FGI

Investor Presentation

Third Quarter 2024

Disclaimer

Certain matters discussed in this presentation contains forward-looking statements concerning our business, operations and financial performance and conditions, as well as our plans, objectives and expectations for our business operations and financial performance and condition. These statements may be preceded by, followed by or include the words “may,” “expect,” “will,” “will likely result,” “should,” “estimate,” “plan” and other similar expressions that are predictions of or indicate future events and future trends. These forward-looking statements are inherently subject to risks and uncertainties, many of which are beyond our control. These forward-looking statements are based on currently available operating, financial, economic and other information, and are subject to a number of risks and uncertainties, including but not limited to, the levels of residential repair and remodel activity, and to a lesser extent, new home construction; the effects of inflationary pressures and interest rates on demand for our products, our costs and our ability to access capital and maintain our Nasdaq listing; our ability to maintain our strong brands and reputation and to develop innovative products; our ability to maintain our competitive position in our industries; our reliance on key suppliers and customers; macroeconomic instability and its impact on domestic and international economic activity, consumer confidence, our production capabilities, our employees and our supply chain; the cost and availability of materials and the imposition of tariffs; risks associated with our international operations and global strategies; our ability to achieve the anticipated benefits of our strategic initiatives; our ability to successfully execute our acquisition strategy and integrate businesses that we may acquire; risks associated with our reliance on information systems and technology, and our ability to achieve the anticipated benefits from our investments in new technology; our ability to attract, develop and retain talented and diverse personnel; our ability to obtain additional capital to finance our planned operations; regulatory developments in the United States and Internationally; our ability to establish and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing the intellectual property rights of others; and other risks and uncertainties, including those listed under the caption “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, as well as subsequent reports we file from time to time with the U.S. Securities and Exchange Commission (available at www.sec.gov).

Non-GAAP Measures: To supplement its reporting of financials measures determined in accordance with GAAP, the Company utilizes certain non-GAAP financials measures. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, the Company’s financials statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this presentation reflect management’s judgement of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies. The reconciliation of those measures to the most comparable GAAP measures are included at the end of this presentation.

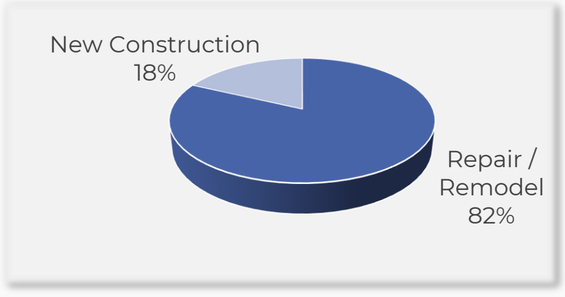
FGI Industries at a Glance

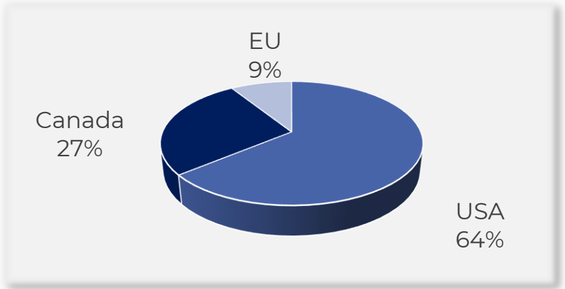
Leading global B2B supplier of Kitchen and Bath Products

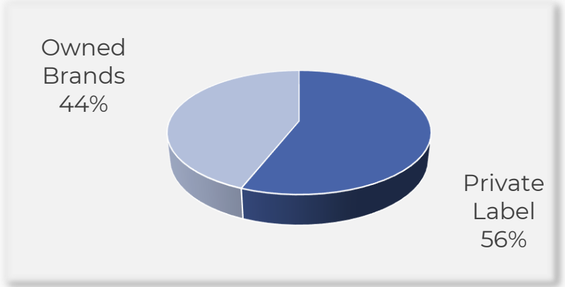
FGI is a leading global B2B supplier of Kitchen and Bath products with a reputation of Innovation, Quality and Service developed over 30 years in conjunction with our parent company, Foremost Groups Ltd.

