# FST Corp.

## NASDAQ - KBSX

**August 24, 2026**

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## KBS Brand, Mix and Margins Are All Moving Higher – Reiterate Buy and $4 Target

- **KBS Brand Momentum Is Driving Share Gains -** 1H26 revenue rose 23% versus roughly 5% industry growth as KBS expands rapidly in the higher-value aftermarket.
- **TaylorMade Moves Spider Up to Premium KBS Shafts -** The shift from unbranded FST shafts to higher-priced, higher-margin KBS products helps explain strong OEM growth in 1H26.
- **Europe Opens a Large New Growth Market -** One salesperson is targeting roughly 3,000 U.K. golf retailers, with Ireland and major Continental European markets to follow.
- **New Products and a Bigger KBS Open Build the Brand -** Three new shafts broaden the lineup while a larger 2027 KBS Open should attract better players, more media coverage and greater KBS visibility.
- **Growth Is Accelerating Faster Than the Valuation -** Adjusted EBITDA reached $3.7 million in 1H26 as margin rose to 14%, yet KBSX remains discounted to slower-growing peers and well below our $4 target.

| | | |
|---|---|---|
| Rating | Buy | |
| Target Price | $4.00 | |
| Ticker Symbol | KBSX | |
| Market | NASDAQ | |
| Stock Price | $1.04 | |
| 52 wk High | $1.77 | |
| 52 wk Low | $0.81 | |
| | | |
| Shares Outstanding: | 44.8 | M |
| Public Market Float: | 27.2 | M |
| Avg. Daily Volume | 13,946 | |
| Market Capitalization: | $46.6 | M |
| Institutional Holdings: | 4.2% | |
| Dividend Yield: | 0.0% | |

| **Earnings Per Share** | **Normalized to exclude unusual items** | | | |
|---|---|---|---|---|
| **FYE - December** | **2024** | **2025** | **2026E** | **2027E** |
| 1Q - March | | ($0.06) | $0.04 A | $0.02 |
| 2Q - June | | ($0.07) | ($0.02) A | $0.01 |
| 3Q - September | | ($0.02) | $0.00 | $0.02 |
| 4Q - December | | ($0.01) | $0.00 | $0.02 |
| **Year** | **($0.09)** | **($0.16)** | **$0.02** | **$0.07** |
| | | | | |
| **Revenue ($mm)** | **36.5** | **48.0** | **56.0** | **62.7** |
| EV/Rev | 1.9X | 1.4X | 1.2X | 1.1X |
| | | | | |
| **EBITDA ($mm)** | **(0.2)** | **2.2** | **5.6** | **7.5** |
| EV/EBITDA | | 30.6X | 12.2X | 9.1X |

### 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.

## KBS Brand, Mix and Margins Are All Moving Higher

We recently caught up with FST management to get an update on the business. At this time of the year, the OEM business is in its seasonal slow period, while this is the key selling season for aftermarket. In aftermarket, the company is seeing substantial growth, clearly taking significant market share—the global golf shaft market is growing at approximately 5.1%, whereas FST grew revenue 23% in the first half of 2026 to $27.2 million from $22.2 million. We attribute this to the CEO's strategy to make KBS shafts a recognized lifestyle brand. It's clearly working—consumers are asking for, and buying, KBS golf shafts at a number of retail venues. We reiterate our Buy rating and $4 price target on KBSX shares.

### Channel Evidence Supports Aftermarket Growth

The strongest evidence is the expansion of KBS's retail shaft lineup, particularly in graphite, which is exactly where FST has been investing.

- The GolfWorks, one of the largest U.S. clubmaking and component retailers, now carries a broad KBS aftermarket assortment that includes Tour Lite, $-Taper, Tour V-X Lite, PGW, MAX HL, TG Black, Tour Driven 2.0, Generation shafts and others. Importantly, its 2025 shaft catalog identifies the PGW as a new product, while its current website has subsequently added TG Black and Tour Driven 2.0. KBS has therefore materially increased the number of premium wood and graphite products it can sell into the aftermarket compared with its historically steel-heavy lineup.

