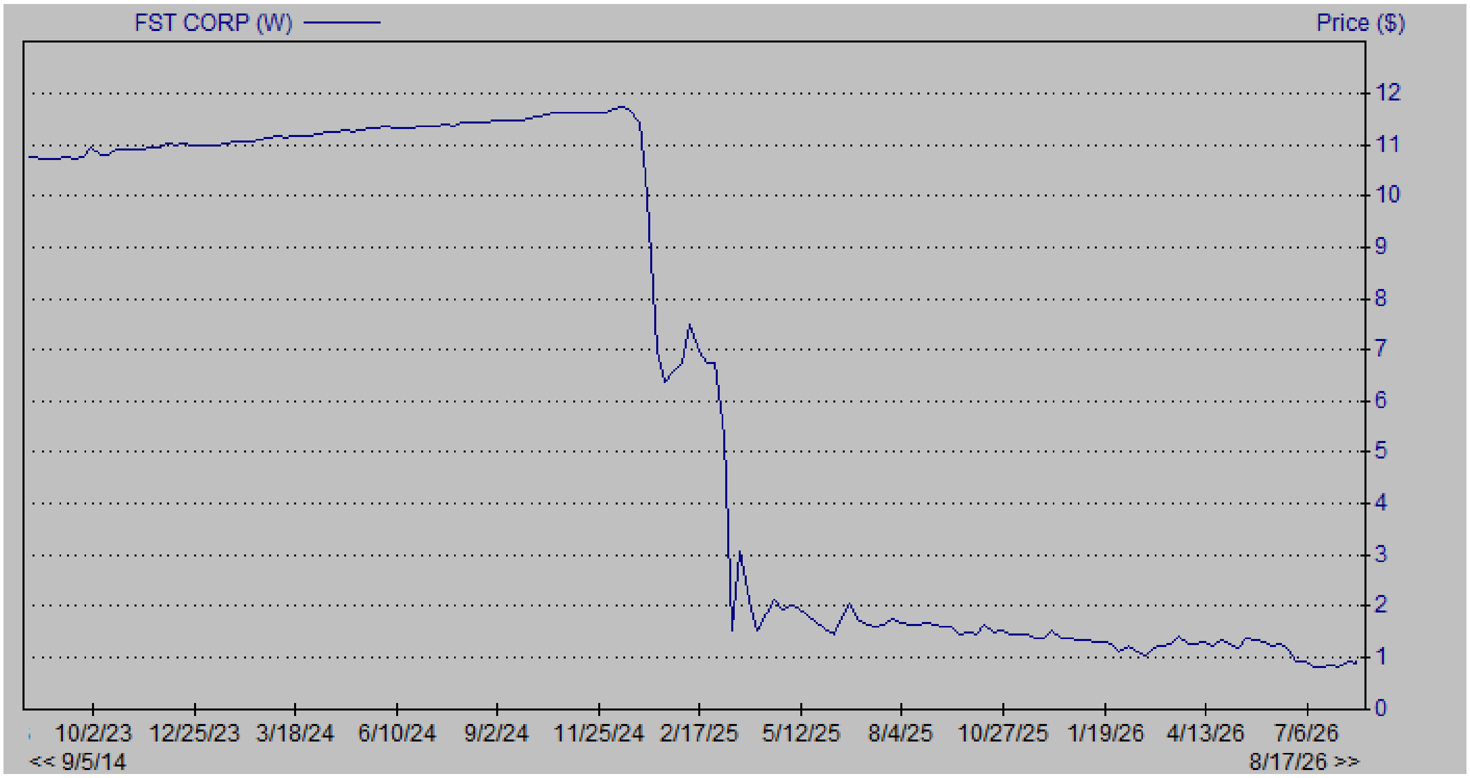
Source: Zacks SCR analyst

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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