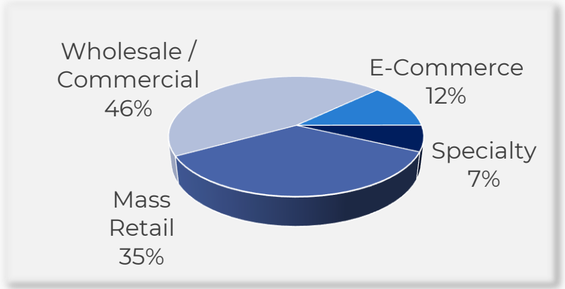
Founded in 1988	IPO in January 2022

- **Strong Growth Opportunity**
  - BPC strategy offers meaningful growth potential
- **Favorable Market Trends**
  - Repair and Remodel market generates stable, predictable growth; limited exposure to new construction
- **Attractive Operating Model**
  - Outsourced manufacturing model and strong partner relationships provide flexibility and downside protection
- **Capital Efficient Model**
  - Capital-lite model drives strong free cash flow conversion
- **Strong Balance Sheet**
  - Low net debt(1) relative to earnings, attractive liquidity









Recent Performance

~$120MM Annual Revenue Business(2)

+ 790 bps 2023 gross margin expansion(2)

(1) See attached appendix for reconciliation of GAAP and non-GAAP financial measures
(2) Revenue, Gross Margin, and Market/Channel Mix as of December 31, 2023

Company Overview

Diverse Business Mix Provides Stability

Sanitaryware

- **$76MM in 2023 Sales (64% of sales)**
- **$12.5Bn market opportunity**

Sanitaryware segment markets and sells toilets, sinks, pedestals, and toilet seats.

contrac avenue

CRAFT + MAIN

Bath Furniture

- **$15MM in 2023 Sales (13% of sales)**
- **$22Bn market opportunity**

Bath Furniture segment markets and sells vanities, mirrors, and cabinets

CRAFT + MAIN

Shower Systems

- **$20MM in 2023 Sales (17% of sales)**
- **$12Bn market opportunity**

Shower systems segment markets and sells shower walls, shower doors, and shower basins

JETCOAT® SHOWER WALL SYSTEM

Other

(Kitchen Cabinetry, etc.)

- **$7MM in 2023 Sales (6% of sales)**
- **$18Bn market opportunity**

Other segment consists primarily of our custom kitchen cabinetry business

COVERED BRIDGE® CABINETRY

CRAFT + MAIN® CABINETRY

FGI

Key Investment Highlights

Opportunity to drive significant shareholder value

Diversified Portfolio and History of Innovation
- Diversified mix of products, market segments and sales channels
- Tradition of strong innovation with leading ‘on-trend’ designs: Innovation, Quality, Services