- Golf Galaxy has a dedicated KBS aftermarket-shaft section with five standalone replacement-shaft SKUs, including Tour Lite, KBS Tour, MAX 80, Hi-Rev wedge and CT Tour putter shafts. These are sold as individual shafts rather than as components of OEM clubs, making them directly relevant to the company's aftermarket sales. Golf Galaxy's Tour Lite page also includes recent customer reviews specifically discussing purchasing the shaft and having Golf Galaxy reshaft clubs.

- The new graphite wood line is also receiving meaningful equipment-media attention. GolfWRX, a golf-equipment media and enthusiast website, described KBS in March 2025 as already "one of the leaders in iron and wedge shafts" when it introduced the PGW and noted that the PGW substantially broadened KBS's wood-shaft offering. The PGW is now stocked by GolfWorks in multiple weights and flexes at $175 per shaft.

- There is also evidence that these newer graphite products are getting into players' hands rather than simply sitting in catalogs. GolfWRX's June 2026 WITB for Brianna Do shows an unusually extensive KBS setup: PGW in the driver, 3-wood and 5-wood; PGI in the hybrids and irons; and KBS in the wedges. Jason Day was testing/playing TG Black in 2026 as well.

- A particularly useful piece of evidence arrived after the quarter. Golf Monthly reviewed the new KBS TG Black this month and essentially positioned it as a $200 competitor to premium $350 shafts such as Ventus, praising its performance and noting its tour adoption, including by Jason Day. That is significant because KBS historically had enormous recognition in steel but much less share of the high-dollar aftermarket driver-shaft category.

- There is also useful context at PGA Tour Superstore, although we would classify this as OEM evidence rather than aftermarket evidence. KBS Tour Lite is currently the stock shaft in multiple retail iron sets, including new Cobra 3DP Tour/3DP X, Cobra KING, Tour Edge Exotics Max and Mizuno JPX925 products. That creates a large installed base of golfers familiar with KBS and helps feed later replacement and fitting demand.

## TaylorMade Putter Wins Strengthen the Virtuous Branding Cycle

FST is upgrading its position in TaylorMade's highly successful Spider putter franchise from lower-priced, unbranded FST shafts to higher-performance KBS-branded shafts. The program is broader than the Spider Tour alone. All four new Spider Tour head shapes—Spider Tour, Spider Tour X, Spider Tour F and Spider Tour V—use the KBS CT Putter 120 Stepless Black as stock equipment. TaylorMade's new Spider ZT Max family also uses KBS shafts in all three configurations: the Standard model uses the KBS CT Putter 120 Stepless, while the Counterbalance and Long models use 155-gram and 210-gram KBS Custom Graphite shafts, respectively. FST was already supplying TaylorMade, so this is not a new customer win. The significance is that one of TaylorMade's highest-volume and most visible putter franchises is moving into more expensive, higher-margin KBS products.

We attribute the change to the growing strength of the KBS brand. Golf equipment manufacturers increasingly see value in identifying KBS as a component of the finished club because golfers recognize the name and associate it with premium shafts. FST previously supplied an unbranded shaft for Spider; it is now supplying premium KBS products that TaylorMade identifies in the product specifications.

The Spider franchise provides particularly valuable exposure because it is one of the largest and most visible putter franchises in golf, including some of TaylorMade's best-selling models and extensive usage on the professional tours. Every Spider equipped with KBS puts the brand in front of golfers in stores, on retailer websites, in equipment reviews and on television. Having a major equipment manufacturer select KBS as standard equipment also serves as an endorsement of the brand to consumers.

We believe this is creating a virtuous cycle. Greater KBS brand recognition makes the name more valuable to club manufacturers, increasing the incentive to specify branded KBS shafts in their products. Those OEM placements then put KBS in front of more golfers and further strengthen the brand. The TaylorMade Spider program is a particularly strong example because the visibility of the franchise should itself help drive the next round of branded OEM wins.

