




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.

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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

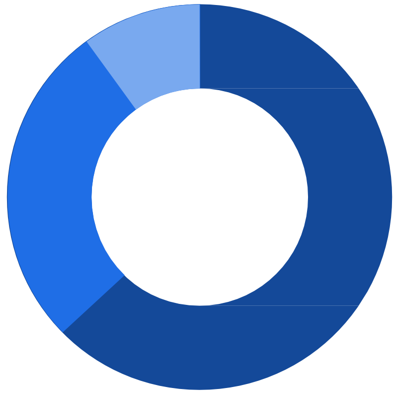
Capital-light model drives strong free cash flow conversion

| STRONG BALANCE SHEET

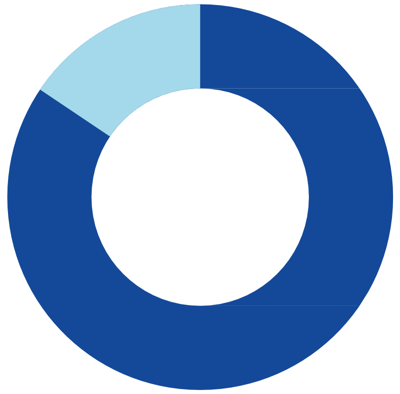
Low net debt relative to earnings

*AS OF FY2021

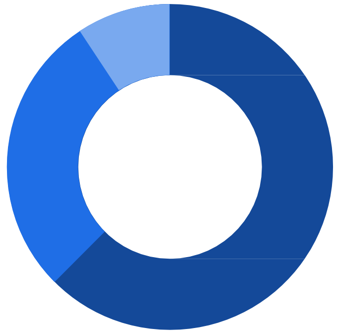
COMPANY OVERVIEW



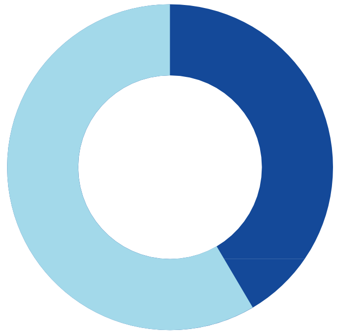
- **SANITARYWARE - 61%** (TOILETS & SEATS, SINKS & PEDESTALS)
- **BATH FURNITURE - 30%** (VANITIES, MIRRORS, CABINETS)
- **OTHER - 9%** (CUSTOM KITCHEN CABINETRY, SHOWER DOORS/WALLS)



