FGI

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. Risks and uncertainties that could cause our actual results to differ from those expressed in, or implied by, our forward-looking statements include, but are not limited to, the levels of residential repair and remodel activity, and to a lesser extent, new home construction; 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; the length and severity of the ongoing COVID-19 pandemic, including 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, 2021, as well as subsequent reports we file from time to time with the U.S. Securities and Exchange Commission (available at www.sec.gov). These forward-looking statements are based on management’s current expectations, estimates, forecasts and projections about our business and the industry in which we operate, and management’s beliefs and assumptions are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. In light of the significant uncertainties in these forward-looking statements, you should not rely upon forward-looking statements as predictions of future events. Any forward-looking statements and projections made by third parties included in this presentation are not adopted by our company, and we are not responsible for these third-party statements and projections. Although we believe the expectations reflected in the forward-looking statements are reasonable, the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements may not be achieved or occur at all. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

FGI INDUSTRIES AT A GLANCE

FGI is a leading "B-to-B" global supplier of Kitchen & Bath products with a reputation for Innovation, Quality & Service developed over 30 years in conjunction with our parent company, Foremost Groups Ltd.

| TICKER: FGI
IPO in January 2022

| $180MM+ REVENUE BUSINESS
35% revenue growth in 2021

| FOUNDED 1988
History of Innovation, Quality, and Service

| FAVORABLE MARKET TRENDS
Repair & Remodel market generates stable, predictable growth trends

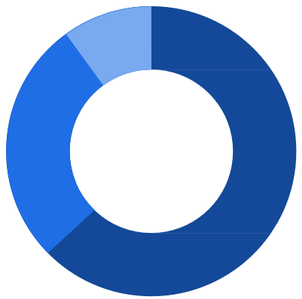
| CAPITAL EFFICENT MODEL
Capital-light model drives strong free cash flow conversion

| STRONG BALANCE SHEET
Low net debt relative to earnings

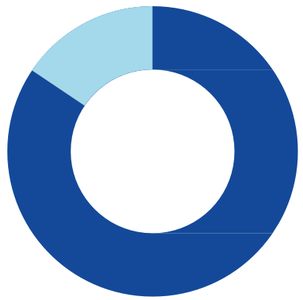
**AS OF FY2021*

FGI

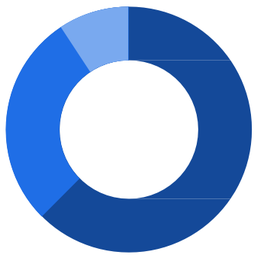
COMPANY OVERVIEW



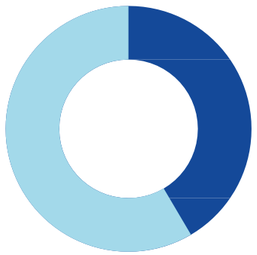
- **SANITARYWARE - 61%** (TOILETS & SEATS, SINKS & PEDESTALS)
- **BATH FURNITURE - 30%** (VANITIES, MIRRORS, CABINETS)
- **OTHER - 9%** (CUSTOM KITCHEN CABINETRY, SHOWER DOORS/WALLS)



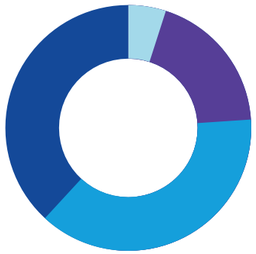
- **REPAIR/REMODEL - ~80%**
- **NEW CONSTRUCTION - ~20%**



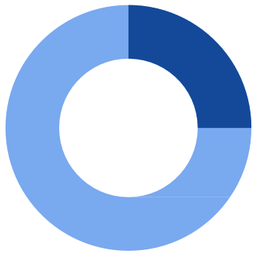
- **USA - 62%**
- **CANADA - 27%**
- **EU - 11%**



