

FST Corp. NASDAQ - KBSX

June 1, 2026

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Golf Is Cool Again. KBSX Is the Play.

- Wall Street sees golf's resurgence: A recent Wall Street Journal article highlighted surging participation among younger golfers, but focused on Acushnet (GOLF) and Callaway (CALY). We believe FST Corp. is the more compelling way to invest in the trend.
- The youth wave is real: The Journal cited a 58% increase in junior participation since 2019 and a 63% increase in off-course golf participation, trends that directly support KBS's youth-focused Generation shaft lineup.
- A supplier to the entire industry: Unlike club manufacturers that compete for market share, KBS shafts are used by many of the industry's leading brands, including those mentioned in the article, allowing FST to benefit regardless of which equipment company wins.
- Building golfers for life: The Journal argues that new golfers tend to remain in the sport for decades. Through youth products, fitting programs and experiential retail locations, KBS is positioning itself as a lifetime brand.
- Faster growth at a lower valuation: Despite revenue growth that substantially exceeds larger golf peers, KBSX trades at just 9.3x estimated 2027 EBITDA, a substantial discount to GOLF and CALY. We believe the market has yet to recognize the company's leverage to golf's long-term growth trends and reiterate our Buy rating and \$4 price target.

Rating	Buy	Earnings Per Share	Normalized to exclude unusual items			
Target Price	\$4.00	FYE - December	2024	2025	2026E	2027E
Ticker Symbol	KBSX	1Q - March		(\$0.06)	\$0.04 A	\$0.02
Market	NASDAQ	2Q - June		(\$0.07)	\$0.00	\$0.02
Stock Price	\$1.34	3Q - September		(\$0.02)	\$0.00	\$0.02
52 wk High	\$2.52	4Q - December		(\$0.01)	\$0.00	\$0.02
52 wk Low	\$1.04	Year	(\$0.09)	(\$0.16)	\$0.05	\$0.07
Shares Outstanding:	44.8 M	Revenue (\$mm)	36.5	48.0	57.2	64.1
Public Market Float:	27.2 M	EV/Rev	2.3X	1.7X	1.4X	1.3X
Avg. Daily Volume	185,488	EBITDA (\$mm)	(0.2)	2.2	6.6	8.5
Market Capitalization:	\$60.0 M	EV/EBITDA		36.6X	12.5X	9.7X
Institutional Holdings:	4.1%					
Dividend Yield:	0.0%					

Risks/Valuation

- Golf Market Weakness or Share Loss Could Pressure Growth: FST already dominates steel shafts, so sustaining double-digit growth increasingly depends on continued golf participation growth and successful expansion in the competitive graphite shaft market.
- Any escalation in cross-Strait tensions could disrupt supply chains, customer demand, investor sentiment, and global trade conditions.

Company description: FST Corp., through its KBS Shafts business, is a premium sporting goods company focused primarily on high-end golf club shafts. The company currently dominates the steel shaft category while expanding into graphite and carbon fiber products. Management is also positioning the business beyond equipment and toward a broader golf lifestyle brand through KBS Golf Experience retail and social locations as well as the annual KBS Open tournament in Taiwan, initiatives designed to strengthen customer engagement, expand brand visibility, and support premium brand positioning and valuation multiples over time.

FST Corp.
NASDAQ - KBSX

Golf Is Cool Again. KBSX Is the Play.

Over the weekend the Wall Street Journal carried a story reporting that golf is now the cool sport with teens. Golf's popularity surged during Covid, as it was one of the few permitted outdoor sports, and has continued to rise. Rounds played were up 5.3% in the U.S. over the last year and golfers are hugely popular on social media, with first granddaughter Kai Trump boasting 6 million followers on TikTok and Instagram. The article cites two golf stocks, Acushnet (GOLF) and Callaway (CALY), and recommends Callaway as the cheaper of the two. But we think the reporters missed the best play on this trend, FST Corp. (KBSX). FST makes extremely high-tech shafts, which are the key competitive differentiator in a golf club, and it makes shafts for both companies mentioned as well as others, both under its Kim Braly Signature (KBS) brand, its FST brand and on a white-label basis. Most importantly, FST is riding this wave, positioning itself as a lifetime brand with social spaces in its golf stores and a luxury club. The KBS logo is highly visible on golf shafts and is one of the few things Presidents Trump and Obama agree on. We reiterate our Buy rating and \$4 price target.

Some interesting data points from the article

- 43 million posts on Instagram are tagged to golf
- Off-course golf participation is up 63% versus 2019
- 40% of all golfers, or 19 million people, have only played off-course and are likely to eventually play on a golf course
- Junior participation on golf courses is up 58% from 2019 to 2025
- High-tech golf simulators give beginning players instant feedback on their swing, making the game easier to master

The article makes the point that this bodes well for the long-term future of the sport. Golf players tend to stick with the sport throughout their lives. Many of the off-course players are likely to begin playing on golf courses, increasing their commitment to the sport.

KBS Generation Shafts Are Its New Youth/Junior Line

This is FST Corp / KBS's new youth-focused line, officially called the KBS Generation shafts. It was launched to target younger players and juniors with lower swing speeds.