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

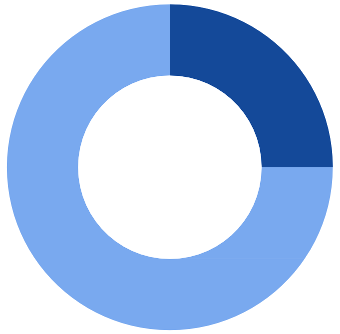


- **USA - 62%**
- **CANADA - 27%**
- **EU - 11%**



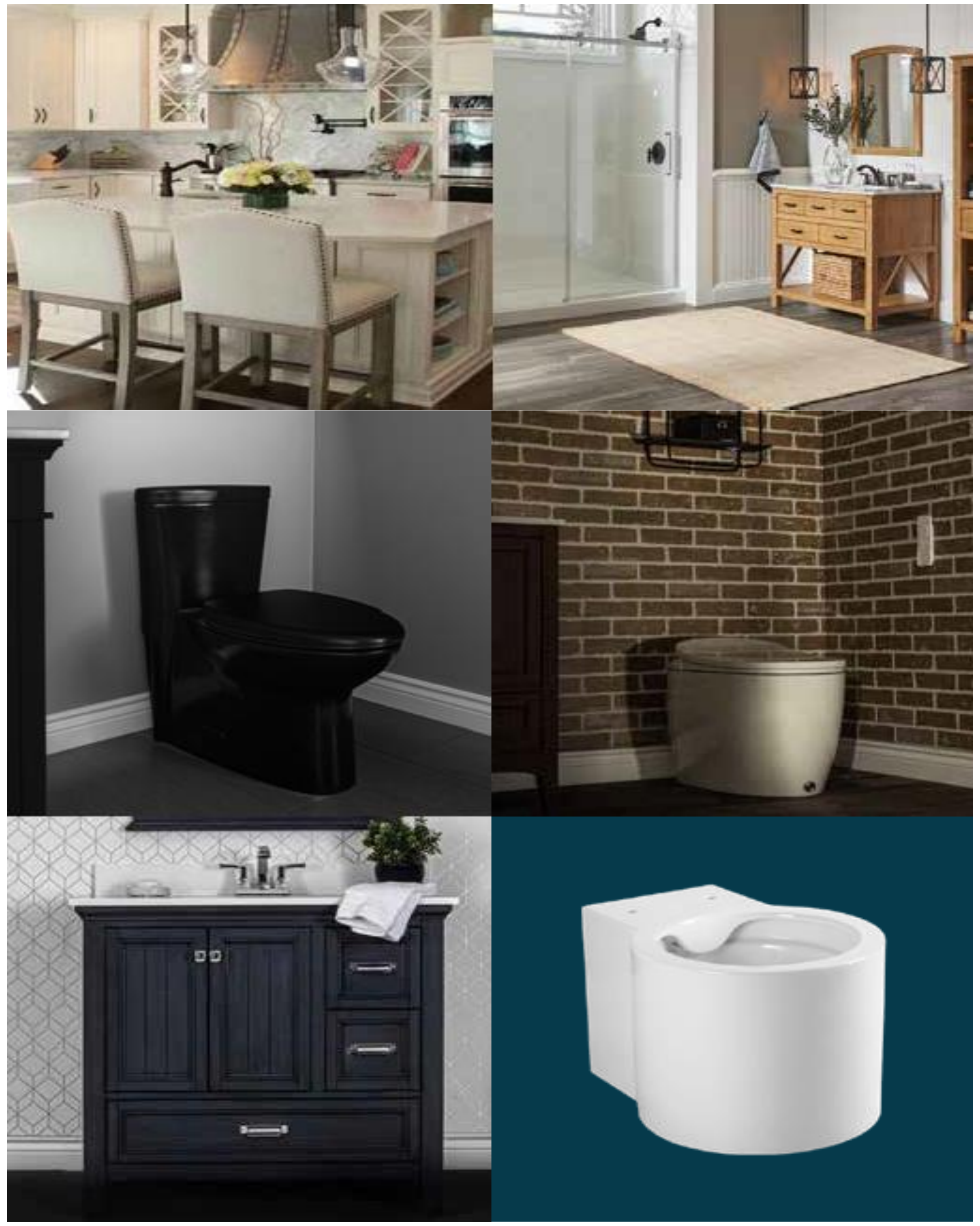
- **PRIVATE LABELS - ~60%**
- **OWNED BRANDS - ~40%**

- **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*

LARGE ADDRESSABLE MARKET WITH GDP+ GROWTH

- The addressable market of FGI's current product portfolio represents less than 50% of the global Kitchen & Bath product market (with over $150 billion of TAM)
- The Repair & Remodel US market segment has generally experienced consistent and above-GDP growth rates over the past 25 years (~3-5% per year)
- Underlying market growth driven by the pace of household formation, home price appreciation, strong housing turnover and the continued aging of the U.S. housing stock
- Record-low home sale inventory and continued price appreciation are a tailwind for large-scale remodels

SUMMARY EST. 2021 RETAIL MARKET VALUE FOR THE KITCHEN AND BATH MARKETS

TOTAL KITCHEN & BATH

$158.6

KITCHEN MARKET

$76.2

(BN USD)