Attractive Growth Opportunity
- Brands, Products, Channels (BPC) growth strategy

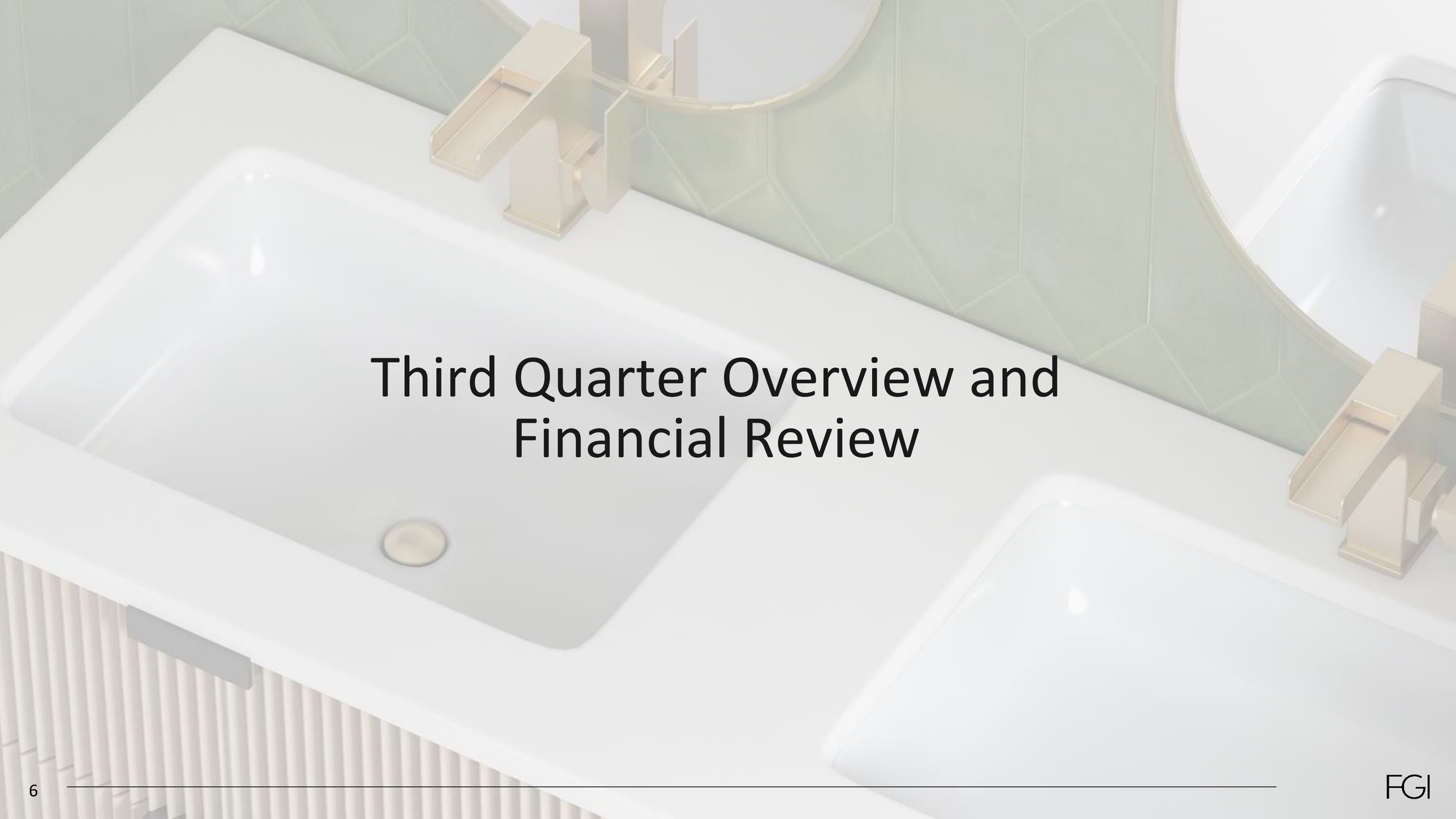
Margin Improvement Initiatives
- More favorable mix and efficiency measures to drive margin improvement

Attractive Operating Model
- Capital-lite manufacturing model and strong partner relationships

Favorable long-term industry trends
- Despite recent headwinds, K&B are most significant areas of home improvement, Stability of R&R

Capital Deployment Strategy
- Re-invest, Bolt-on acquisitions, Return of Capital

We are dedicated to driving shareholder value through a strict focus on our strategic priorities which include our BPC strategy to drive organic growth, enhanced financial performance, and a disciplined capital deployment philosophy.



Third Quarter Overview and Financial Review

Business Highlights – 3Q24

3Q24 results were highlighted by record gross profit and further progress on our BPC strategy

- Strong sales growth across all businesses and regions
- Progress on BPC strategy positioning company for growth
- Sustained gross margin performance despite higher mix of Sanitaryware and Bath furniture sales
- Strong financial position

(1) See attached appendix for reconciliation of GAAP and non-GAAP financial measures

Revenue

Third quarter revenue increased 20.6% year-over-year due to growth across all our businesses and geographies

Operating Income

Operating income declined year-over-year due to incremental investments in our BPC growth initiatives

Organic Growth Initiatives

Our geographic expansion plans are progressing well, and we anticipate contributions from our UK and India divisions as early as the first quarter 2025

Strong Financial Position

We ended the quarter with $9.4 million of net debt(1) and total liquidity of $16.3 million, which we believe is sufficient to fund our growth initiatives

