



FGI INDUSTRIES ANNOUNCES FIRST QUARTER 2025 RESULTS

EAST HANOVER, N.J., May 13, 2025 – FGI Industries Ltd. (Nasdaq: FGI) (“FGI” or the “Company”), a leading global supplier of kitchen and bath products, today announced results for the first quarter 2025.

FIRST QUARTER 2025 HIGHLIGHTS

(As compared to the first quarter of 2024)

- Total revenue of \$33.2 million, +8.0% y/y
- Gross profit of \$8.9 million, +5.8% y/y
- Gross margin of 26.8%, -60 bps y/y
- Operating loss of \$1.3 million and net loss attributable to shareholders of \$0.6 million
- Adjusted operating loss of \$1.3 million
- Adjusted net loss of \$1.1 million

MANAGEMENT COMMENTARY

Dave Bruce, President and CEO of FGI, stated, “FGI reported total revenue of \$33.2 million in the quarter, representing a year-over-year increase of 8.0%. Gross profit was \$8.9 million, an increase of 5.8% compared to the prior year. The gross margin was 26.8%, a decline of 60 basis points compared to the first quarter of 2024 due, in part, to China related tariffs and higher freight costs. The industry outlook is uncertain due to tariffs but FGI’s strategic investments in our brands, products and channels strategy is bearing fruit and driving revenue growth well above the overall market. FGI’s first quarter revenue increased compared to the first quarter 2024 due to growth in our Bath Furniture and Covered Bridge cabinetry businesses. Revenue grew 8.0% in the U.S., 3.8% in Canada, and declined 2.8% in Europe market, respectively. Sanitaryware and Shower Systems revenue declined 1.7% and 1.3% year-over-year, respectively, in the first quarter. Bath Furniture and Covered Bridge revenue increased 32.7% and 135.7%, respectively, year-over-year. Covered Bridge continues to show strong growth due to continued order momentum, expanded geographies and higher dealer count. Isla Porter, our digital custom kitchen joint venture, continues to establish relationships with the premium design community with on-trend products via an AI-backed digital sales platform.” Bruce continued, “We are excited about our new product introductions and continue to invest in our brands and our future growth initiatives in our core businesses.

“The increasing tariff environment in 2025 remains fluid. FGI is working with our suppliers and customers to support one another as we navigate these new dynamics together. We experienced a similar tariff process several years ago, so this is not new to us. We are confident that we can work through what comes given the close relationships we have cultivated over the years with our vendors and customers.”

Perry Lin, Chief Financial Officer of FGI, commented, “Even as total revenue increased 8.0% year-over-year, operating expenses increased 16.6% year-over-year to \$10.2 million. The increase in operating expenses was due to investing in initiatives related to our BPC growth strategy, Isla Porter, one-time costs related to optimizing our warehouse operations and investing in our India business. FGI ended the first quarter with total available liquidity of \$14.3 million. We believe the best use of our capital is for internal investment and this will remain our priority in the near term.”

FIRST QUARTER 2025 RESULTS

Revenue totaled \$33.2 million during the first quarter of 2025, an increase of 8.0% compared to the prior-year period despite the on-going and fluid tariff environment.

- Sanitaryware revenue was \$20.2 million during the first quarter of 2025, an decrease from \$20.5 million in the prior-year period.
- Bath Furniture revenue was \$4.1 million during the first quarter of 2025, an increase from revenue of \$3.1 million in the prior-year period. Our shift to market-aligned program pricing and design outpaced our sales expectations driven by new business wins.
- Shower Systems revenue was \$5.7 million during the first quarter of 2025, a decrease from \$5.8 million last year.

- Other revenue, primarily from Kitchen Cabinets, was \$3.3 million during the first quarter, an increase from \$1.4 million in the prior year, driven by continued order momentum, expanded geographies and higher dealer count.

Gross profit was \$8.9 million during the first quarter of 2025, an increase of 5.8% compared to the prior-year period. Gross profit margin decreased to 26.8% during the first quarter of 2025, down 60 basis points from the prior-year period due to the implementation of tariffs and higher freight costs.

Operating loss was \$1.3 million during the first quarter of 2025, down from operating income of \$0.3 million in the prior-year period. Operating loss during the first quarter of 2025 included non-recurring expenses of \$0.1 million for business expansion expense and accruals for non-recurring IPO-related share-based compensation. Excluding these items, adjusted operating loss was \$1.3 million during the first quarter. The decline in operating income and adjusted operating income from the prior year was a result of an increase in personnel costs, marketing and promotion expenses, warehouse expenses, and operating expenses tied to growth initiatives, as the Company continues to invest in its BPC growth strategy. As a result, operating margin and adjusted operating margin were (3.9%) and (3.8%) during the first quarter, respectively, down from (1.0%) and (0.6%) in the same period last year.