The shift also has attractive financial implications for FST. KBS-branded shafts carry higher selling prices and higher margins than unbranded FST OEM shafts. Moving an existing OEM program from an unbranded FST shaft to a premium KBS shaft can therefore increase revenue and gross profit without requiring FST to win another customer or generate higher club unit sales. The same Spider putter that previously generated revenue from an unbranded FST shaft can now generate greater revenue and profit through the higher-value KBS component.

We believe the TaylorMade Spider program illustrates the value FST has created in KBS. FST's traditional OEM business generated value primarily through design and manufacturing, while KBS adds the economics of a premium consumer brand. As KBS gains visibility, manufacturers have more reason to put the brand into their products; those placements increase consumer exposure and reinforce the brand further. That cycle should support continued gains in OEM penetration, higher average selling prices and a growing mix of higher-margin KBS revenue.

We expect further good news as the peak OEM selling season approaches. Given the lead times involved, OEMs work on new designs and award design wins in mid-year, with peak shipments in Q4 and Q1 to stock the channels ahead of the new golf season. While KBS has a strong position with one of the major golf manufacturers, its relationships with others suffered as it had to prioritize product to its best customer during the COVID years when golf demand hit record highs. It is now winning back these other OEMs due to the strength of its product and the fact that its own brand-building efforts are convincing OEMs of the value of having a shaft with the KBS brand on their clubs. FST reported that OEM partner sales increased 57% year-over-year in the first half of 2026, providing strong evidence that this effort is already producing results. So we expect additional announcements as the season approaches.

## European Expansion Opens a Large New Growth Market

FST announced in May that it had established its first European operation in Wokingham, England, just west of London. The office is located at the Full Swing Golf complex, a 5,500-square-foot EMEA facility that includes Full Swing golf simulators, launch-monitor and putting technology, demonstration areas and office space. The location gives FST a ready-made golf environment for customer meetings, shaft demonstrations and fittings rather than simply placing its first European employee in a conventional office.

Europe represents a major largely untapped opportunity for FST. Taken as a whole, Europe is effectively tied with Japan as the world's second-largest golf market behind the U.S., but the competitive environment is very different. Japan is the home market of Nippon Shaft, one of FST's principal competitors, giving Nippon a natural advantage there. Europe offers FST an opportunity to build share on more neutral ground, and the U.K. is the logical place to start. It is Europe's largest golf market and has roughly 3,000 golf retail locations across England, Wales, Scotland and Northern Ireland. Scotland in particular has an exceptionally deep golf culture, while Ireland provides another golf-rich market immediately adjacent to the U.K.

For now, the European expansion remains remarkably lean. FST has hired just one U.K. salesperson, who is calling on golf retailers across the country. The Wokingham operation also includes a certified fitter and tour representative, but there is currently only one salesperson responsible for developing the retail market. Where a retailer already buys KBS through one of FST's distributors, his job is to provide additional local sales, fitting and product support and help the retailer sell more KBS shafts. Where the retailer does not currently carry KBS, he is attempting to establish a new direct customer relationship. Thus, the opportunity is both to increase penetration at existing accounts and to add entirely new ones.

One salesperson addressing roughly 3,000 potential retail locations also makes clear how early FST is in building out the region. The company plans to add another one or two representatives initially, giving it substantially greater coverage without requiring a large investment in infrastructure. The U.K. operation also provides a base from which FST can expand into Ireland and then larger continental golf markets including Germany, France, Italy and Spain. FST's May announcement specifically highlighted the opportunity presented by European retailers that purchase club heads separately and independently select shafts and grips, a distribution model that can put KBS directly in front of the person making the component purchasing decision.

We believe Europe could become an important second leg of KBS's geographic expansion. FST has already demonstrated the strength of the brand in the U.S., while Japan presents the additional hurdle of competing with Nippon on its home turf. Europe combines a large golf market with a fragmented retail base that FST has historically served largely through distributors rather than its own people. Putting sales representatives on the ground should allow FST to provide better support to existing KBS customers, convert retailers that do not currently carry the brand and establish direct relationships that were difficult to develop from the U.S.