Gross Margin

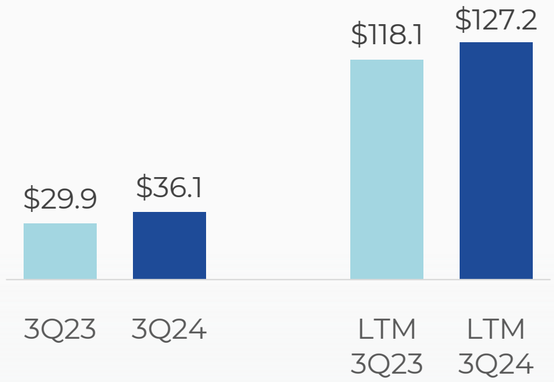
Third quarter gross margin was 25.8%, down 40 basis points from the prior year quarter

Stable Market Trends

Demand trends across the R&R market continued as expected through Q3. Overall R&R market fundamentals remain strong for the medium/long term

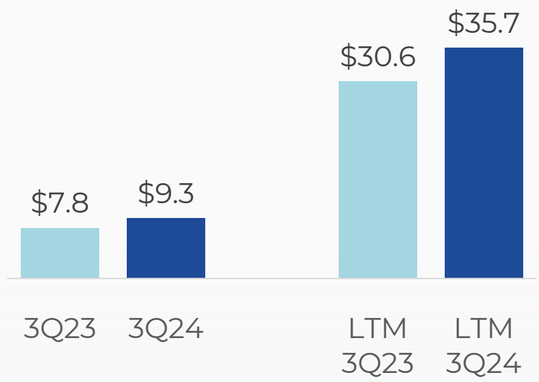
Quarterly Consolidated Financial Results

Total Revenue $MM



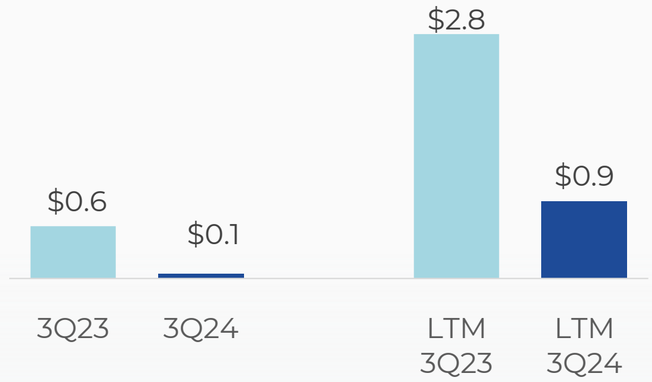
Revenue increased by 20.6% compared to the prior-year period, driven by growth across all our businesses and geographies.

Gross Profit $MM



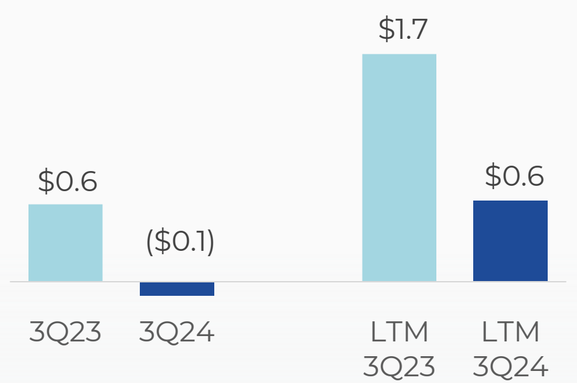
Gross profit was $9.3 million during the third quarter of 2024, an increase of 18.9% compared to last year primarily driven by Sanitaryware, Shower Systems and Covered Bridge.

Adjusted Operating Income $MM



Adjusted operating income was $0.1 million, as higher gross profit was offset by increased investments in growth initiatives. Adjusted operating margin was 0.2%, down from 2.0% last year.

Adjusted Net Income $MM



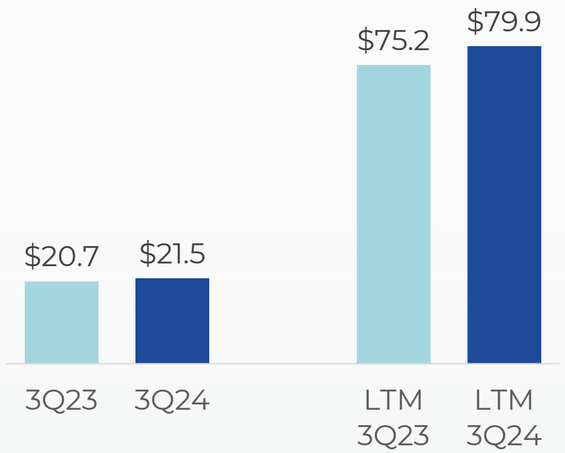
Adjusted net income for the third quarter of 2024 was $(0.1) million, versus adjusted net income of $0.6 million for the same period last year.

