FGI

Investor Presentation

December 2023

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; the effects of inflationary pressures and interest rates on demand for our products, our costs and our ability to access capital; 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, 2022, 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.

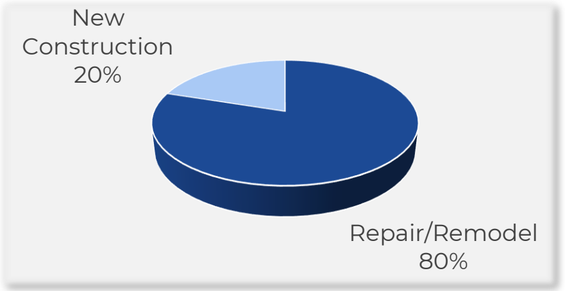
FGI Industries at a Glance

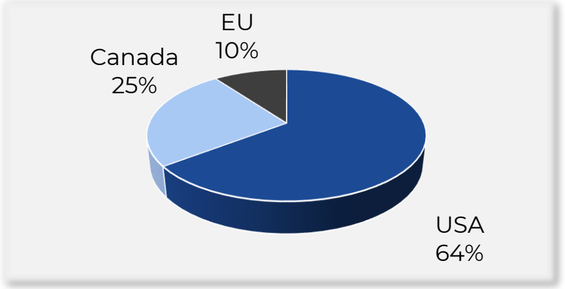
Leading global B2B supplier of Kitchen and Bath Products

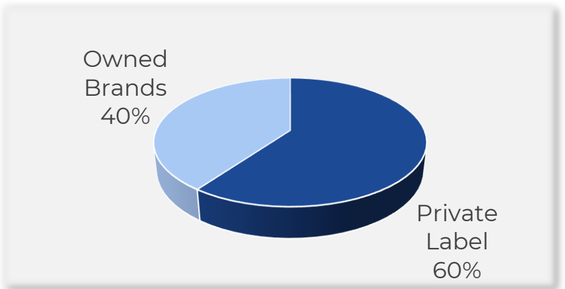
FGI is a leading global B2B supplier of Kitchen and Bath products with a reputation of Innovation, Quality and Service developed over 30 years in conjunction with our parent company, Foremost Groups Ltd.

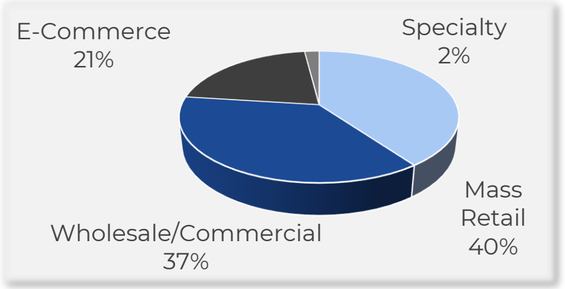
Founded in 1988	IPO in January 2022

- **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 Revenue Business** | **+ 530 bps 3Q23 gross margin expansion** | **$20.9MM of cash and liquidity at 9/30/23** | **$2.6MM Net Debt Position at 9/30/23[1]**

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

Company Overview

Diverse Business Mix Provides Stability

Sanitaryware

- **$105MM in 2022 Sales (65% of sales)**
- **$12.5Bn market opportunity**

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

contrac avenue

CRAFT + MAIN

Bath Furniture

- **$30MM in 2022 Sales (18% of sales)**
- **$22Bn market opportunity**

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

CRAFT + MAIN

Shower Systems

- **$22MM in 2022 Sales (14% 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.)

- **$6MM in 2022 Sales (4% of sales)**
- **$18Bn market opportunity**

Other segment consists primarily of our custom kitchen cabinetry business

COVERED BRIDGE® CABINETRY

CRAFT + MAIN® CABINETRY

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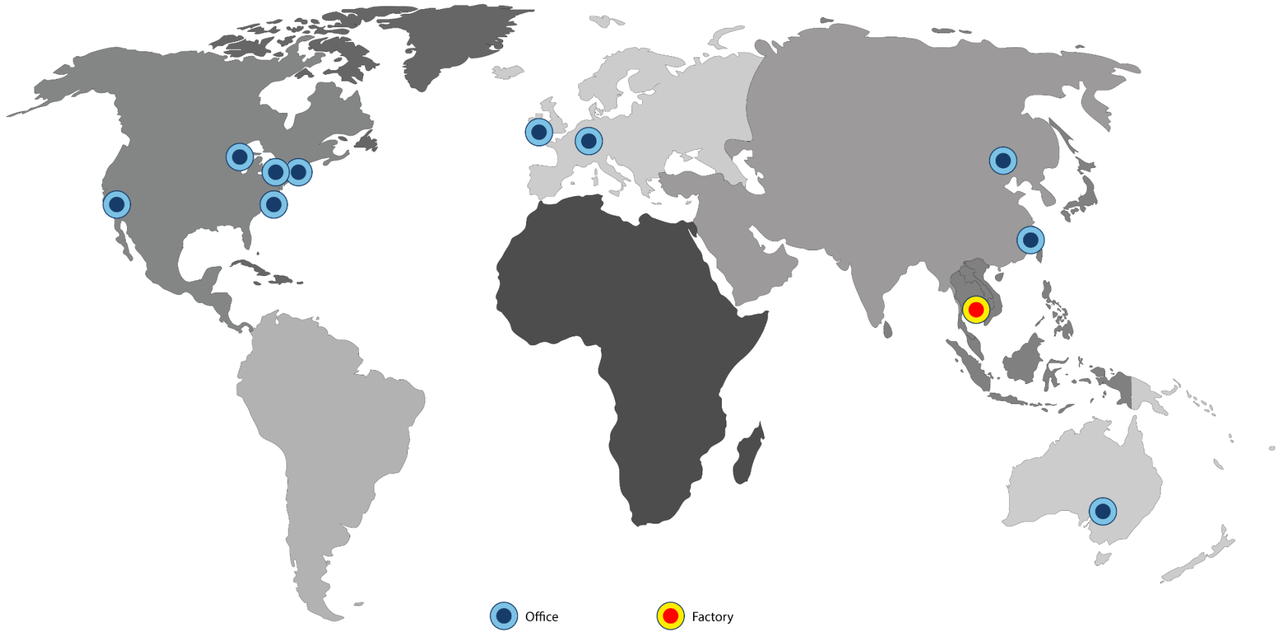
Company Overview

Global Operational Footprint and Customer Base



United States & Canada

- EAST HANOVER, NEW JERSEY
  US Operations & Warehouse
- HOBART, INDIANA
  Shower Door Production Center
  Warehouse & Distribution
- WOODLAND, CALIFORNIA
  Warehouse
- TORONTO, CANADA
  Canada Operations & Warehouse

Europe

- DUSSELDORF, GERMANY
  European Operations
- CHRISTCHURCH, ENGLAND
  UK Operations

Asia-Pacific

- TANGSHAN, CHINA
  Product Purchasing & Development Center
- TAIPEI
  Global Support Center
- CAMBODIA
  Kitchen Production Center
- SYDNEY, AUSTRALIA
  Australasia Operations

United States & Canada

COSTCO WHOLESALE · FERGUSON · THE HOME DEPOT · dh · HD SUPPLY · LOWE'S · MENARDS · ROBINSON SUPPLY · RONA · Walmart · WOLSELEY · YORKWEST PLUMBING SUPPLY INC.