The strategy also complements the virtuous brand cycle we see developing at KBS. More retail locations carrying and actively promoting KBS increase consumer exposure to the brand. Greater consumer recognition makes KBS more valuable to OEMs and retailers, leading to more placements, which create still more visibility. The investment required to begin that process in Europe is modest—today essentially one salesperson and a small operating base outside London—while the addressable market encompasses thousands of U.K. retailers and, ultimately, some of the largest golf markets in continental Europe.

## Three New Products Broaden the KBS Lineup

FST is launching three new KBS products during the third quarter: KBS Tour V-X Lite, KBS Tour V-X and KBS Tour Ascend. V-X Lite has already been introduced and is listed on the KBS website, while Tour V-X and Tour Ascend do not yet appear to have been formally launched. FST's July 29 earnings release publicly referred only to the launch of a new steel shaft product in 3Q, and the company has filed trademarks for both Tour V-X and Tour Ascend.

The first of the three products to reach the market is Tour V-X Lite, a lighter-weight version of the V-X concept. The product is designed for golfers seeking additional clubhead speed from a lighter shaft without giving up the stability and control associated with premium steel shafts. This broadens the Tour V-X franchise to another segment of the market and gives fitters another option for golfers who prefer lighter equipment.

The KBS Tour V-X is an updated version of the existing Tour-V, one of KBS's established premium steel iron shafts. The current Tour-V was designed around a stable tip section, tight dispersion, mid trajectory and reduced spin. The new V-X continues that franchise with an updated design aimed at improving performance while retaining the characteristics that have made Tour-V successful.

The more differentiated new product may be KBS Tour Ascend. Rather than designing every shaft in an iron set to produce essentially the same relative trajectory, Ascend changes the performance characteristics through the set. The shafts for the 3-, 4-, 5- and 6-irons are designed to help launch the ball higher and faster, making the long irons easier to hit and improving carry. In the 7-, 8- and 9-irons, the design keeps the ball lower for greater control. In effect, FST is engineering the shaft set around what a golfer is trying to accomplish with each club rather than simply changing shaft length.

We view the three-product launch cadence as another indication of FST's increasing ability to extend the KBS brand across more specific performance categories. Tour V-X Lite addresses growing demand for lighter shafts, Tour V-X refreshes an established premium franchise, and Tour Ascend introduces a more differentiated approach to optimizing ball flight throughout an iron set. A broader product lineup gives fitters more opportunities to put golfers into KBS and should support both unit growth and continued premium pricing.

## 2027 KBS Open Steps Up the Game

One of the major branding exercises is the company's own golf tournament, the KBS Open, which FST launched in Taiwan in December 2025 and is substantially expanding for its second event in January 2027. The inaugural tournament attracted 45 professional and amateur golfers and carried a total purse of about $69,000, with roughly $47,000 going to the winner. The second tournament will be considerably larger, with the winner's prize doubling to about $94,000 and prizes extending through the top 10 rather than just the top three. KBS is also recruiting players internationally, including through a Malaysian qualifier that will send its top three finishers to Taiwan with airfare and accommodations paid. The larger purse and broader recruiting effort should attract a larger and stronger field.

The January timing was deliberately selected because there are no competing professional golf tournaments in Asia or North America during the KBS Open. This gives FST a much better opportunity to attract high-quality players who might otherwise have tournament commitments and should also increase media attention around the event. A larger purse, stronger international field and open professional golf calendar should make the second KBS Open substantially more visible than the inaugural tournament.

The event is an unusually effective product-marketing vehicle because every player is required to use KBS shafts in every club. The tournament puts KBS products into the hands of every professional and amateur golfer in the field and lets them experience the shafts under actual tournament conditions. The inaugural tournament rules also specifically required all clubs used in competition to have KBS-branded shafts, and FST provided fitting and shaft-building support at the event.