- **PRIVATE LABELS - ~60%**
- **OWNED BRANDS - ~40%**

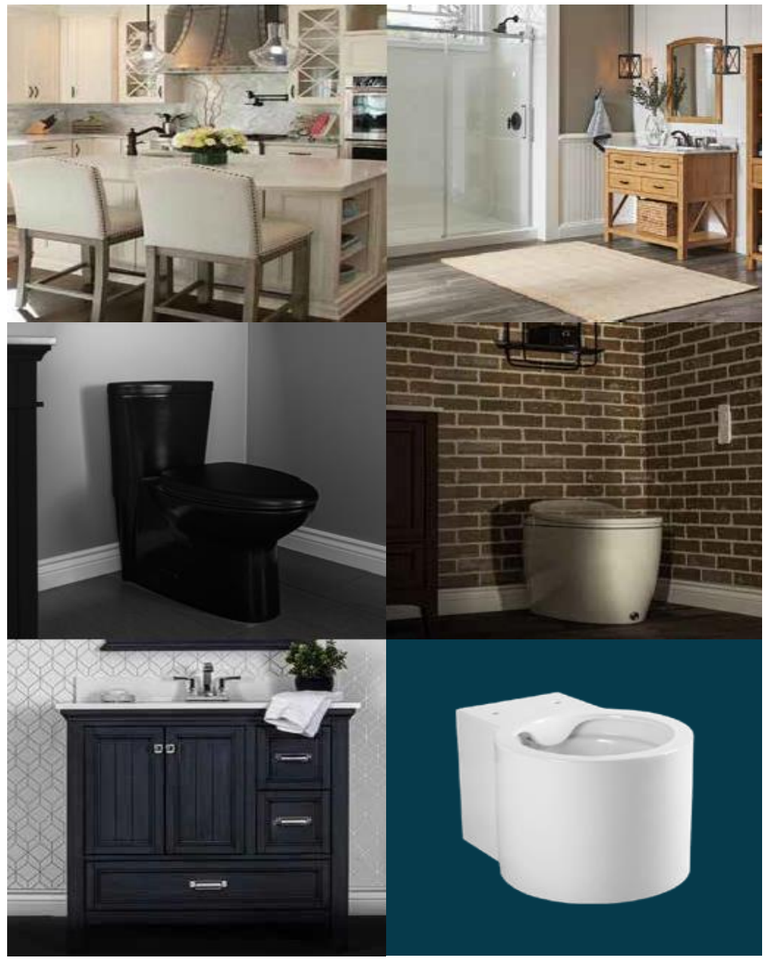


- **MASS RETAIL -40%**
- **WHOLESALE/ COMMERCIAL -37%**
- **E-COMMERCE - 21%**
- **SPECIALTY - 2%**



- **OUTSOURCED - ~75%**
- **AFFILIATE MANUFACTURING - ~25%**

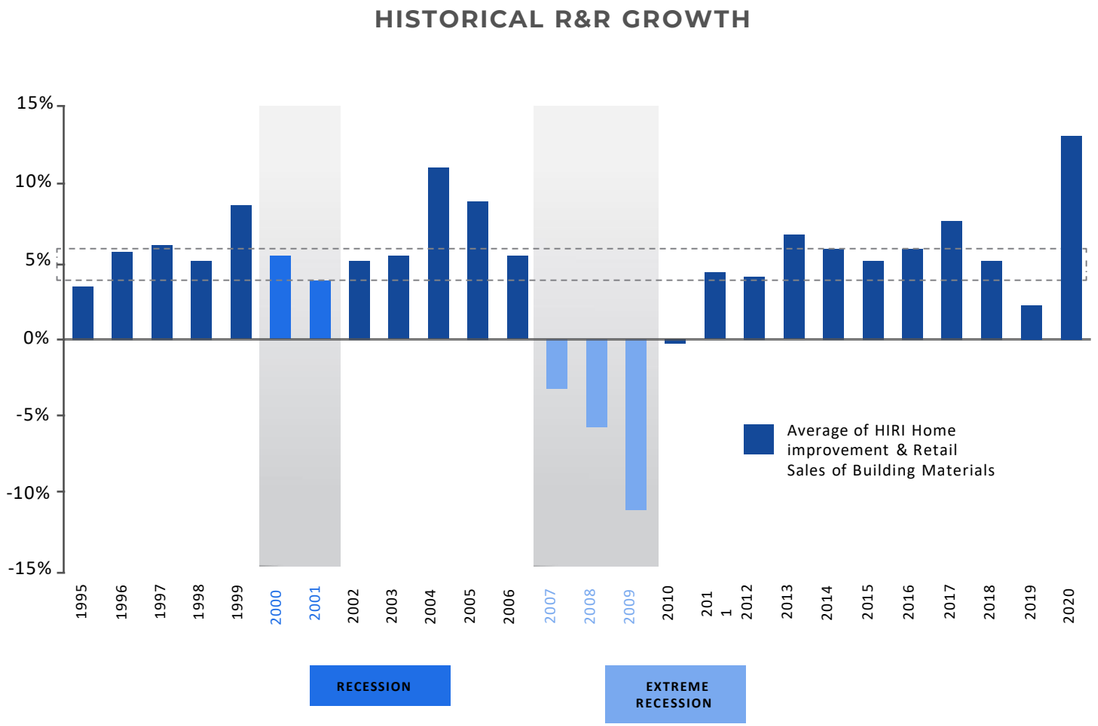
**Affiliate-manufacturing consists of products made at our previous holding company. % are estimates normalizing for the impact of Sino-US trade disruptions.*