Europe

REWE · HORNBACH · CONAD · BAUHAUS · HELLWEG Ihr Baufreund IDEEN MUSS MAN HABEN

E-Commerce

build WITH FERGUSON · amazon · wayfair · THE HOME DEPOT

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Company Overview

Experienced Management Team

John S. Chen
Executive Chairman

John appointed Executive Chairman in 2021

Prior to joining FGI, John spent 2 years as Executive Vice President of Corporate Development for Foremost Groups, Ltd.

John spent 11 years in the investment management industry and 2 years as a securities lawyer.

David Bruce
Chief Executive Officer

Dave was named CEO in 2021

Prior to being named CEO, Dave served as the EVP of the Kitchen & Bath division for Foremost Groups, Ltd. and had been with the company for 23 years.

Perry Lin
Chief Financial Officer

Perry was named CFO in 2021

Prior to being named CFO, Perry was Vice President of Corporate Finance for Foremost Groups, Ltd. and had been with the company for 11 years.

Prior to joining Foremost, Perry served as audit manager at KPMG for ten years.

Bob Kermelewicz
EVP of FGI USA

Bob was named head of FGI USA in 2021

Prior to this position, Bob spent twenty-three years as an Executive Vice President of the Kitchen & Bath Division at Foremost Groups, Ltd.

Jennifer Earl
EVP of FGI Canada

Jennifer was named head of FGI Canada in 2021

Prior to this position, Jennifer held various roles at Foremost Groups, Ltd. for twenty-three years in sales, product development, and marketing.

Norman Kroenke
EVP of FGI Europe

Norman was named head of FGI Europe in 2021

Prior to this position, Norman served as the Executive Vice President of Foremost International GmbH & Co.KG., a position he held for over fifteen years, during which time he focused on building a European sales presence for Foremost's sanitaryware platform.

Key Investment Highlights

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 model manufacturing model and strong partner relationships

Favorable industry trends
- 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.

Diversified Portfolio and History of Innovation

Positioned for growth with diversified portfolio of innovative products

GOOD, BETTER, BEST STRATEGY

GOOD

- allen + roth by LOWE'S
- HD SUPPLY
- seasons
- FERGUSON
- GLACIER BAY by THE HOME DEPOT
- ProFlo