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

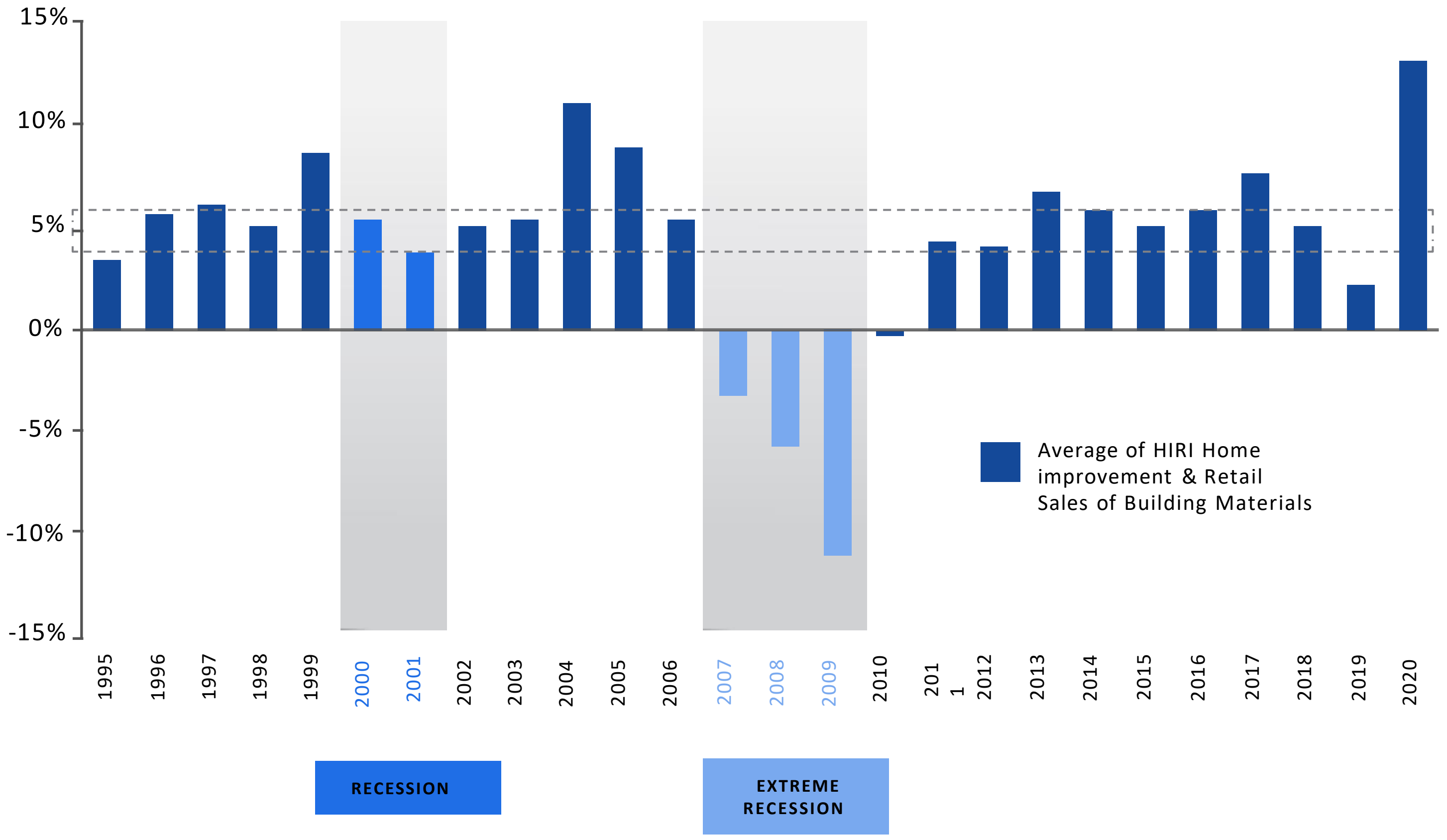
CURRENT PRODUCT CATEGORIES