**AS OF FY2021*

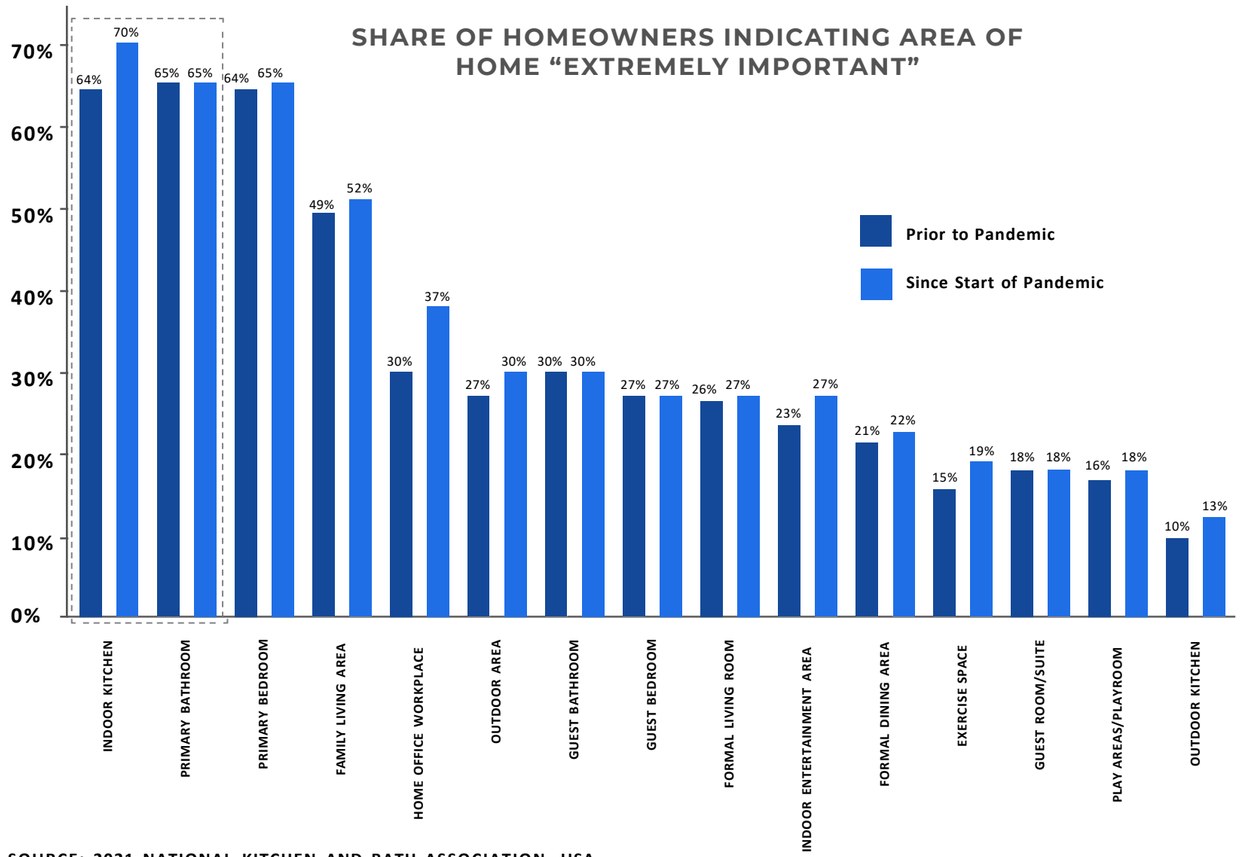
REPAIR AND REMODEL MARKETS PROVIDE STABLE GROWTH

CONSISTENT YEAR-OVER-YEAR GROWTH IN R&R OUTSIDE OF EXTREME RECESSIONS YEARS



SOURCE: HIRI, US CENSUS AND FORTUNE BRANDS (TABLE 1);
JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY (TABLE 2)