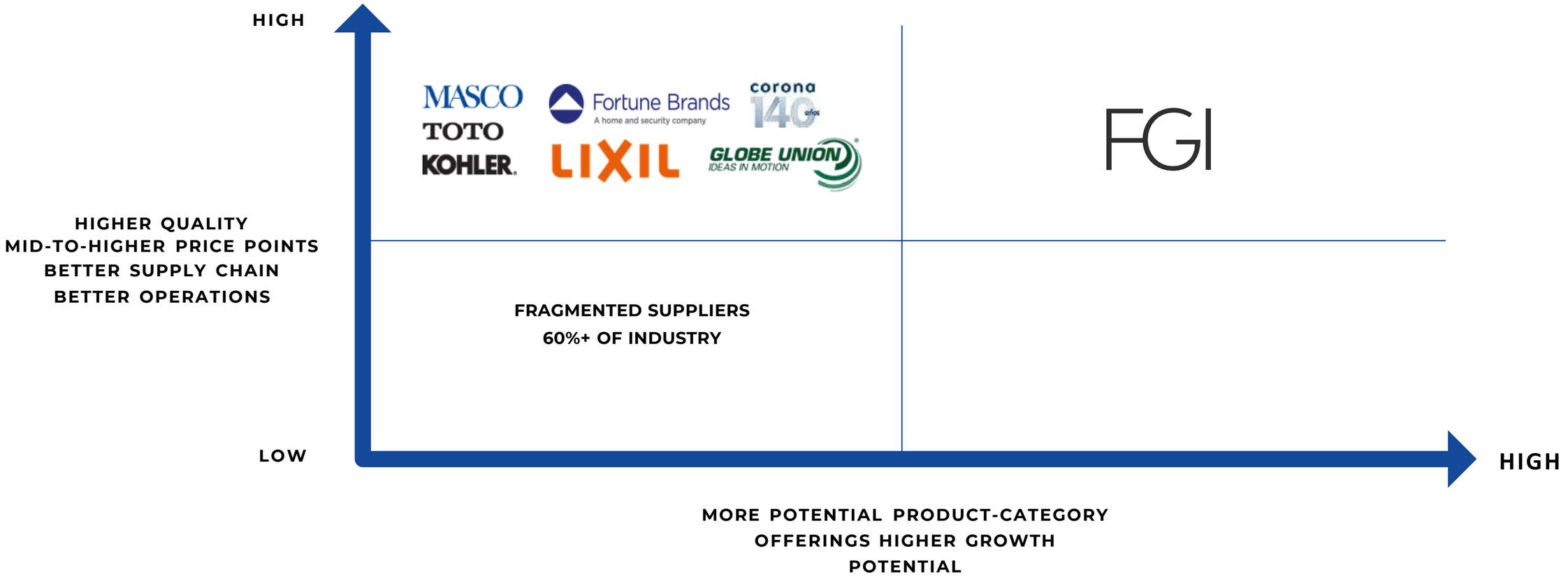
BETTER

- contrac
- CRAFT + MAIN
- JETCOAT

BEST

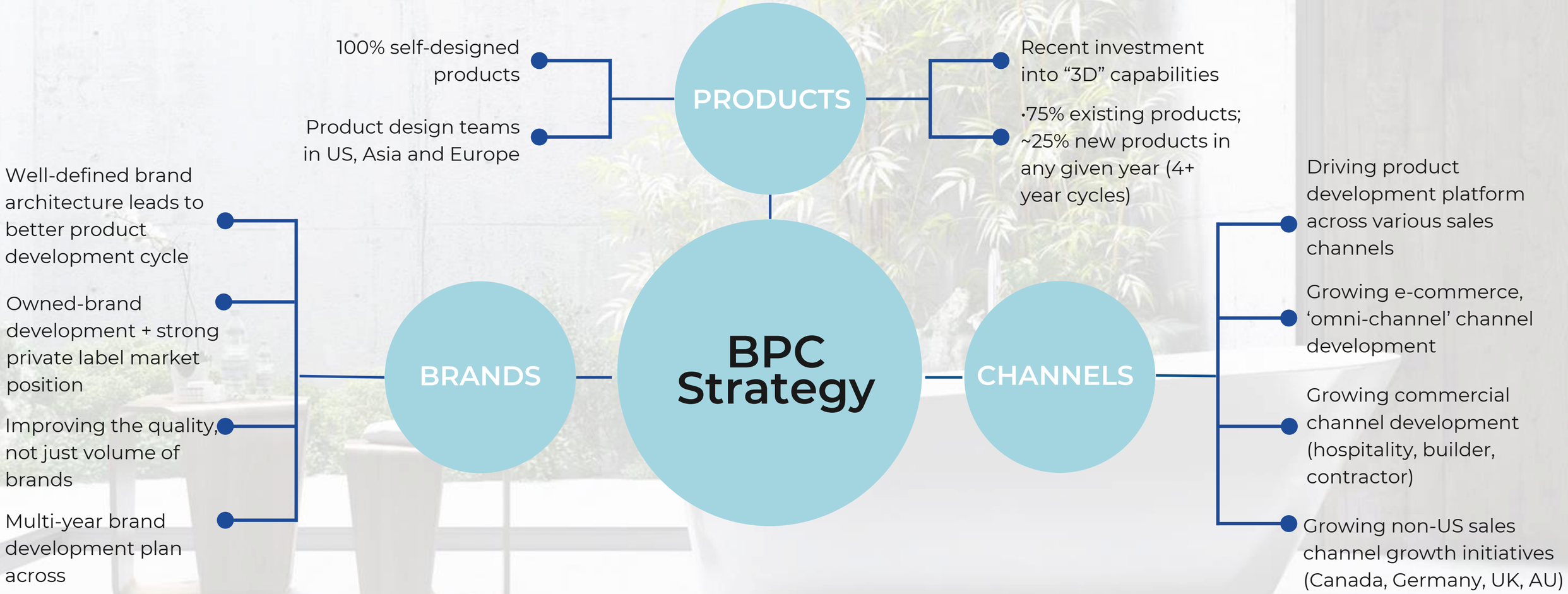
- avenue
- COVERED BRIDGE CABINETRY
- VENUE

Well Positioned in the $100B+ Global Kitchen & Bath Market



Attractive Growth Opportunity

BPC Strategy Provides Opportunity for Above Market Growth



Margin Improvement Initiatives

Growth and efficiency plans to generate improvement in operating margins

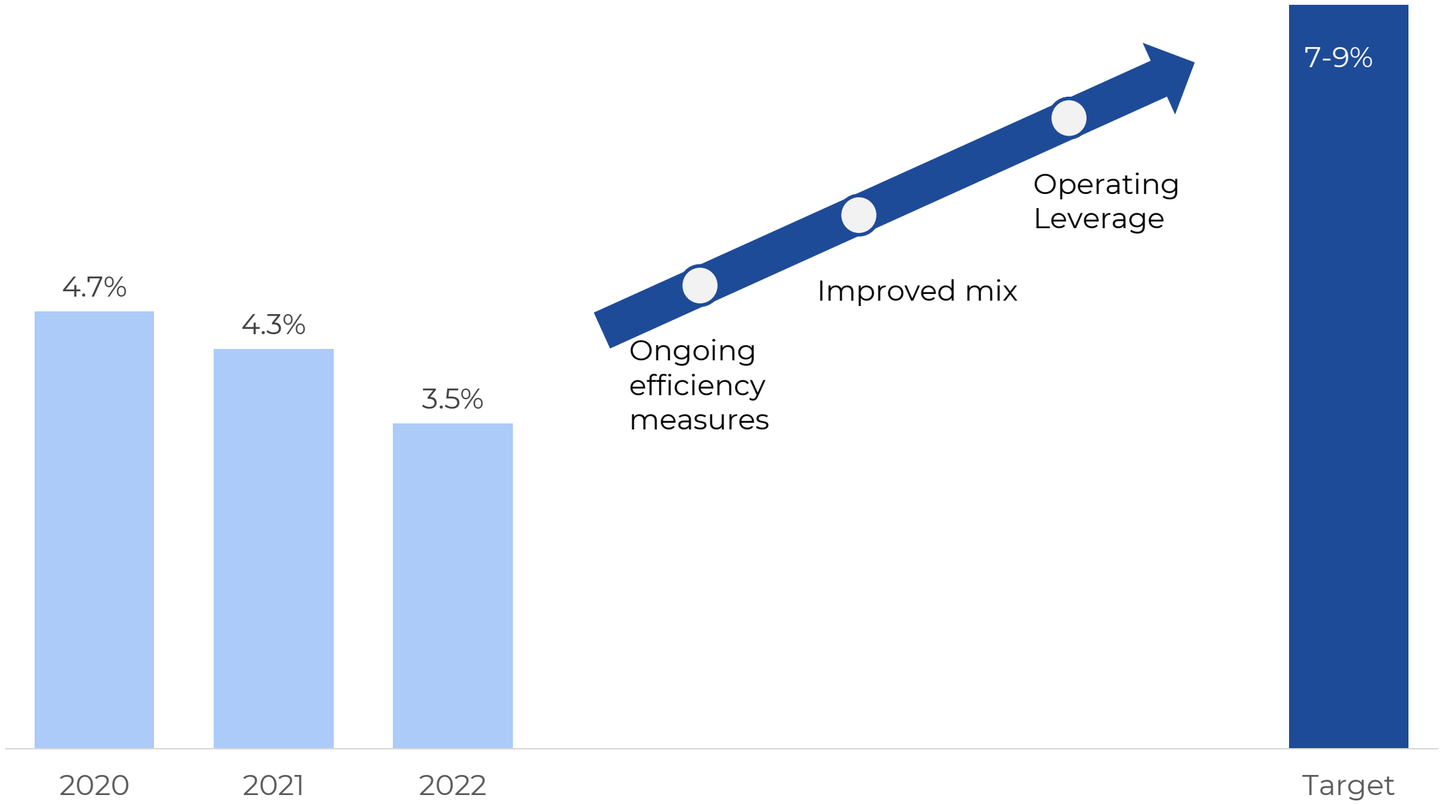
Margins were pressured during 2022 due to supply chain challenges and inflationary headwinds, but we expect meaningful margin improvement in coming years.