The Company reported GAAP net loss attributable to shareholders of \$0.6 million, or net loss of \$0.07 per diluted share during the first quarter of 2025, versus net income of \$0.4 million, or \$0.04 per diluted share, in the same period last year. Net loss for the first quarter of 2025 included after-tax expenses of \$0.1 million related to business expansion expense and accruals for non-recurring IPO-related stock-based compensation. Net loss for the first quarter of 2024 included after-tax expense of \$0.1 million related to business expansion expense and non-recurring IPO-related compensation. Excluding these items, adjusted net loss for the first quarter of 2025 was \$1.1 million, or \$0.11 per diluted share, versus adjusted net income of \$0.2 million, or \$0.02 per diluted share, for the same period last year.

Going forward, FGI will hold quarterly earnings calls only for the second and fourth quarters. The Company will continue to release results of operations via press releases and SEC filings on a quarterly basis as before. Inquiries may continue to be submitted to investorrelations@fgi-industries.com or by phone at 973-515-7190.

FINANCIAL RESOURCES AND LIQUIDITY

As of March 31, 2025, the Company had \$1.2 million of cash and cash equivalents, total debt of \$13.2 million and \$13.0 million of availability under its credit facilities net of letters of credit. Total liquidity was \$14.3 million at March 31, 2025.

FINANCIAL GUIDANCE

The Company provides its fiscal 2025 guidance as follows:

- Total net revenue of \$135-145 million
- Total adjusted operating income of \$(2.0)-1.5 million
- Total adjusted net income of \$(1.9)-1.0 million

Note that total adjusted operating income excludes certain non-recurring items and total adjusted net income excludes certain non-recurring extraordinary items and includes an adjustment for minority interest.

ABOUT FGI INDUSTRIES

FGI Industries Ltd. (Nasdaq: FGI) is a leading global supplier of kitchen and bath products. For over 30 years, we have built an industry-wide reputation for product innovation, quality, and excellent customer service. We are currently focused on the following product categories: sanitaryware (primarily toilets, sinks, pedestals, and toilet seats), bath furniture (vanities, mirrors and cabinets), shower systems, customer kitchen cabinetry and other accessory items. These products are sold primarily for repair and remodel activity and, to a lesser extent, new home or commercial construction. We sell our products through numerous partners, including mass retail centers, wholesale and commercial distributors, online retailers and specialty stores.

Non-GAAP Measures

In addition to the measures presented in our consolidated financial statements, we use the following non-GAAP measures to evaluate our business, measure our performance, identify trends affecting our business and assist

us in making strategic decisions. Our non-GAAP measures are: Adjusted Operating Income, Adjusted Operating Margins and Adjusted Net Income. These non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). They are supplemental financial measures of our performance only, and should not be considered substitutes for net income, income from operations or any other measure derived in accordance with GAAP and may not be comparable to similarly titled measures reported by other entities. We define Adjusted Operating Income as GAAP income from operations excluding the impact of certain non-recurring income and expenses, including non-recurring compensation expenses related to our IPO, unusual litigation and business expansion expense. We define Adjusted Net Income as GAAP income before income taxes excluding the impact of certain non-recurring income and expenses, such as non-recurring compensation expenses related to our IPO, unusual litigation and business expansion expense, as well as income taxes at historical average effective rate and net income attributable to non-controlling shareholders. We define Adjusted Operating Margins as Adjusted Operating Income divided by revenue.

We use these non-GAAP measures, along with GAAP measures, to evaluate our business, measure our financial performance and profitability and our ability to manage expenses, after adjusting for certain one-time expenses, identify trends affecting our business and assist us in making strategic decisions. We believe these non-GAAP measures, when reviewed in conjunction with GAAP financial measures, and not in isolation or as substitutes for analysis of our results of operations under GAAP, are useful to investors as they are widely used measures of performance and the adjustments we make to these non-GAAP measures provide investors further insight into our profitability and additional perspectives in comparing our performance over time on a consistent basis. With respect to the Company's expectations of its future performance, the Company's reconciliations of guidance for full year 2025 Adjusted Operating Income and 2025 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.

FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "anticipate," "expect," "could," "may," "intend," "plan", "see" and "believe," among others, generally identify forward-looking statements. These forward-looking statements include, among others, statements regarding FGI's guidance, the Company's growth strategies, outlook and potential acquisition activity, the macroeconomic instability and its associated impact on the national and global economy and the residential repair and remodel market, the company's planned product launches and new customer partnerships and the effect of supply chain disruptions and freight costs. 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. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results. A variety of factors, many of which are beyond our control, could cause actual future results or events to differ materially from those projected in the forward-looking statements in this release. For a full description of the risks and uncertainties which could cause actual results to differ from our forward-looking statements, please refer to FGI's periodic filings with the Securities & Exchange Commission including those described as "Risk Factors" in FGI's annual report on Form 10-K for the year ended December 31, 2024, and in quarterly reports on Form 10-Q filed thereafter. FGI does not undertake any obligation to update forward-looking statements whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

INVESTOR CONTACT

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FGI INDUSTRIES LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2025	As of December 31, 2024
	USD	USD
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,226,365	\$ 4,558,160
Accounts receivable, net	18,932,030	20,293,555
Inventories, net	12,550,585	13,957,867
Prepayments and other current assets	2,385,062	2,091,407
Prepayments and other receivables – related parties	11,436,719	11,996,973
Total current assets	<u>46,530,761</u>	<u>52,897,962</u>
PROPERTY AND EQUIPMENT, NET	<u>3,836,282</u>	<u>3,634,340</u>
OTHER ASSETS		
Intangible assets	1,877,415	1,849,951
Operating lease right-of-use assets, net	11,378,346	12,823,747
Deferred tax assets, net	3,424,283	2,665,585
Other noncurrent assets	1,415,145	1,589,830
Total other assets	<u>18,095,189</u>	<u>18,929,113</u>
Total assets	<u><u>\$ 68,462,232</u></u>	<u><u>\$ 75,461,415</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term loans	\$ 13,171,555	\$ 14,502,367
Accounts payable	16,928,446	19,349,529
Accounts payable – related parties	260,278	894,661
Income tax payable	40,975	23,189
Operating lease liabilities – current	1,513,911	1,867,956
Accrued expenses and other current liabilities	5,299,634	5,905,124
Total current liabilities	<u>37,214,799</u>	<u>42,542,826</u>
OTHER LIABILITIES		
Operating lease liabilities – noncurrent	10,334,602	11,352,939
Total liabilities	<u>47,549,401</u>	<u>53,895,765</u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preference Shares (\$0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2025 and December 31, 2024)	—	—

Ordinary shares (\$0.0001 par value, 200,000,000 shares authorized, 9,589,503 and 9,563,914 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively)

	959	956
Additional paid-in capital	21,355,350	21,279,047
Retained earnings	2,583,343	3,212,435
Accumulated other comprehensive loss	(2,153,128)	(2,239,560)
FGI Industries Ltd. shareholders' equity	21,786,524	22,252,878
Non-controlling interests	(873,693)	(687,228)
Total shareholders' equity	20,912,831	21,565,650
Total liabilities and shareholders' equity	<u>\$ 68,462,232</u>	<u>\$ 75,461,415</u>

FGI INDUSTRIES LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Three Months Ended March 31,	
	2025	2024
	USD	USD
Revenue	\$ 33,212,548	\$ 30,753,519
Cost of revenue	24,312,290	22,340,036
Gross profit	8,900,258	8,413,483
Operating expenses		
Selling and distribution	7,163,178	6,130,886
General and administrative	2,701,213	2,282,858
Research and development	316,726	320,673
Total operating expenses	10,181,117	8,734,417
Loss from operations	(1,280,859)	(320,934)
Other income (expenses)		
Interest income	441	554
Interest expense	(302,760)	(222,207)
Other income, net	28,091	27,017
Total other expenses, net	(274,228)	(194,636)
Loss before income taxes	(1,555,087)	(515,570)
Provision for (benefit of) income taxes		
Current	19,168	70,832
Deferred	(758,698)	(48,543)
Total (benefit of) provision for income taxes	(739,530)	22,289
Net loss	(815,557)	(537,859)
Less: net loss attributable to non-controlling shareholders	(186,465)	(125,670)
Net loss attributable to FGI Industries Ltd. shareholders	(629,092)	(412,189)
Other comprehensive income (loss)		
Foreign currency translation adjustment	86,432	(22,578)
Comprehensive loss	(729,125)	(560,437)
Less: comprehensive loss attributable to non-controlling shareholders	(186,465)	(125,670)