THE KITCHEN AND BATHROOM RANK MORE IMPORTANT THAN OTHER AREAS OF THE HOME – THE PANDEMIC HAS REINFORCED THIS



SOURCE: 2021 NATIONAL KITCHEN AND BATH ASSOCIATION, USA

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KEY DRIVERS OF LONG-TERM SHAREHOLDER VALUE

- Grow Brands, Product categories and sales Channels
- Focus on higher incremental margin sales opportunities

- Re-invest in core businesses with evergreen expansion opportunities
- Selective bolt-on acquisitions
- Excess free cashflow for dividends or repurchases

- Ongoing initiatives to boost operating margins
- Focused on "return on capital" discipline
- Cashflow and balance sheet management

LONG-TERM VALUE CREATION FORMULA:

Well-above industry organic growth

+

Material operating margin expansion

+

Strong balance sheet and cashflow conversion

+

Smart capital deployment

=

Double-digit earnings growth

FINANCIAL OVERVIEW AND FOURTH QUARTER HIGHLIGHTS

BUSINESS HIGHLIGHTS – 4Q21

Record Revenue	• Fourth quarter revenues increased 47% to $52.2 million, driven by strength in both Sanitaryware and Bath Furniture, as well as contribution from our new products such as shower systems and kitchen cabinetry
Operating Income	• Operating income for the fourth quarter was $0.7 million, down from $1.2 million last year, due to supply chain and inflationary pressures
Supply Chain/ Inflation	• FGI has instituted pricing actions and taken other cost reduction measures in an effort to offset the supply chain and inflationary headwinds. We expect to resume margin expansion in the back half of 2022.
Strong Financial Position	• FGI had $14.7 million of debt at December 31, 2021. Year end inventory levels were elevated due to supply chain challenges; however, this should reverse in 2022 resulting in improved free cash flow.
Strong Housing Trends	• Demand trends across repair and remodel remain favorable. There could be some shorter-term disruptions due to supply chain issues, but long-term trends remain favorable.
IPO	• FGI completed its IPO on January 24, 2022. The offering consisted of 2,500,000 units, each consisting of one ordinary share and one warrant to purchase one ordinary shares at a price of $6.00 per unit.

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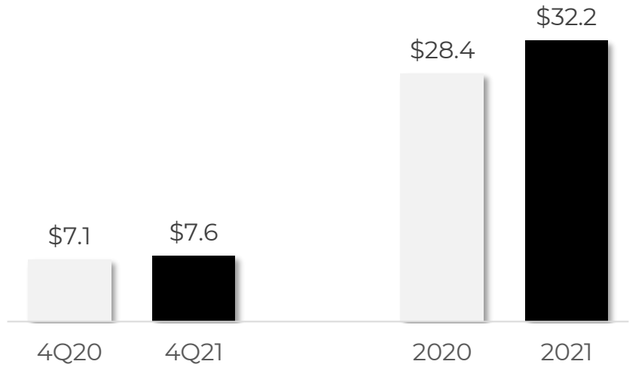
4Q21 CONSOLIDATED FINANCIAL RESULTS

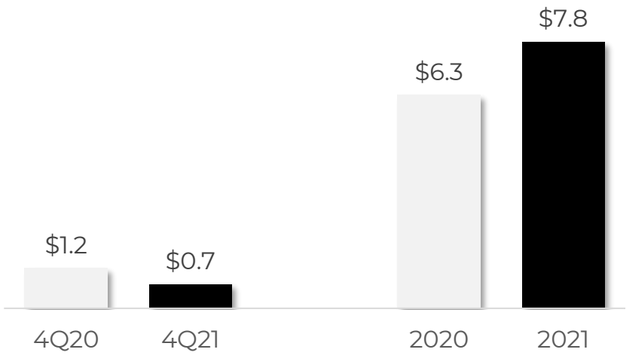
- Total revenue increased 47% during the fourth quarter driven by 32% volume growth and 15% benefit from price/mix.
- Gross profit increased 6.5% to $7.6 million, as strong revenue growth was offset by supply chain and inflationary pressures. As a result, gross margin declined to 14.5%, down from 20.0% in the prior-year period.
- Operating income decreased to $0.7 million during 4Q21, down from $1.2 million from 4Q20.
- Diluted EPS were $0.15 during 4Q21, up from $0.10 in the same period last year. Adjusted diluted EPS were $0.10 during 4Q21, flat from the same period last year. For the full year 2021, Diluted EPS were $1.13, up from $0.68 in the same period last year. Adjusted diluted EPS for 2021 were $0.90, versus $0.68 in the prior-year period.