We are driving cost reductions through ongoing efficiency measures

Our higher growth verticals generate better margins resulting in improved mix

We will benefit from significant operating leverage as we scale the business

ADJUSTED OPERATING MARGIN(1)



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

Attractive Operating Model

Flexible, capital-lite operating model provides protection in a downturn

FGI benefits from a flexible, capital-lite operating model. FGI is a leading innovator and designer of kitchen and bath products and utilizes a global network of trusted suppliers to produce our products. These products are then distributed through our networks of channel partners.

Step 1
Product Innovation and Design

- Tradition of strong innovation across various product platforms with leading 'on-trend' designs: Innovation, Quality, Service.
- De-centralized operating structure and culture allows for relevant, purposeful, and efficient decision-making.

Step 2
Trusted Supplier Partners and Affiliate Manufacturing

- 75% of product manufacturing is outsourced to a trusted network of global supplier partners with 30-year operating relationships
- 25% of products sourced from Affiliate Manufacturing which consists of our parent company, Foremost Groups Ltd.

Step 3
Global Distribution and Support Network

- FGI has developed a global distribution network with a deep supply-chain network.
- FGI provides manufacturing support and customer service through its global network.

Step 4
Trusted Customer Partners

- FGI has long-standing relationships with many of the leading wholesalers and retailers of kitchen and bath products, including Home Depot, Lowe's, Menard's, and Ferguson.

FLEXIBLE GLOBAL SOURCING STRATEGY	LONG-TERM DISTRIBUTION PARTNERS	LOW CAPEX NEEDS	EFFICIENT WORKING CAPITAL PLANNING

Favorable Industry Trends

Kitchen and Bath R&R market provides stable, predictable growth

Repair & Remodel Provides Stable, Predictable Growth

The Repair & Remodel US market segment has generally experienced consistent and above-GDP growth rates over the past 25 years of ~3-5% per year.

The number of homes entering their prime remodeling years (20-39 years old) will grow by 2.9 million by 2027. These homes have 15-24% more K&B remodels than the average home.

FGI maintains a durable competitive advantage thanks to strict industry regulations governing engineering and product development, paired with low obsolescence risk due to slow design evolution.

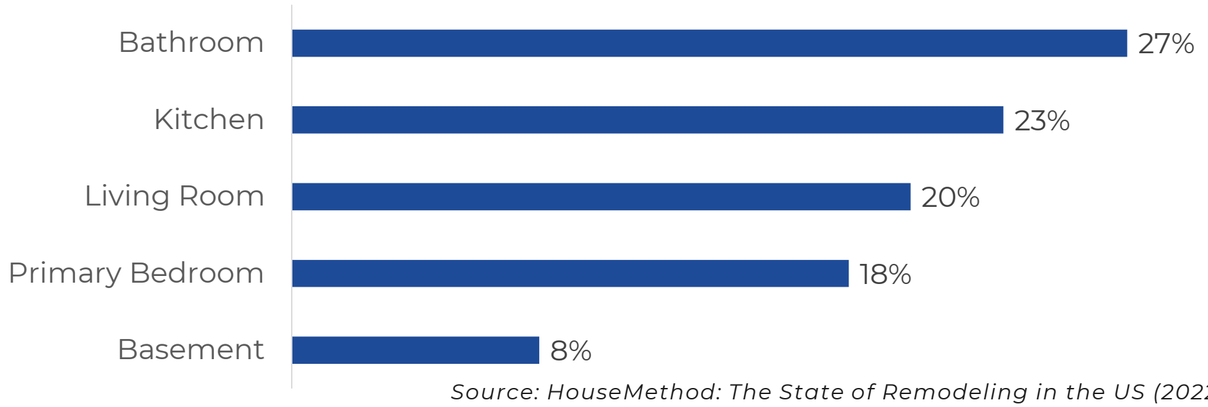
Kitchen and Bath Represent Most Significant Area of Home Improvement Spending and Provide, Highest, Return to Homeowners

10 Best ROI Home Improvement Projects:

#1 Minor Bathroom Remodel: ROI average 102%
#3 Minor Kitchen Remodel: ROI average 98.5%
#5 Major Bathroom Remodel: ROI average 93.2%
#6 Major Kitchen Remodel: ROI average 91%

Source: Fortune Builders: The 10 Best ROI Home Improvements

Kitchen and Bath account for 50% of all home renovations



Source: HouseMethod: The State of Remodeling in the US (2022 Report)

Capital Deployment Strategy

Opportunity to create value through efficient capital deployment

Capital Deployment Priorities

2023 -2024
Capital Allocation Priorities

- Re-Invest in Core Businesses with Evergreen Expansion Opportunities
- Selective Bolt-on Acquisitions

2025+
Capital Allocation Priorities

- Acquisitions and Organic Growth Investments
- Excess Free Cash Flow for Dividends and Repurchases

New Business Integration

Focus on value-add through meaningful acquisitions

Bolt-On Strategy

MARKET

- Thousands of small suppliers
- Evergreen product lines, categories and geographies
- Look for good teams and product lines, not turnarounds

VALUE

- Price is right
- Must be financially accretive
- Return on Capital > Cost of Capital

TARGETS

- "Fit with FGI" core competencies
- Complementary sales and distribution strategy
- Opportunity for cost and revenue synergies
- Will pursue large, strategic options if possible

Previous Examples

Shower Business

- Hired shower-door team from competitor
- Grew the business to over $3mm in Gross Profit

Custom Kitchens

- Built world-class cabinet production capability in Asia
- Recruited top-tier talent from troubled US-firms
- Well-positioned to grow US share and presence

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Value Creation Strategy

Deploying capital to drive long-term shareholder value

LONG-TERM VALUE CREATION FORMULA:

Above industry organic growth

+

Operating margin expansion

+

Strong balance sheet and cash flow conversion

+

Smart capital deployment

=

STRONG EARNINGS GROWTH

BPC Strategy

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

Enhanced Financial Performance

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

Capital Deployment Strategy

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

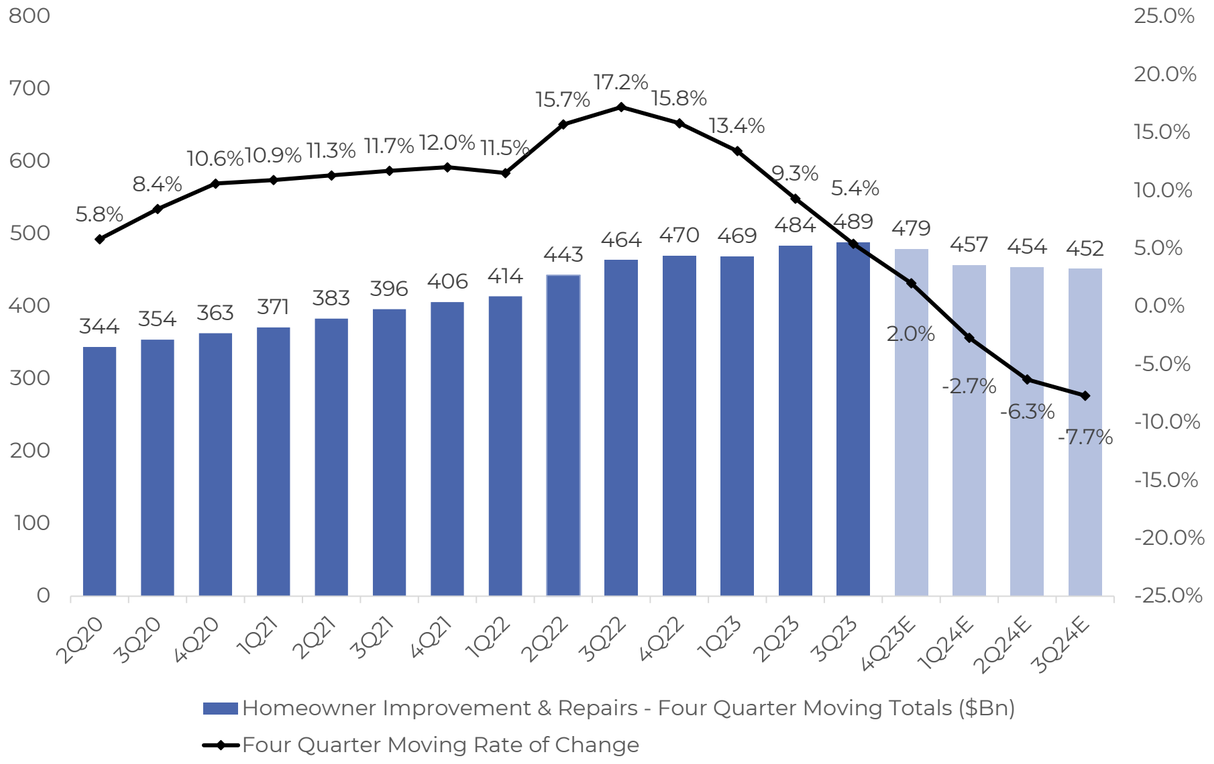
Repair and Remodel Industry Outlook

Repair and Remodel Industry Outlook

Repair & Remodel Growth Expected to Remain Resilient

R&R Spending is expecting to remain resilient during current downturn

Long-term drivers of R&R spending remain favorable



Source: Joint Center for Housing Studies of Harvard University

- Structural deficit in housing supply-demand
- Significant aging of US housing stock
- Home equity levels remain strong and supportive of R&R spending
- 85%+ of mortgages locked in below 5%

Source: Redfin

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Repair and Remodel Industry Outlook

Significant Opportunity for Market Share Gains and New Market Expansion (in Billions)

KITCHEN MARKET

$76.2

TOTAL KITCHEN & BATH

$158.6

BATH MARKET

$82.4

Kitchen Products	2021
Appliances	$18.2
Cabinets	**$18.2**
Countertops	$14.0
Flooring	$12.3
Sinks	$4.5
Lighting	$3.7
Ventilation	$2.9
Faucets	$2.4

FGI's current product portfolio represents a **$75Bn** market opportunity

Bathroom Products	2021
Bathroom Flooring	$12.4
Showers	**$12.4**
Bathroom Vanities	**$10.3**
Bathtubs	**$10.2**
Bathroom Countertops	**$9.2**
Toilets	**$6.5**
Bathroom Sinks	**$5.9**
Bathroom Lighting	$5.3
Bathroom Faucets	$4.3
Bathroom Ventilation	$3.3
Medicine Cabinets	**$2.6**

Source: National Kitchen And Bath Association: 2021 Kitchen and Bath Market Outlook

FGI has significant opportunity to expand share in its current product portfolio, with a market share position of less than 1%. Additionally, the current portfolio addresses less than 50% of the total K&B market, providing significant new market expansion opportunity.