We believe the KBS Open should further strengthen the already growing KBS brand. Increasing recognition of KBS allows FST to attract better golfers, offer a larger tournament and generate more media attention. That greater visibility introduces KBS to more golfers and reinforces the brand with existing customers, retailers and OEMs, which in turn should lead to greater product adoption and still more visibility. Like the growing use of branded KBS shafts by major OEMs such as TaylorMade, the KBS Open is another part of the virtuous cycle that is increasing the value of the KBS name.

## Cost Control Supports Growth Without Sacrificing Investment

FST grew first-half 2026 revenue 23%, yet management continues to make cost control one of its principal operating priorities. The company has repeatedly cited production efficiency, inventory management, logistics and discretionary operating expenses as areas for further savings. We recently spoke with management to better understand where these savings can come from. At the same time, FST continues to invest aggressively in growth, with R&D expense up 15% in the first half, three new products being launched in 3Q, a new European sales operation and increased spending behind the KBS brand.

**Production.** CEO David Chuang grew up in the family business and has worked at every station in the company's Chiayi, Taiwan production facility, giving him a detailed understanding of each manufacturing step and the opportunities for improvement. FST is gradually replacing manual equipment with automated machinery. Over time, the factory could increasingly resemble the highly automated fabs of Taiwan's TSMC, where sophisticated equipment performs much of the production process with minimal human intervention. This should allow production to increase much faster than manufacturing headcount while lowering unit costs as volumes grow. The company already has more than 14 million shafts of annual production capacity, providing considerable room for growth without a comparable increase in factory infrastructure.

**Inventory.** Inventory management is unusually complex because FST offers more than 1,000 SKUs, or roughly 3,000 when different labeling configurations are included, and individual SKUs must be manufactured in batches large enough to be economical. At the time of our initiation report, FST held about 2.5 million shafts in Chiayi and another 850,000 at its California distribution center. Inventory was just $12.5 million at June 30, compared to $13.6 million a year ago, despite a 23% increase in first-half revenue, reducing inventory from about 111 days of sales in 1H25 to 83 days in 1H26. Management is working to further improve production planning and is already building some 2027 product ahead of demand, allowing it to spread manufacturing more evenly throughout the year despite the pronounced seasonality of the golf business.

**Logistics.** Production planning and logistics go hand in hand. FST can ship shafts from Taiwan by ocean for roughly one cent per shaft by leasing container space and moving large quantities at once. Air freight costs closer to $1 per shaft and is used sparingly when customers need certain products quickly. The roughly 100-to-one difference makes accurate forecasting and inventory positioning particularly valuable. Having the right shaft in the right distribution center can avoid an air shipment that costs about as much as 100 ocean shipments on a per-unit basis. Better production and logistics planning therefore translate directly into higher margins.

**Discretionary spending.** FST is generating substantially more growth from fewer selling dollars. Selling expense declined 3% in the first half of 2026 to $6 million even as revenue increased 23%. Selling expense fell to 22% of revenue from 28%, while G&A declined 11% and total operating expenses declined 5%. At the same time, R&D increased 15%. We find it remarkable that FST has delivered double-digit revenue growth, strong aftermarket gains, additional OEM wins, European expansion, new product launches and growing KBS brand visibility while spending less on selling and overhead. The company is getting considerably more output from each dollar of operating expense while continuing to fund the investments that drive future growth.

## Faster Growth at a Discount Valuation to Leisure Comps

FST's operating performance has moved sharply ahead of its share price. First-half revenue increased 23%, while adjusted EBITDA rose from just $131,000 to nearly $4 million, expanding adjusted EBITDA margin to 14% from 1%. Yet KBSX shares are down 26% year to date. Management is taking steps to improve investor visibility, including increased investor outreach and presentations such as the Planet MicroCap conference in June.

The valuation disconnect is equally apparent in our comparable-company analysis. At $1.04, KBSX trades at 1.1x our 2027 revenue estimate and 9.1x our 2027 EBITDA estimate, discounts of 28% and 16%, respectively, to peer averages of 1.5x and 10.9x. At the same time, we forecast 12% revenue growth in 2027, nearly twice the 6% peer average, and 34% EBITDA growth, nearly four times the 9% peer average. We expect continued execution and greater investor recognition of the increasingly valuable KBS brand to close the current valuation gap and ultimately justify a premium to the peer group. Our $4 target reflects that premium, consistent with our view that FST combines above-average growth, expanding margins and an increasingly valuable consumer golf brand.