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

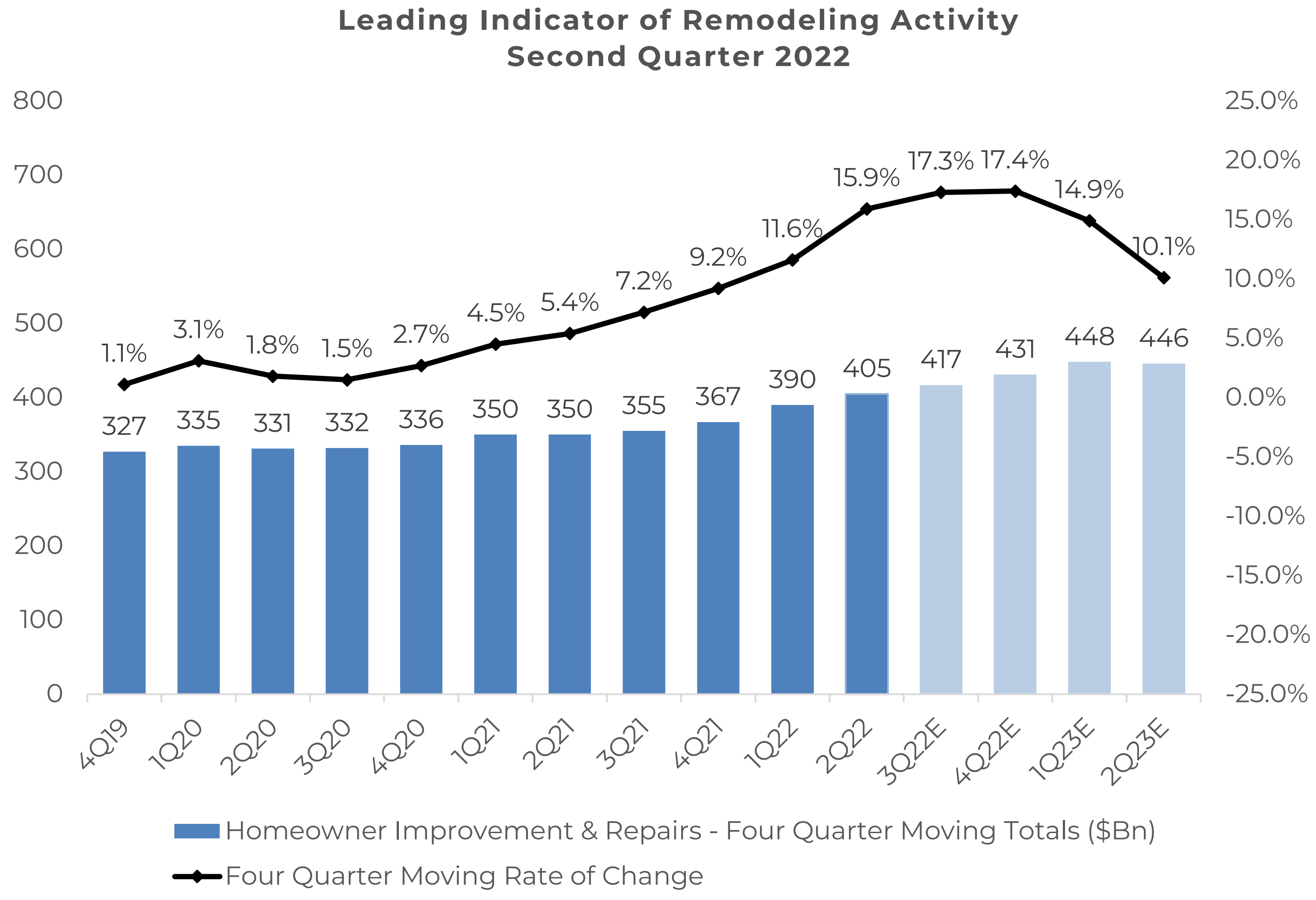
SOURCE: 2021 NATIONAL KITCHEN AND BATH ASSOCIATION, USA