- Designed specifically for the next generation of golfers (kids and juniors)
- Based on the same bend profile as the popular KBS MAX shafts, but scaled and lightened for younger players
- Promotes a higher launch, more spin and better accuracy for slower swing speeds
- Lightweight performance graphite iron shafts (with steel versions also available)
- Easier to swing for juniors
- Higher trajectory
- Improved distance and control compared to standard junior shafts
- Helps developing players build better technique and performance early on
- Very affordable at around \$25 per shaft



FST Corp. NASDAQ - KBSX

So FST is well ahead of the youth curve, offering an affordable high-tech shaft that provides a measurable improvement in a young golfer's game. This should increase their satisfaction with the sport and make them more likely to become lifetime golfers and, presumably, stick with the KBS brand.

While the article cites Callaway and Acushnet as potential investments in the sport, we see FST as a better investment.

1. Its KBS brand is universal. Its branded shafts are available on clubs from the two club manufacturers named in the article, as well as those from TaylorMade, Cobra, Ping, Srixon, Mizuno and Wilson. In addition, the company offers a service where golfers can send in their existing clubs to be refitted with KBS shafts, improving their game. Custom fitters such as Club Champion, New York Golf Center and Cool Clubs, which employ the swing-analysis technology mentioned in the article, all sell customized golf clubs available with KBS shafts. The same is true for golf retailers such as GolfWorks and PGA Tour Superstore.
2. FST is positioning itself as more of a high-end lifestyle brand with its own club, urban KBS Experience stores with luxury customer lounges and its own clubhouse. The company hosts its own tournament annually, with the next one scheduled for January. As a result, we view KBSX shares as more similar to brands like lululemon, Nike and even Starbucks, which have taken a core mundane product and created a well-known, high-end lifestyle brand.
3. FST reported 31.4% revenue growth for 2025 and 33.5% for the first quarter, outpacing the 4.1% full-year growth and 7.1% first-quarter growth reported by Acushnet, as well as Callaway's roughly flat to slightly declining 2025 revenue performance and modest expected growth profile. Despite this, KBSX shares trade at a discount, at just 9.3x estimated 2027 EBITDA versus 14.4x for GOLF shares and 10.9x for CALY shares. Given its strong exposure to the fastest-growing segments of golf — the youth market, club customization and carbon-fiber shafts — we think it is better positioned to benefit from the sport's ongoing demographic expansion while still trading at a valuation discount to larger industry peers.



FST Corp.