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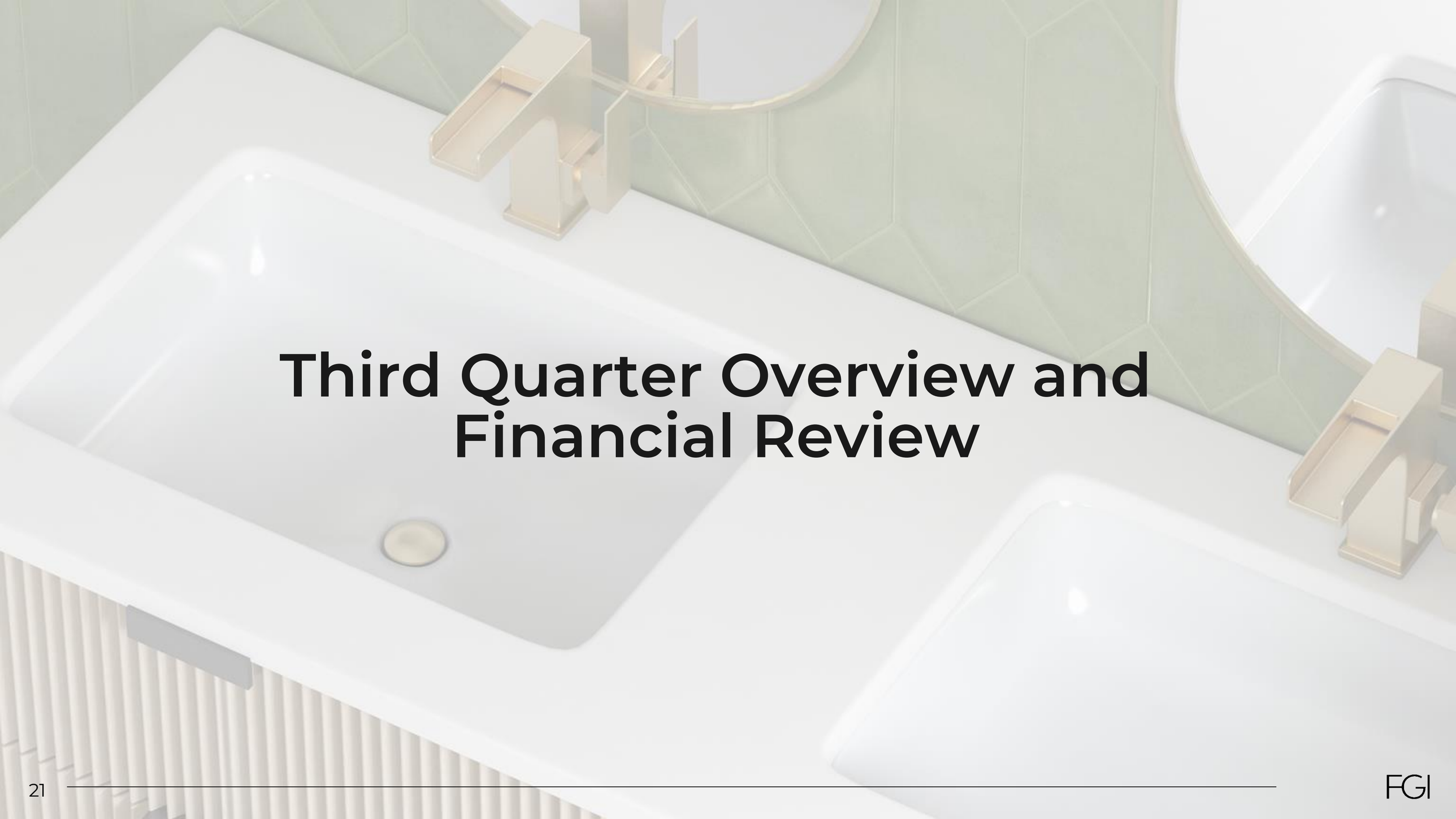

Third Quarter Overview and Financial Review

Business Highlights – 3Q23

3Q23 results were highlighted by continued gross margin improvement, further progress on our BPC strategy, and disciplined working capital management

- Revenue pressured by de-stocking and macro headwinds
- Progress on BPC strategy positioning company for growth
- Meaningful gross margin improvement
- Strong financial position

Revenue

Third quarter revenue declined 22% driven by continued inventory de-stocking and uneven demand trends

Operating Income

Operating income was impacted by ongoing investments in our BPC organic growth initiatives

Organic Growth Initiatives

We made progress on recently announced new awards and continued to add new dealers for our custom kitchen cabinetry business. Our agreement to license overflow toilet technology was expanded to include Canada.

Strong Financial Position

We ended the quarter with only $2.6 million of net debt[1] and total liquidity of $20.9 million

Gross Margin

Third quarter gross margin was 26.2%, up 530 basis points from the prior year

Favorable Market Trends

Demand trends across most of our key product categories remained relatively stable despite the macro headwinds

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

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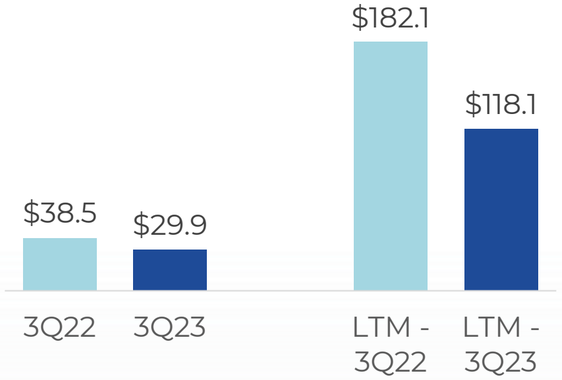
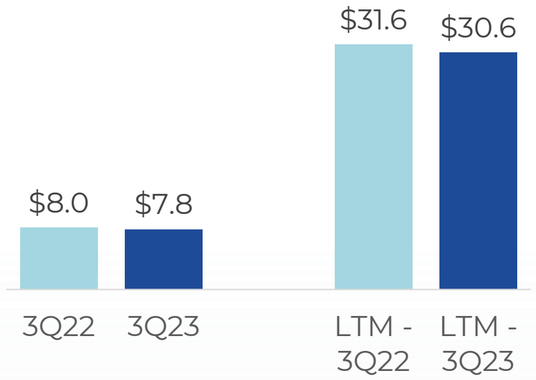
Quarterly Consolidated Financial Results

Total Revenue $MM



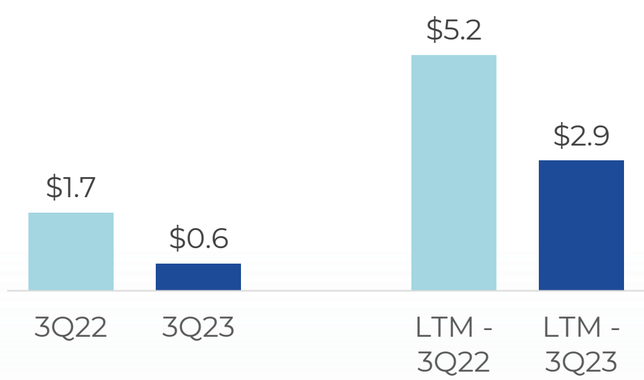
Total third quarter revenue decreased 22.3% driven by inventory de-stocking across each of our business lines as well as uneven demand trends.