(1) See attached appendix for reconciliation of GAAP and non-GAAP financial measures

Quarterly Business Line Results

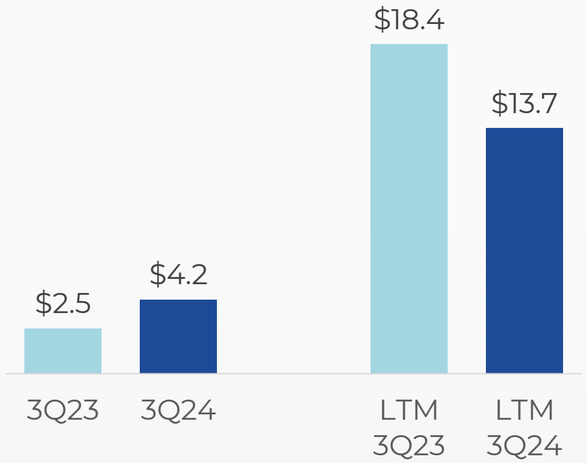
Revenue by product category

Sanitaryware
$MM



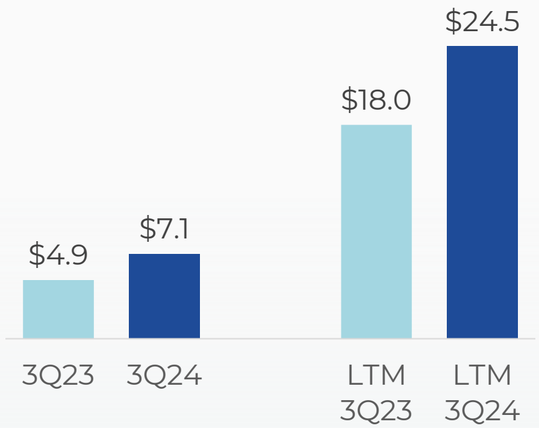
Sanitaryware revenue was up 3.4% from the prior-year period.

Bath Furniture
$MM



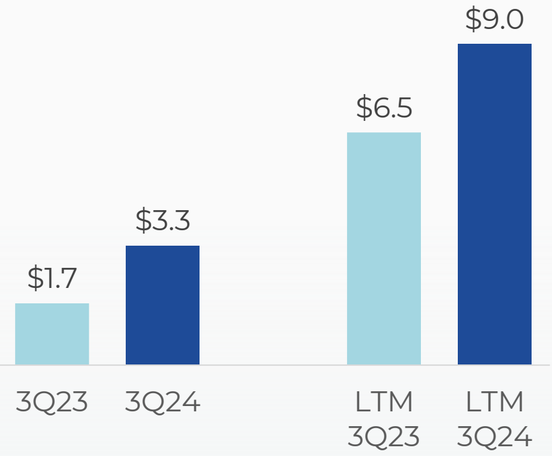
Bath Furniture revenue was $4.2 million during the quarter, an increase from revenue of $2.5 million in the prior-year period.

Shower Systems
$MM



Shower Systems revenue was up 44.9% from last year, driven by recently launched programs and orders from a broader customer base.

Other
$MM



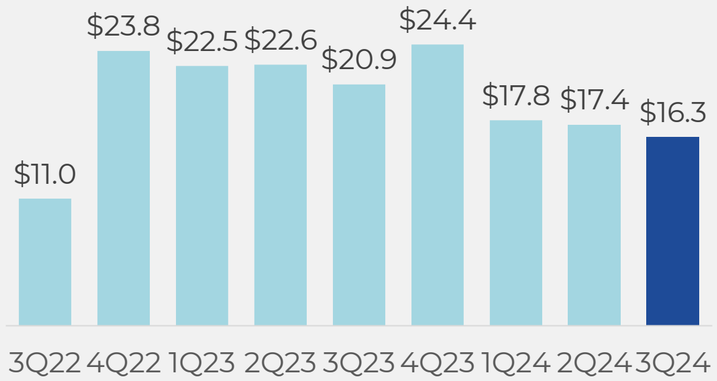
Other revenue, which consists primarily of the custom kitchen cabinetry business, was $3.3 million this quarter, up from $1.7 million last year, driven by continued order momentum.