REPAIR AND REMODEL MARKETS PROVIDE STABLE GROWTH

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



EXPENDITURES FOR IMPROVEMENTS AND REPAIRS ARE EXPECTED TO GROW THROUGHOUT 2022 AND INTO EARLY NEXT YEAR



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

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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

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“BOLT-ON” STRATEGY

1. MARKET

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

2. TARGETS

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

3. VALUE

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

EXAMPLE: SHOWER BUSINESSES

| Hired shower-door team from competitor
| Grew the business to a $3.4mm Gross Profit business in short time

EXAMPLE: 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

FINANCIAL OVERVIEW AND SECOND QUARTER HIGHLIGHTS

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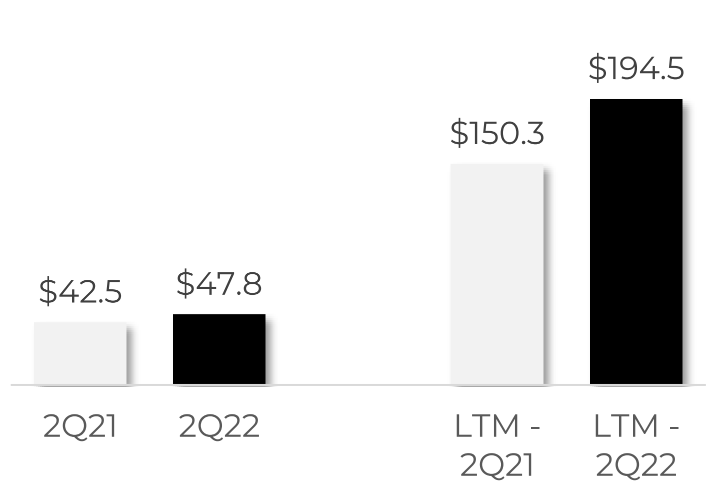
BUSINESS HIGHLIGHTS – 2Q22

Strong Revenue Growth	Second quarter revenues increased 13% to $47.8 million, primarily driven by growth in both Sanitaryware and Other product categories, partially offset by declines in Bath Furniture
Organic Growth Initiatives	We expanded our relationship with Hajoca, the nation's largest privately held wholesale distributor of building and industrial supplies in the U.S. We are investing in additional manufacturing capacity for our custom kitchen cabinetry business in order to support growth in the coming years
Operating Income	Operating income for the second quarter was $1.7 million, down from $3.3 million last year, primarily due to supply chain disruptions, investments in growth initiatives, and public company costs
Supply Chain/ Inflation	FGI has instituted pricing actions and taken other measures to offset the supply chain and cost headwinds. Gross margin improved 35 basis points and operating margin improved 200 basis points sequentially despite the negative impact of mix. We expect continued sequential improvement in the second half of 2022.
Strong Financial Position	FGI had $3.1 million of cash and $14.7 million of debt at June 30, 2022. Inventory levels remain elevated due to supply chain challenges; however, we expect this to reverse by the end of 2022 resulting in improved free cash flow.
Favorable Housing Trends	Demand trends across our key product categories remain favorable. We have seen some broader softening across the R&R market, which has impacted our Bath Furniture business, but overall we see the opportunity for continued organic growth.