Our income statement and comparable-company tables are at the end of this report.

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# FST Corp.

## NASDAQ - KBSX

### FST Income Forecast

| Fiscal years ended December 31 | 2025 1Q | 2025 2Q | 2025 3Q | 2025 4Q | 2025 YEAR | 2026E 1QA | 2026E 2QA | 2026E 3Q | 2026E 4Q | 2026E YEAR | 2027E 1Q | 2027E 2Q | 2027E 3Q | 2027E 4Q | 2027E YEAR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenue** | **10,967,595** | **11,225,837** | **12,554,939** | **13,220,371** | **47,968,742** | **14,646,354** | **12,552,012** | **14,038,129** | **14,782,172** | **56,018,667** | **16,403,916** | **14,058,253** | **15,722,704** | **16,556,033** | **62,740,907** |
| Year-over-year growth | 20.9% | 28.1% | 47.2% | 30.4% | 31.4% | 33.5% | 11.8% | 11.8% | 11.8% | 16.8% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% |
| Sequential growth | 8.1% | 2.4% | 11.8% | 5.3% | | 10.8% | -14.3% | 11.8% | 5.3% | | 11.0% | -14.3% | 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 | 6,539,950 | 7,299,827 | 7,686,730 | 28,616,389 | 8,530,037 | 7,310,292 | 8,175,806 | 8,609,137 | 32,625,272 |
| As a percent of revenue | 54.0% | 54.0% | 60.8% | 58.4% | 57.0% | 48.4% | 52.1% | 52.0% | 52.0% | 51.1% | 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** | **6,012,062** | **6,738,302** | **7,095,443** | **27,402,277** | **7,873,880** | **6,747,962** | **7,546,898** | **7,946,896** | **30,115,635** |
| Gross margini | 46.0% | 46.0% | 39.2% | 41.6% | 43.0% | 51.6% | 47.9% | 48.0% | 48.0% | 48.9% | 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 | 3,166,484 | 3,541,385 | 3,729,084 | 13,304,867 | 3,772,901 | 3,233,398 | 3,616,222 | 3,807,888 | 14,430,409 |
| As a percent of revenue | 28.1% | 28.1% | 22.7% | 25.1% | 25.8% | 19.6% | 25.2% | 25.2% | 25.2% | 23.8% | 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 | 2,170,587 | 2,427,577 | 2,556,243 | 9,271,391 | 2,460,587 | 2,108,738 | 2,358,406 | 2,483,405 | 9,411,136 |
| As a percent of revenue | 21.7% | 21.7% | 21.3% | 20.5% | 21.3% | 14.5% | 17.3% | 17.3% | 17.3% | 16.6% | 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 | 415,092 | 464,238 | 488,843 | 1,761,544 | 410,098 | 351,456 | 393,068 | 413,901 | 1,568,523 |
| As a percent of revenue | 3.2% | 3.2% | 2.7% | 3.0% | 3.0% | 2.7% | 3.3% | 3.3% | 3.3% | 3.1% | 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** | **5,752,163** | **6,433,200** | **6,774,170** | **24,337,802** | **6,643,586** | **5,693,593** | **6,367,695** | **6,705,193** | **25,410,067** |
| As a percent of revenue | 52.9% | 52.9% | 46.8% | 48.5% | 50.1% | 36.7% | 45.8% | 45.8% | 45.8% | 43.4% | 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** | **259,899** | **305,102** | **321,273** | **3,064,475** | **1,230,294** | **1,054,369** | **1,179,203** | **1,241,702** | **4,705,568** |
| Operating Margin | -6.9% | -6.9% | -7.5% | -7.0% | -7.1% | 14.9% | 2.1% | 2.2% | 2.2% | 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) | (218,175) | (200,000) | (200,000) | (844,591) | (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 | (115,615) | - | - | 278,457 | - | - | - | - | - |