Balance Sheet & Liquidity Update

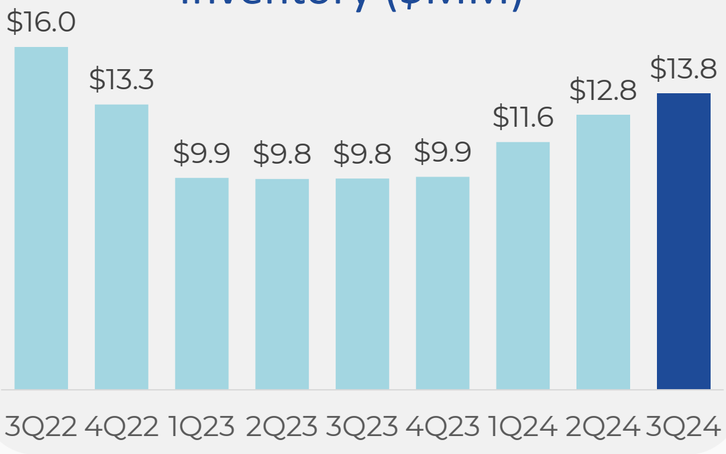
Balance sheet strength and liquidity continues to support ongoing working capital needs

- Cash and availability under our facilities was $16.3 million at 3Q24
- Inventory has declined by $2.2 million from 3Q22 as supply chain issues have normalized
- Net debt was $9.4 million at 3Q24

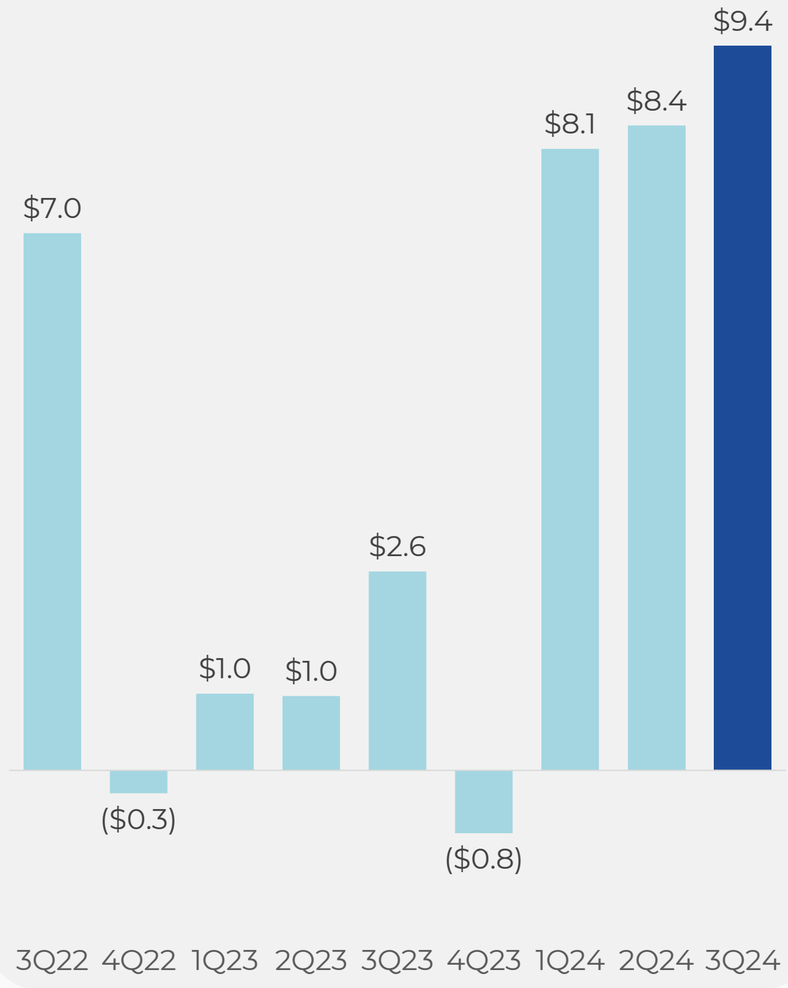
Cash & Availability ($MM)