Total Revenue $MM

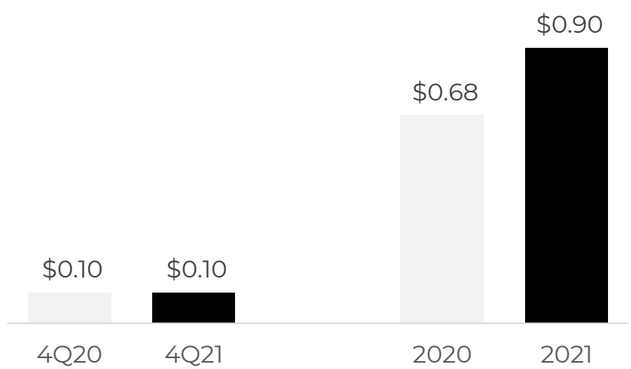
Gross Profit $MM



Operating Income $MM



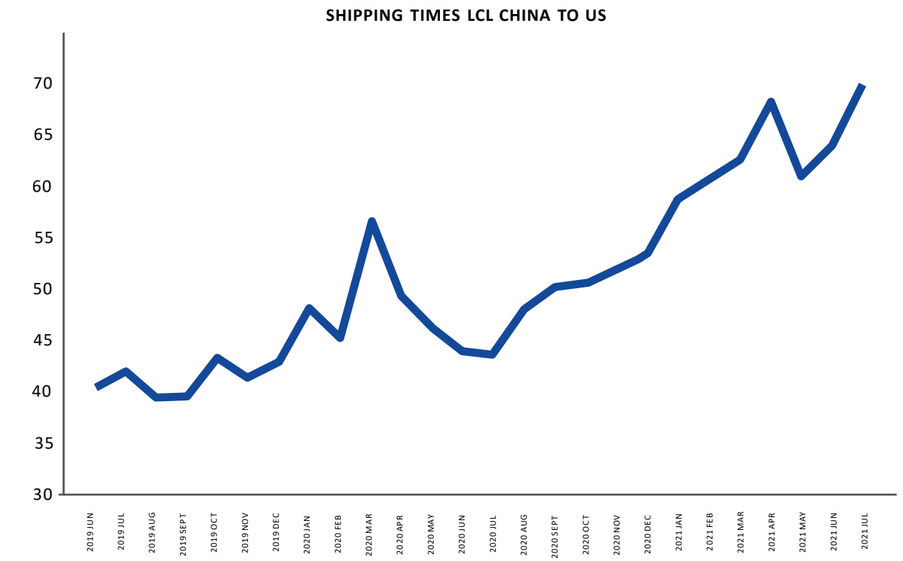
Adjusted Diluted EPS $

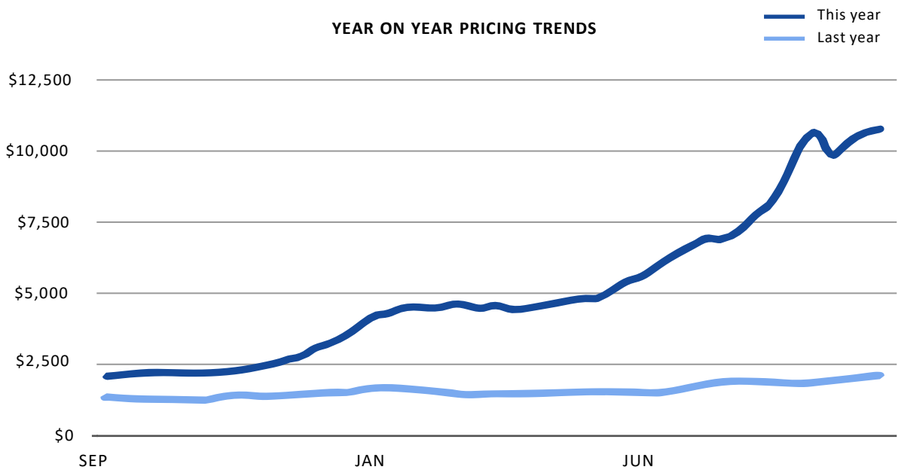


**ADJUSTED NET INCOME AND ADJUSTED DILUTED EPS ARE NON-GAAP FINANCIAL MEASURES. PLEASE SEE SLIDE 16 FOR A RECONCILIATION TO THE MOST READILY COMPARABLE MEASURES CALCULATED IN ACCORDANCE WITH GAAP.*

CURRENT GLOBAL SUPPLY CHAIN PRESSURES

- Global transit times and container shipping prices have faced unprecedented pressures in 2021 (COVID-19 in factories, shipping delays, etc)
- Discussions with freight forwarders and logistics firms indicate these pressures will continue into 2022
- FGI has mitigated 2021 supply chain and cost pressures through a combination of pricing actions, SKU-mix adjustments and ongoing customer discussions
- Our customers continue to expect strong end-market demand for our products, although inflationary pressures are an increasing concern
- We are seeing customers focus on resilient & reliable suppliers such as FGI

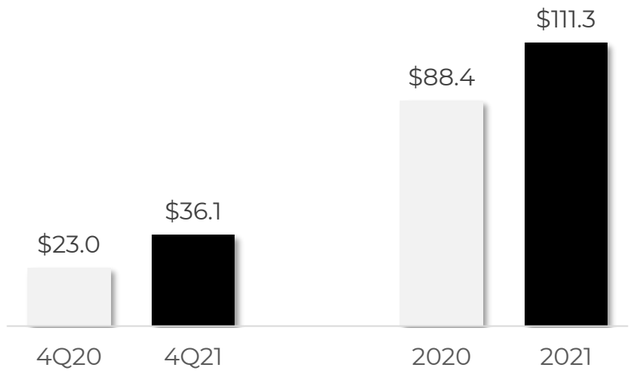




SOURCE: FREIGHTOS.COM DATA

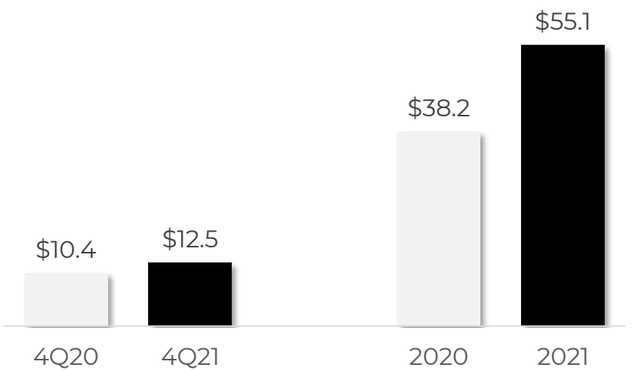
4Q21 BUSINESS LINE RESULTS

Sanitaryware Revenue $MM



- Sanitaryware revenue was $36.1 million during the fourth quarter of 2021, an increase of 56.8% compared to the prior-year period, primarily driven by continued volume strength in the pro channel

Bath Furniture Revenue $MM



- Bath Furniture revenue was $12.5 million during the fourth quarter of 2021, an increase of 20.3% compared to the prior-year period, driven primarily by price

Other Revenue $MM

- Other revenue was $3.6 million during the fourth quarter of 2021, an increase of 71.7% compared to the prior-year period. Volume growth during the period was the result of growth in sales of new categories such as the Jetcoat shower wall systems

FINANCIAL OUTLOOK

2022 Financial Outlook

Revenue	Operating Income	Net Income
$182 – 189 million	$6.5 – 7.5 million	$5 – 6 million

KEY INVESTMENT CHARACTERISTICS

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

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

ENHANCED "SPIN-OFF" PROFITABILITY

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

STRONG SHAREHOLDER ALIGNMENT

High insider ownership, including a significant holding by our original parent holding company, will ensure a strong alignment of interests with our public shareholders.