Gross Profit $MM



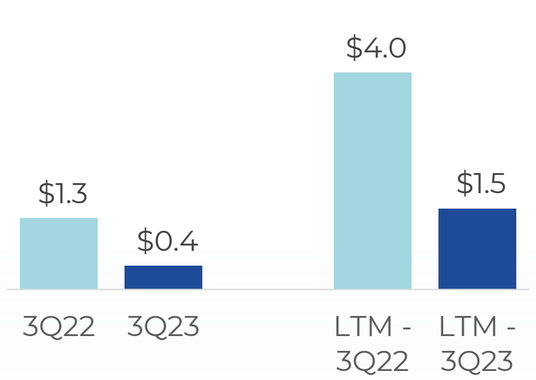
Gross profit was down only 2.6% compared to last year, as the volume headwinds were offset by a shift in the revenue mix towards higher-margin shower systems and custom kitchen cabinetry businesses. As a result, gross margin was 26.2% during 3Q23, up from 20.9% in the prior-year period.

Adjusted Operating Income $MM



Adjusted operating income was $0.6 million, down from $1.7 million, due to lower gross profit and an increase in operating expenses tied to growth initiatives. Adjusted operating margin was 2.0% during 3Q23, down from 4.5% last year.

Adjusted Net Income $MM



Adjusted net income for the third quarter of 2023 was $0.4 million, versus adjusted net income of $1.3 million for the same period last year.

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

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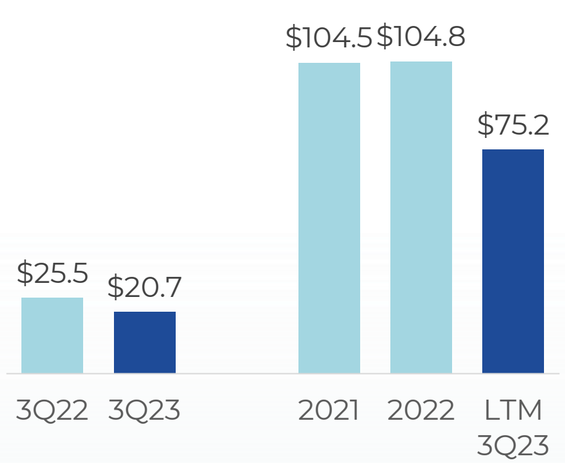
Quarterly Business Line Results

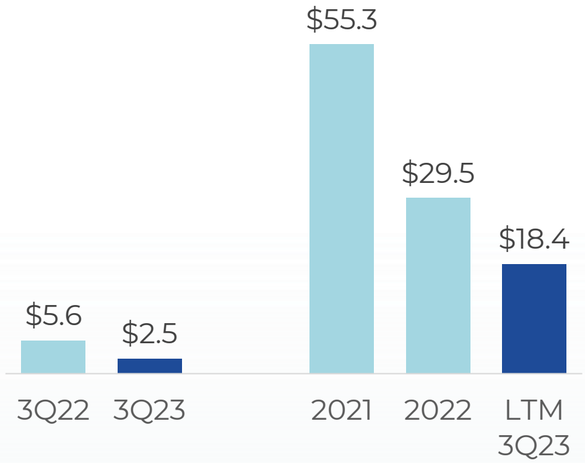
Revenue by product category

Sanitaryware ($MM)



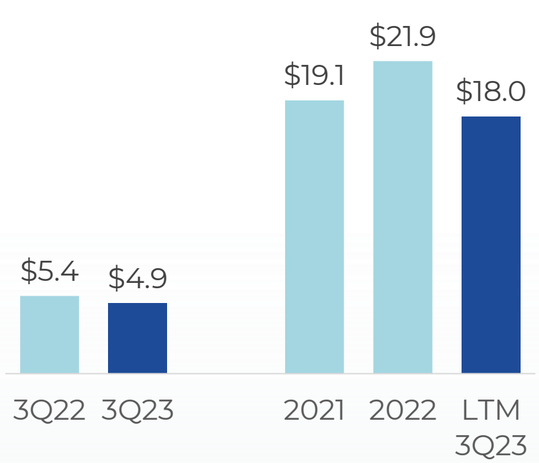
Sanitaryware revenue decreased to $20.7 million, down from $25.5 million last year, driven by inventory de-stocking primarily in the pro channel. However, Sanitaryware revenue increased 10% sequentially, the second consecutive quarter of sequential gains, as some customers are beginning to return to more normal order patterns.

Bath Furniture ($MM)



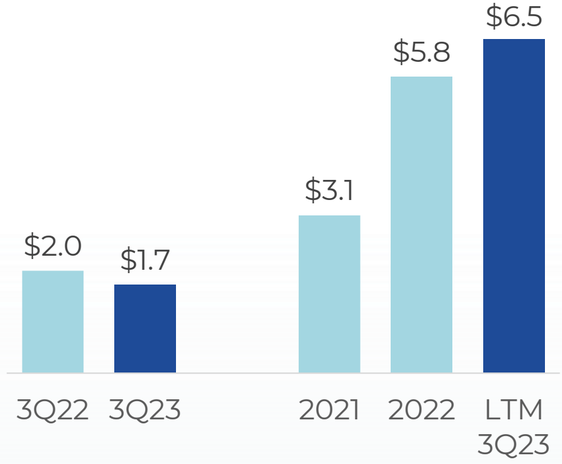
Bath Furniture revenue was $2.5 million, down from $5.6 million last year, as the broader bath furniture market, in particular bath cabinetry, has continued to experience sluggish demand trends, causing channel inventory levels to remain stubbornly high.

Shower Systems ($MM)



Shower Systems revenue was $4.9 million during 3Q23, down from $5.4 million last year due to modest inventory de-stocking and order timing. Overall momentum in the business remains strong, with recent new program awards expected to drive improved trends into 2024.

Other ($MM)



Other revenue was $1.7 million during 3Q23, down modestly from the prior year. Momentum in the business remains strong driven by continued growth in the dealer network and the expected benefit of the new kitchen cabinetry initiative expected to launch in 2024.