| Other income | 139,528 | 142,877 | (20,033) | 99,726 | 362,098 | 39,100 | 25,951 | - | - | 65,051 | - | - | - | - | - |
| Unrealized loss on change in FV OET derivative | (931,085) | (953,739) | - | - | (1,884,824) | - | (715,861) | - | - | (715,861) | - | - | - | - | - |
| Total Other (Income)/Expenses | (2,084,901) | (2,135,662) | 453,686 | 546,567 | (3,220,310) | 206,756 | (1,023,700) | (200,000) | (200,000) | (1,216,944) | (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 | (763,801) | 105,102 | 121,273 | 1,847,531 | 1,030,294 | 854,369 | 979,203 | 1,041,702 | 3,905,568 |
| Taxes | 38,151 | 39,085 | 222,933 | 244,887 | 545,056 | 507,390 | 282,578 | 21,020 | 24,255 | 835,243 | 206,059 | 170,874 | 195,841 | 208,340 | 781,114 |
| Tax rate | -1.3% | -1.3% | -45.2% | -65.2% | -8.2% | 21.3% | -37.0% | 20.0% | 20.0% | 45.2% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Non-controlling interest | | | (43,184) | (4,095) | (47,279) | 12,392 | 3,566 | 12,000 | 12,000 | 39,958 | 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** | **(1,049,945)** | **72,081** | **85,018** | **972,330** | **812,235** | **671,495** | **771,362** | **821,362** | **3,076,454** |
| Net income margin | -26.2% | | -5.4% | -4.7% | -14.8% | 12.7% | -8.4% | 0.5% | 0.6% | 1.7% | 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 | 44,766,003 | 44,816,003 | 44,866,003 | 44,803,503 | 44,916,003 | 44,966,003 | 45,016,003 | 45,066,003 | 44,991,003 |
| Seq change | | | | - | | - | - | 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** | **($0.02)** | **$0.00** | **$0.00** | **$0.02** | **$0.02** | **$0.01** | **$0.02** | **$0.02** | **$0.07** |
| Adjusted EBITDA | | | | | | | | | | | | | | | |
| Operating Income | (751,713) | (777,534) | (946,709) | (922,234) | (3,398,190) | 2,178,202 | 259,899 | 305,102 | 321,273 | 3,064,475 | 1,230,294 | 1,054,369 | 1,179,203 | 1,241,702 | 4,705,568 |
| Addback: | | | | | | | | | | | | | | | |
| Depreciation and amortization | 550,000 | 560,000 | 570,000 | 320,000 | 2,000,000 | 520,000 | 520,000 | 530,000 | 530,000 | 2,100,000 | 540,000 | 550,000 | 560,000 | 560,000 | 2,210,000 |
| Stock-based compensation | 270,000 | 280,000 | 290,000 | 360,000 | 1,200,000 | 100,000 | 110,000 | 120,000 | 130,000 | 460,000 | 140,000 | 150,000 | 160,000 | 170,000 | 620,000 |
| Non-recurring | | | | | 2,442,410 | | | | | | | | | | |
| **Adjusted EBITDA** | **68,287** | **62,466** | **(86,709)** | **(242,234)** | **2,244,220** | **2,798,202** | **889,899** | **955,102** | **981,273** | **5,624,475** | **1,910,294** | **1,754,369** | **1,899,203** | **1,971,702** | **7,535,568** |
| EBITDA Margin | 0.6% | 0.6% | -0.7% | -1.8% | 4.7% | 19.1% | 7.1% | 6.8% | 6.6% | 10.0% | 11.6% | 12.5% | 12.1% | 11.9% | 12.0% |

*Source: Company reports and Litchfield Hills Research*

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# FST Corp.