Comprehensive loss attributable to FGI Industries Ltd. shareholders	<u>\$ (542,660)</u>	<u>\$ (434,767)</u>
Weighted average number of ordinary shares		
Basic	9,578,983	9,547,607
Diluted	9,578,983	9,547,607
Loss per share		
Basic	\$ (0.07)	\$ (0.04)
Diluted	\$ (0.07)	\$ (0.04)

FGI INDUSTRIES LTD.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,	
	2025	2024
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (815,557)	\$ (537,859)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	147,287	87,871
Amortization	563,117	497,795
Share-based compensation	76,306	119,586
Provision for credit losses	1,899	18,412
Provision for defective return	123,538	671,184
Foreign exchange transaction (gain) loss	(13,781)	18,072
Deferred income tax benefit	(758,698)	(48,543)
Changes in operating assets and liabilities		
Accounts receivable	823,212	(239,220)
Inventories	1,407,282	(1,627,111)
Prepayments and other current assets	(293,655)	(127,814)
Prepayments and other receivables – related parties	973,131	(5,075,121)
Other noncurrent assets	174,685	(364,657)
Income taxes	17,786	(419,174)
Accounts payable	(2,421,083)	(3,691)
Accounts payable - related parties	(634,383)	(3,022)
Operating lease liabilities	(417,283)	(344,389)
Accrued expenses and other current liabilities	(605,489)	(612,218)
Net cash used in operating activities	(1,651,686)	(7,989,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(349,875)	(609,035)
Purchase of intangible assets	(100,280)	(302,385)
Net cash used in investing activities	(450,155)	(911,420)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (repayments of) revolving credit facility	(1,330,812)	4,483,476
Net cash (used in) provided by financing activities	(1,330,812)	4,483,476
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH	100,858	(40,332)
NET CHANGES IN CASH	(3,331,795)	(4,458,175)
CASH, BEGINNING OF PERIOD	4,558,160	7,777,241
CASH, END OF PERIOD	<u>\$ 1,226,365</u>	<u>\$ 3,319,066</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for interest	\$ (302,819)	\$ (213,953)

Cash paid during the period for income taxes	\$	(850)	\$	(486,521)
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NON-CASH INVESTING AND FINANCING ACTIVITIES

Lease liability arising from obtaining a right-of-use asset	\$	296,012	\$	—
Derecognition of lease liability upon early termination	\$	(1,251,111)	\$	—

Non-GAAP Measures

The following table reconciles GAAP income from operations to Adjusted Operating (Loss) Income and Adjusted Operating Margins, as well as GAAP net income to Adjusted Net Income for the periods presented.

	For the Three Months Ended March 31,		For the Twelve Months Ended March 31,	
	2025	2024	2025	2024
	USD	USD	USD	USD
(Loss) income from operations	\$ (1,280,859)	\$ (320,934)	\$ (3,059,516)	\$ 1,986,436
Adjustments:				
Non-recurring IPO-related share-based compensation	19,906	59,719	199,063	238,876
Business expansion expense	—	61,770	185,310	247,080
Adjusted Operating Loss	\$ (1,260,953)	\$ (199,445)	\$ (2,675,143)	\$ 2,472,392
Revenue	\$ 33,212,548	\$ 30,753,519	\$134,277,102	\$120,832,857
Adjusted Operating Margins (%)	(3.8)	(0.6)	(2.0)	2.0

	For the Three Months Ended March 31,		For the Twelve Months Ended March 31,	
	2025	2024	2025	2024
	USD	USD	USD	USD
Loss before income taxes	\$ (1,555,087)	\$ (515,570)	\$ (3,321,615)	\$ 1,142,964
Adjustments:				
Non-recurring IPO-related share-based compensation	19,906	59,719	199,063	238,876
Business expansion expense	—	61,770	185,310	247,080
Adjusted (loss) income before income taxes	(1,535,181)	(394,081)	(2,937,242)	1,628,920
Less: income taxes at 18% rate	(276,333)	(70,935)	(528,704)	293,206
Less: net loss attributable to non-controlling shareholders	(186,465)	(125,670)	(593,983)	(279,710)
Adjusted Net Loss	\$ (1,072,383)	\$ (197,476)	\$ (1,814,555)	\$ 1,615,424

Beginning in the first quarter of 2025, we have revised the presentation of non-GAAP measures to provide more meaningful insight into the Company's performance. Historical comparative figures have been adjusted to reflect the current presentation format. These changes are intended to better align with how management evaluates results and makes operating decisions. Reconciliations to the most directly comparable GAAP measures are provided to support transparency and comparability.