Inventory ($MM)



Net Debt (1) ($MM)



(1) See attached appendix for reconciliation of GAAP and non-GAAP financial measures

Financial Outlook

Revised 2024 Guidance

Revenue

~~$115 – 128 million~~
$127 – 131 million

Adjusted Operating Income

~~$2.8 – 3.8 million~~
$(1.0) – 0.0 million

Adjusted Net Income

~~$1.2 – 2.0 million~~
$(1.0) – 0.0 million

Guidance for adjusted operating income is presented on an adjusted basis and excludes certain non-recurring items. Guidance for adjusted net income is presented on an adjusted basis and excludes certain non-recurring extraordinary items and includes an adjustment for minority interest. All guidance is current as of the time provided and is subject to change. The Company's reconciliations of full year 2024 Adjusted Operating Income and 2024 Adjusted Net Income are not available, as the Company is unable to quantify certain amounts to the degree of precision that would be required in the relevant GAAP measures without unreasonable effort.

Investment Conclusion

Ample liquidity to support ongoing growth of business

TRUSTED GLOBAL SUPPLIER

We are global, diversified, and reputable supplier of quality kitchen & bath products (Innovation, Quality, Service). With decades of continuous innovation and strategic investment, we have become a trusted partner for many of the world's largest retailers and wholesalers.

STRONG ORGANIC GROWTH POTENTIAL

We pursue a "BPC" strategy: focus on Brands, Products and sales Channel. Our BPC plan is the key driver of our growth strategy.

ATTRACTIVE MARGIN OPPORTUNITY

As a carve-out division from a parent company, we will leverage our independence and our prior investments to generate improved financial performance.

VALUE-ACCRETIVE BOLT-ONS

We may engage in selective "bolt-ons" and large, strategic M&A, should such opportunities clear our return-on-capital hurdles.

Appendix: Non-GAAP Reconciliations

	For the three months ended September 30,		For the twelve months ended September 30,	
	2024	2023	2024	2023
(Loss) income from operations	$ (65,826)	$ 481,690	$ 408,283	$ 2,062,629
Adjustments:				
non-recurring IPO related compensation	59,719	59,719	238,877	199,063
IPO and arbitration legal fee	-	-	-	271,258
business expansion expense	61,770	61,770	247,080	185,312
Anti-dumping penalty	-	-	-	124,865
Adjusted income from operations	$ 55,663	$ 603,179	$ 894,240	$ 2,843,127
Revenue	$ 36,099,179	$ 29,932,612	$ 127,180,460	$ 118,075,018
Adjusted operating margins (%)	0.2	2.0	0.7	2.4

Appendix: Non-GAAP Reconciliations

	For the three months ended September 30,		For the twelve months ended September 30,	
	2024	2023	2024	2023
(Loss) income before income taxes	$ (430,711)	$ 516,008	$ (405,512)	$ 1,270,617
Adjustments:				
non-recurring IPO related compensation	59,719	59,719	238,877	199,063
IPO and arbitration legal fee	-	-	-	271,258
business expansion expense	61,770	61,770	247,080	185,312
Anti-dumping penalty	-	-	-	124,865
Adjusted (loss) income before income taxes	(309,222)	637,497	80,445	2,051,115
Less: income taxes at 18% rate	(55,660)	114,749	14,480	369,201
Less: net loss attributable to non-controlling shareholders	(148,111)	(66,043)	(548,758)	(66,043)
Adjusted net (loss) income attributable to FGI Industries Ltd. shareholders	$ (105,451)	$ 588,791	$ 614,723	$ 1,747,957

Appendix: Non-GAAP Reconciliations

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Cash	$ 7,380,232	$ 6,894,762	$ 5,369,947	$ 7,777,241	$ 3,319,066	$ 1,307,092	$ 3,044,662
Total Debt	$ 8,426,548	$ 7,863,680	$ 7,962,203	$ 6,959,175	$ 11,442,651	$ 9,692,200	$ 12,485,497
Net Debt	**$ 1,046,316**	**$ 968,918**	**$ 2,592,256**	**$ (818,066)**	**$ 8,123,586**	**$ 8,385,108**	**$ 9,440,835**