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Balance Sheet & Liquidity Update

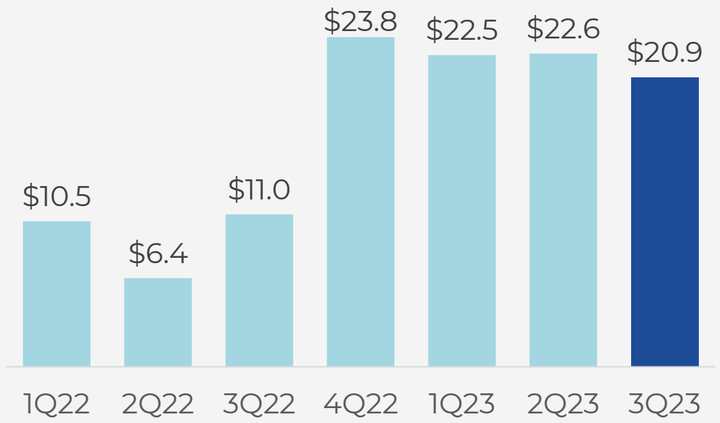
Significant working capital improvements have strengthened the balance sheet and liquidity

- Cash and availability was $20.9 million at 3Q23 owing to free cash flow conversion, improved working capital and availability under our facilities

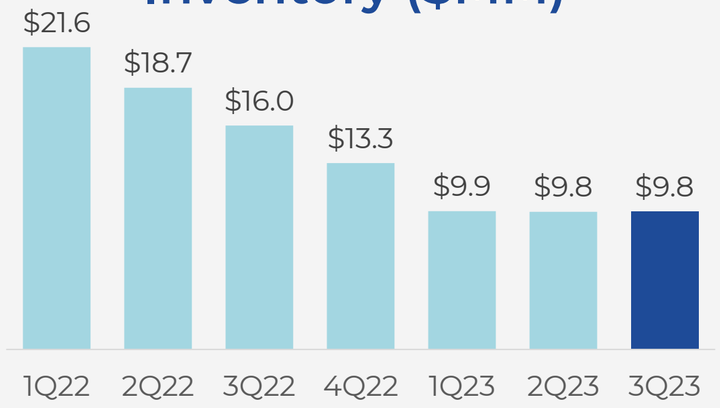
- Inventory has declined by $6 million from 3Q22 as supply chain issues have normalized

- Net debt was $2.6 million at 3Q23 down from a peak level of $11.6 million during 2022

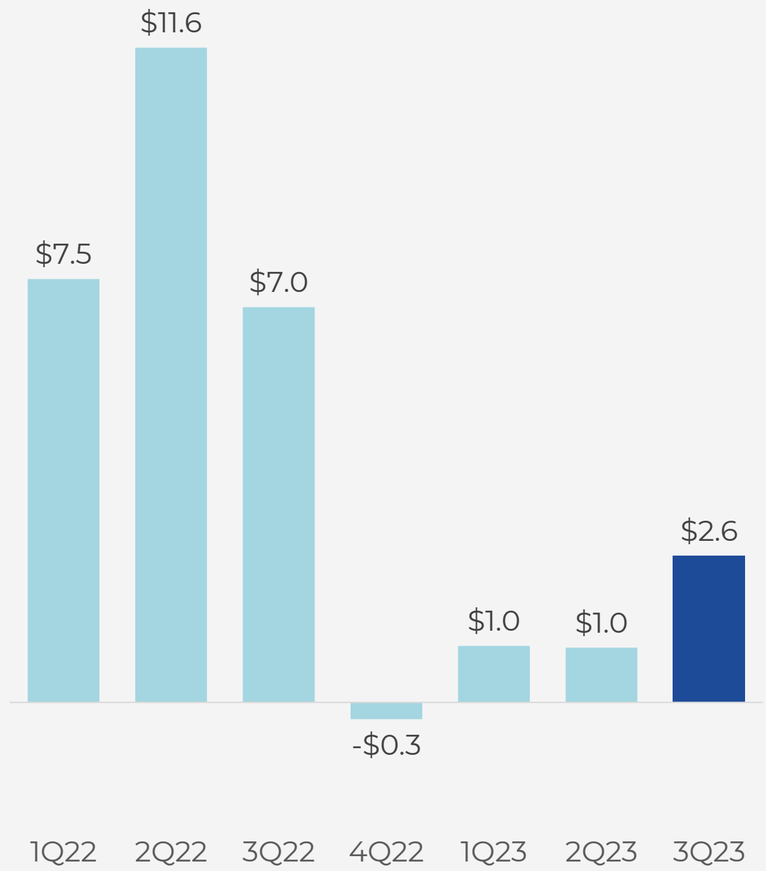
Cash & Availability ($MM)



Inventory ($MM)



Net Debt [1] ($MM)



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

Financial Outlook

2023 FINANCIAL OUTLOOK

Revenue	Adjusted Operating Income	Adjusted Net Income
$115 – 120 million	$2.0 – $2.8 million	$1.0 – 1.5 million

The Company's 2023 guidance includes roughly $0.8 million in costs related to investments with a major retail customer in addition to a previously announced new custom kitchen cabinetry business venture. Guidance for adjusted operating income and adjusted net income is presented on an adjusted basis and excludes non-recurring items. All guidance is current as of the time provided and is subject to change.

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 GROWH

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.

STRONG SHAREHOLDER ALIGNMENT

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

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

	For the Three Months Ended September 30,		For the Last Twelve Months Ended September 30,	
	2023	2022	2023	2022
Income from operations	$ 481,690	$ 1,668,292	$ 2,062,628	$ 4,800,852
Adjustments:				
Arbitration legal fee			221,258	
Anti-dumping penalty			124,865	
Non-recurring IPO-related compensation	59,719	59,719	238,876	415,121
IPO legal fee	—	—	50,000	—
Business expansion expense	61,770	—	185,312	—
Adjusted income from operations	603,179	1,728,011	2,882,939	5,215,973
Revenue	$ 29,932,612	$ 38,544,062	$ 118,075,018	$ 182,118,906
Adjusted operating margins	2.0 %	4.5 %	2.4 %	2.9 %

Appendix

	For the Three Months Ended September 30,		For the Last Twelve Months Ended September 30,	
	2023	2022	2023	2022
Net income	$ 343,492	$ 1,272,142	$ 835,653	$ 4,013,653
Adjustments:				
Arbitration legal fee			221,258	
Anti-dumping penalty			124,865	
Non-recurring IPO-related compensation	59,719	59,719	238,875	415,121
IPO legal fee	—	—	50,000	—
Business expansion expense	61,770	—	185,312	—
Total	464,981	1,331,861	1,655,963	4,428,774
Tax impact of adjustment at 18% effective rate	-22,961	-10,749	-151,386	-74,722
GILTI high tax re-selection				-338,043
Adjusted net income	$ 442,020	$ 1,321,112	$ 1,504,577	$ 4,016,009

Appendix

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Cash	8,793,338	3,126,305	5,981,019	10,068,777	7,380,232	6,894,762	5,369,947
Total Debt	16,321,410	14,690,048	13,007,649	9,795,052	8,426,548	7,863,680	7,962,203
Net Debt	**7,528,072**	**11,563,743**	**7,026,630**	**(273,725)**	**1,046,316**	**968,918**	**2,592,256**