NASDAQ - KBSX

FST Income Forecast

Fiscal years ended December 31	2025					2026E					2027E				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
Total Revenue	10,967,595	11,225,837	12,554,939	13,220,371	47,968,742	14,646,354	12,909,713	14,438,180	15,203,427	57,197,673	16,403,916	14,458,878	16,170,761	17,027,838	64,061,394
Year-over-year growth	20.9%	28.1%	47.2%	30.4%	31.4%	33.5%	15.0%	15.0%	15.0%	19.2%	12.0%	12.0%	12.0%	12.0%	12.0%
Sequential growth	8.1%	2.4%	11.8%	5.3%		10.8%	-11.9%	11.8%	5.3%		7.9%	-11.9%	11.8%	5.3%	
Cost of Sales	5,917,599	6,060,698	7,631,555	7,725,031	27,334,883	7,089,883	6,971,245	7,796,617	8,209,850	30,067,595	8,530,037	7,518,617	8,408,796	8,854,476	33,311,925
As a percent of revenue	54.0%	54.0%	60.8%	58.4%	57.0%	48.4%	54.0%	54.0%	54.0%	52.6%	52.0%	52.0%	52.0%	52.0%	52.0%
Gross Profit	5,049,996	5,165,139	4,923,384	5,495,340	20,633,859	7,556,471	5,938,468	6,641,563	6,993,576	27,130,078	7,873,880	6,940,261	7,761,965	8,173,362	30,749,469
Gross margin	46.0%	46.0%	39.2%	41.6%	43.0%	51.6%	46.0%	46.0%	46.0%	47.4%	48.0%	48.0%	48.0%	48.0%	48.0%
Selling expenses	3,079,111	3,153,777	2,851,623	3,312,809	12,397,320	2,867,913	3,098,331	3,465,163	3,648,822	13,080,230	3,772,901	3,325,542	3,719,275	3,916,403	14,734,121
As a percent of revenue	28.1%	28.1%	22.7%	25.1%	25.8%	19.6%	24.0%	24.0%	24.0%	22.9%	23.0%	23.0%	23.0%	23.0%	23.0%
General and administrative expenses	2,376,814	2,434,307	2,675,791	2,707,125	10,194,037	2,116,984	2,194,651	2,454,491	2,584,583	9,350,708	2,460,587	2,168,832	2,425,614	2,554,176	9,609,209
As a percent of revenue	21.7%	21.7%	21.3%	20.5%	21.3%	14.5%	17.0%	17.0%	16.3%	16.3%	15.0%	15.0%	15.0%	15.0%	15.0%
Research and development expenses	345,784	354,589	342,679	397,640	1,440,692	393,372	346,729	387,781	408,334	1,536,216	410,098	361,472	404,269	425,696	1,601,535
As a percent of revenue	3.2%	3.2%	2.7%	3.0%	3.0%	2.7%	2.7%	2.7%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Total Operating expenses	5,801,709	5,942,673	5,870,093	6,417,574	24,032,049	5,378,269	5,639,711	6,307,435	6,641,739	23,967,154	6,643,586	5,855,846	6,548,158	6,896,274	25,944,864
As a percent of revenue	52.9%	52.9%	46.8%	48.5%	50.1%	36.7%	43.7%	43.7%	43.7%	41.9%	40.5%	40.5%	40.5%	40.5%	40.5%
Operating Income	(751,713)	(777,534)	(946,709)	(922,234)	(3,398,190)	2,178,202	298,756	334,128	351,837	3,162,924	1,230,294	1,084,416	1,212,807	1,277,088	4,804,605
Operating Margin	-6.9%	-6.9%	-7.5%	-7.0%	-7.1%	14.9%	2.3%	2.3%	2.3%	5.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Other (Income)/Expenses															
Interest (expense) income, net	(198,831)	(203,660)	(231,789)	(211,121)	(845,401)	(226,416)	(200,000)	(200,000)	(200,000)	(826,416)	(200,000)	(200,000)	(200,000)	(200,000)	(800,000)
Foreign exchange (loss) gain	(1,094,513)	(1,121,140)	705,508	657,962	(852,183)	394,072	-	-	-	394,072	-	-	-	-	-
Other income	139,528	142,877	(20,033)	99,726	362,098	39,100	-	-	-	39,100	-	-	-	-	-
Unrealized loss on change in FV OET derivative	(931,085)	(953,739)	-	-	(1,884,824)	-	-	-	-	-	-	-	-	-	-
Total Other (Income)/Expenses	(2,084,901)	(2,135,662)	453,686	546,567	(3,220,310)	206,756	(200,000)	(200,000)	(200,000)	(393,244)	(200,000)	(200,000)	(200,000)	(200,000)	(800,000)
Pretax Income	(2,836,614)	(2,913,196)	(493,023)	(375,667)	(6,618,500)	2,384,958	98,756	134,128	151,837	2,769,680	1,030,294	884,416	1,012,807	1,077,088	4,004,605
Taxes	38,151	39,085	222,933	244,887	545,056	507,390	19,751	26,826	30,367	584,334	206,059	176,883	202,561	215,418	800,921
Tax rate	-1.3%	-1.3%	-45.2%	-65.2%	-8.2%	21.3%	20.0%	20.0%	20.0%	21.1%	20.0%	20.0%	20.0%	20.0%	20.0%
Non-controlling interest			(43,184)	(4,095)	(47,279)	12,392	12,000	12,000	12,000	48,392	12,000	12,000	12,000	12,000	48,000
Net income	(2,874,765)	(2,952,281)	(672,772)	(616,459)	(7,116,277)	1,865,176	67,005	95,303	109,470	2,136,954	812,235	695,533	798,246	849,670	3,155,684
Net income margin	-26.2%	-26.2%	-5.4%	-4.7%	-14.8%	12.7%	0.5%	0.7%	0.7%	3.7%	5.0%	4.8%	4.9%	5.0%	4.9%
Diluted shares outstanding	44,477,649	44,766,003	44,766,003	44,766,003	44,766,003	44,766,003	44,816,003	44,866,003	44,916,003	44,841,003	44,966,003	45,016,003	45,066,003	45,116,003	45,041,003
Seq change							50,000	50,000	50,000		50,000	50,000	50,000	50,000	
EPS diluted - continuing	(\$0.06)	(\$0.07)	(\$0.02)	(\$0.01)	(\$0.16)	\$0.04	\$0.00	\$0.00	\$0.00	\$0.05	\$0.02	\$0.02	\$0.02	\$0.02	\$0.07
Adjusted EBITDA															
Operating Income	(751,713)	(777,534)	(946,709)	(922,234)	(3,398,190)	2,178,202	298,756	334,128	351,837	3,162,924	1,230,294	1,084,416	1,212,807	1,277,088	4,804,605
Addback:															
Depreciation and amortization	550,000	560,000	570,000	320,000	2,000,000	550,000	560,000	570,000	570,000	2,250,000	580,000	590,000	600,000	600,000	2,370,000
Stock-based compensation	270,000	280,000	290,000	360,000	1,200,000	270,000	280,000	290,000	300,000	1,140,000	310,000	320,000	330,000	340,000	1,300,000
Non-recurring					2,442,410										
Adjusted EBITDA	68,287	62,466	(86,709)	(242,234)	2,244,220	2,998,202	1,138,756	1,194,128	1,221,837	6,552,924	2,120,294	1,994,416	2,142,807	2,217,088	8,474,605
EBITDA Margin	0.6%	0.6%	-0.7%	-1.8%	4.7%	20.5%	8.8%	8.3%	8.0%	11.5%	12.9%	13.8%	13.3%	13.0%	13.2%

Source: Company reports and Litchfield Hills Research



FST Corp.

NASDAQ – KBSX

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