APPENDIX

FINANCIAL SUMMARY

(USD)	2019	2020	2021
REVENUES	126,282,212	134,827,701	181,943,027
GROSS PROFIT	25,439,069	28,404,640	32,202,408
GROSS MARGINS	*20.10%*	*21.07%*	*17.70%*
SELLING AND DISTRIBUTION	14,917.60	15,487,306	17,636,820
GENERAL AND ADMINISTRATIVE	7,355,632	5,820,967	6,194,789
RESEARCH & DEVELOPMENT	703,779	814,254	646,069
INCOME FROM OPERATIONS	2,462,057	6,282,113	7,724,730
OPERATING MARGINS	*1.95%*	*4.66%*	*4.25%*
ADJUSTED INCOME FROM OPERATIONS	3,998,578	6,282,113	7,840,630
ADJUSTED OPERATING MARGINS	*3.20%*	*4.66%*	*4.31%*
NET INCOME	1,571,094	4,730,748	7,905,916
ADJUSTED NET INCOME	2,831,041	4,730,748	6,284,572
SHORT-TERM LOANS	8,207,165	11,074,383	14,657,280
CASH	2,416,879	4,018,558	3,883,896

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FINANCIAL SUMMARY (continued)

USE OF NON-GAAP FINANCIAL MEASURES

In assessing the performance of our business, management utilizes a variety of financial and performance measures to assess our business performance, including to evaluate our ability to convert earnings from our operational performance to cash. Certain key measures include Adjusted Income from Operations (also referred to as Adjusted Operating Income), Adjusted Operating Margins, Adjusted Net Income, and Adjusted Diluted Earnings Per Share ("EPS"), all of which are non-GAAP financial measures. We define Adjusted Income from Operations as GAAP income from operations adjusted for the impact of certain non-recurring expenses, including expenses related to COVID-19 protocols, and 2019 one-time antidumping/countervailing duty legal fees. We define Adjusted Net Income as GAAP net income adjusted for the tax-effected impact of certain non-recurring expenses and income such as expenses related to COVID-19 protocols, 2019 one-time antidumping/countervailing duty legal fees, and the impact of our PPP loan. We define Adjusted Diluted EPS as GAAP diluted EPS excluding one-time expense related to the GILTI high tax re-selection. We define Adjusted Operating Margins as GAAP adjusted income from operations divided by revenue.

We believe that these non-GAAP measures are meaningful to our investors to enhance their understanding of our financial performance for the current and prior periods and our ability to generate cash flows from operations that are available for taxes, capital expenditures and debt service. When assessing our operating performance, investors and others should not consider this data in isolation or as a substitute for net income (loss) or diluted EPS calculated in accordance with GAAP. Further, the results presented by Adjusted Income from Operations, Adjusted Operating Margins , Adjusted Net Income, and Adjusted Diluted EPS cannot be achieved without incurring the costs that the measures exclude.

The following tables reconcile these non-GAAP numbers to their most directly comparable GAAP measures:

	For the Years Ended		
	31-Dec-19	31-Dec-20	31-Dec-21
Income from operations	2,462,057	6,282,113	7,724,730
COVID one-time expenses	--	--	115,900
Anti-dumping/countervailing duty legal fees	1,536,521	--	--
Adjusted income from operations	3,998,578	6,282,113	7,840,630
Revenue	126,282,212	134,827,701	181,943,027
Adjusted operating margins	3.17%	4.66%	4.31%

	For the Years Ended		
	31-Dec-19	31-Dec-20	31-Dec-21
Net income	1,571,094	4,730,748	7,905,916
COVID one-time expenses	--	--	--
Anti-dumping/countervailing duty legal fees	1,536,521	--	--
Other Income (PPP Loan)	--	--	(1,565,000)
Total	3,107,615	4,730,748	6,340,916
Tax impact of adjustments at 18% effective rate	(276,574)	--	281,700
Adjustment for tax true-up			(338,044)
Adjusted net income	2,831,041	4,730,748	6,284,572
Net income per share		0.68	1.13
Adjusted diluted net income per share		0.68	0.90

	For the Quarter Ended	
	31-Dec-20	31-Dec-21
Net income	713,593	1,040,787
Adjustment for GILTI high tax re-selection	--	(338,044)
Adjusted net income	713,593	702,743
Net income per share	0.10	0.15
Adjustment for GILTI high tax re-selection	--	(0.05)
Adjusted diluted net income per share	0.10	0.10

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