## NASDAQ - KBSX

### FST Comps

| Ticker | Company | Price Last | Cap $ millions | EV $ millions | 2025E Rev. $mils | 2026e Rev. $mils | 2027e Rev. $mils | Growth vs. 2026E | EV/Rev. 2027E |
|---|---|---|---|---|---|---|---|---|---|
| KBSX | FST Corp. | $1.04 | 46.56 | $68.73 | 47.97 | 56.02 | 62.74 | 12.0% | 1.1x |
| KBSX | FST @ target price | $4.00 | 179.06 | $201.23 | 47.97 | 56.02 | 62.74 | 12.0% | 3.2x |
| ADS-DE | adidas AG | $180.29 | 31,562 | 34,922 | 24,811 | 26,956 | 28,930 | 7.3% | 1.2x |
| AS | Amer Sports, Inc. | $32.63 | 18,869 | 18,654 | 6,566 | 8,140 | 9,367 | 15.1% | 2.0x |
| DECK | Deckers Outdoor Corporation | $91.68 | 12,485 | 10,963 | 5,472 | 5,887 | 6,322 | 7.4% | 1.7x |
| GOLF | Acushnet Holdings Corp. | $88.82 | 5,188 | 6,228 | 2,559 | 2,672 | 2,755 | 3.1% | 2.3x |
| LULU | lululemon athletica inc. | $121.07 | 13,748 | 12,360 | 11,103 | 11,046 | 11,341 | 2.7% | 1.1x |
| CALY | Callaway Golf Company | $15.89 | 2,837 | 2,513 | 2,060 | 2,069 | 2,136 | 3.3% | 1.2x |
| NKE | NIKE, Inc. Class B | $40.76 | 60,467 | 59,892 | 46,398 | 45,685 | 47,324 | 3.6% | 1.3x |
| YETI | YETI Holdings, Inc. | $43.76 | 3,194 | 3,318 | 1,868 | 2,011 | 2,157 | 7.3% | 1.5x |
| **Average** | | | | | | | | **6.2%** | **1.5x** |
| **KBSX vs. Comps** | | | | | | | | **1.9x** | **71.5%** |

| Ticker | Company | Price Last | Cap $ millions | EV $ millions | 2025E EBITDA $mi | 2026e EBITDA $mils | 2027e EBITDA $mils | Growth vs. 2026E | EV/EBITDA 2027E |
|---|---|---|---|---|---|---|---|---|---|
| KBSX | FST Corp. | $1.04 | 46.56 | $68.73 | 2.24 | 5.62 | 7.54 | 34.0% | 9.1x |
| KBSX | FST @ target price | $4.00 | $179.06 | $201.23 | 2.24 | 5.62 | 7.54 | 34.0% | 26.7x |
| ADS-DE | adidas AG | $180.29 | 31,562 | 34,922 | 3,171 | 3,636 | 4,143 | 14.0% | 8.4x |
| AS | Amer Sports, Inc. | $32.63 | 18,869 | 18,654 | 1,130 | 1,556 | 1,814 | 16.6% | 10.3x |
| DECK | Deckers Outdoor Corporation | $91.68 | 12,485 | 10,963 | 1,339 | 1,363 | 1,467 | 7.6% | 7.5x |
| GOLF | Acushnet Holdings Corp. | $88.82 | 5,188 | 6,228 | 410 | 456 | 455 | 0.0% | 13.7x |
| GRMN | Garmin Ltd. | $294.85 | 56,863 | 52,987 | 2,065 | 2,432 | 2,731 | 12.3% | 19.4x |
| LULU | lululemon athletica inc. | $121.07 | 13,748 | 12,360 | 2,707 | 2,306 | 2,315 | 0.4% | 5.3x |
| CALY | Callaway Golf Company | $15.89 | 2,837 | 2,513 | 222 | 255 | 272 | 6.7% | 9.2x |
| NKE | NIKE, Inc. Class B | $40.76 | 60,467 | 59,892 | 4,579 | 3,845 | 4,527 | 17.7% | 13.2x |
| **Average** | | | | | | | | **9.4%** | **10.9x** |
| **KBSX vs. Comps** | | | | | | | | **3.6x** | **83.8%** |

*Source: Company reports and Litchfield Hills Research*

# FST Corp.

## NASDAQ – KBSX

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