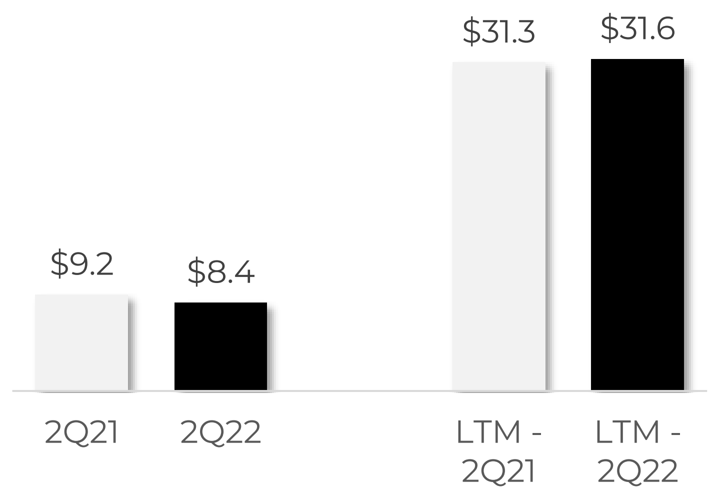
2Q22 CONSOLIDATED FINANCIAL RESULTS

Total Revenue
$MM



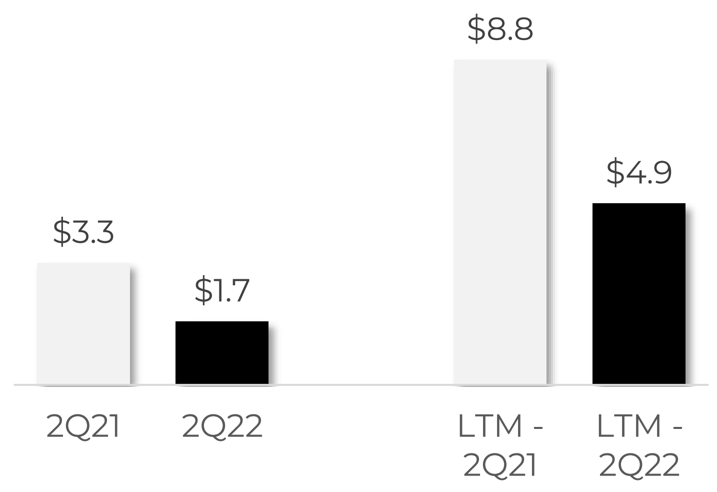
- Total revenue increased 12.5% during the second quarter driven by volume growth and continued pricing gains, partially offset by negative mix.

Gross Profit
$MM



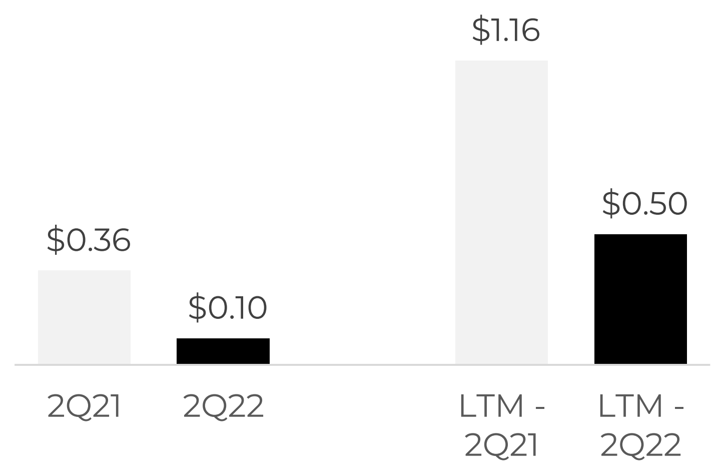
- Gross profit was down 8.4% compared to last year, as strong organic revenue growth was offset by ongoing supply chain disruptions. As a result, gross margin was 17.6% during 2Q22, down from 21.6% in the prior-year period. The Company expects continued sequential gross margin improvement in 2H22 due to incremental pricing actions, lower freight costs, and improved mix.

Operating Income
$MM



- Operating income was down from the prior-year period primarily driven by gross margin pressure, investments in organic growth initiatives, and public company costs, partially offset by solid revenue growth. As a result, operating margin was 3.6% during 2Q22, down from 7.8% in the same period last year.

Diluted EPS
$



- Diluted EPS was $0.10 during 2Q22, down from $0.36 in the same period last year.

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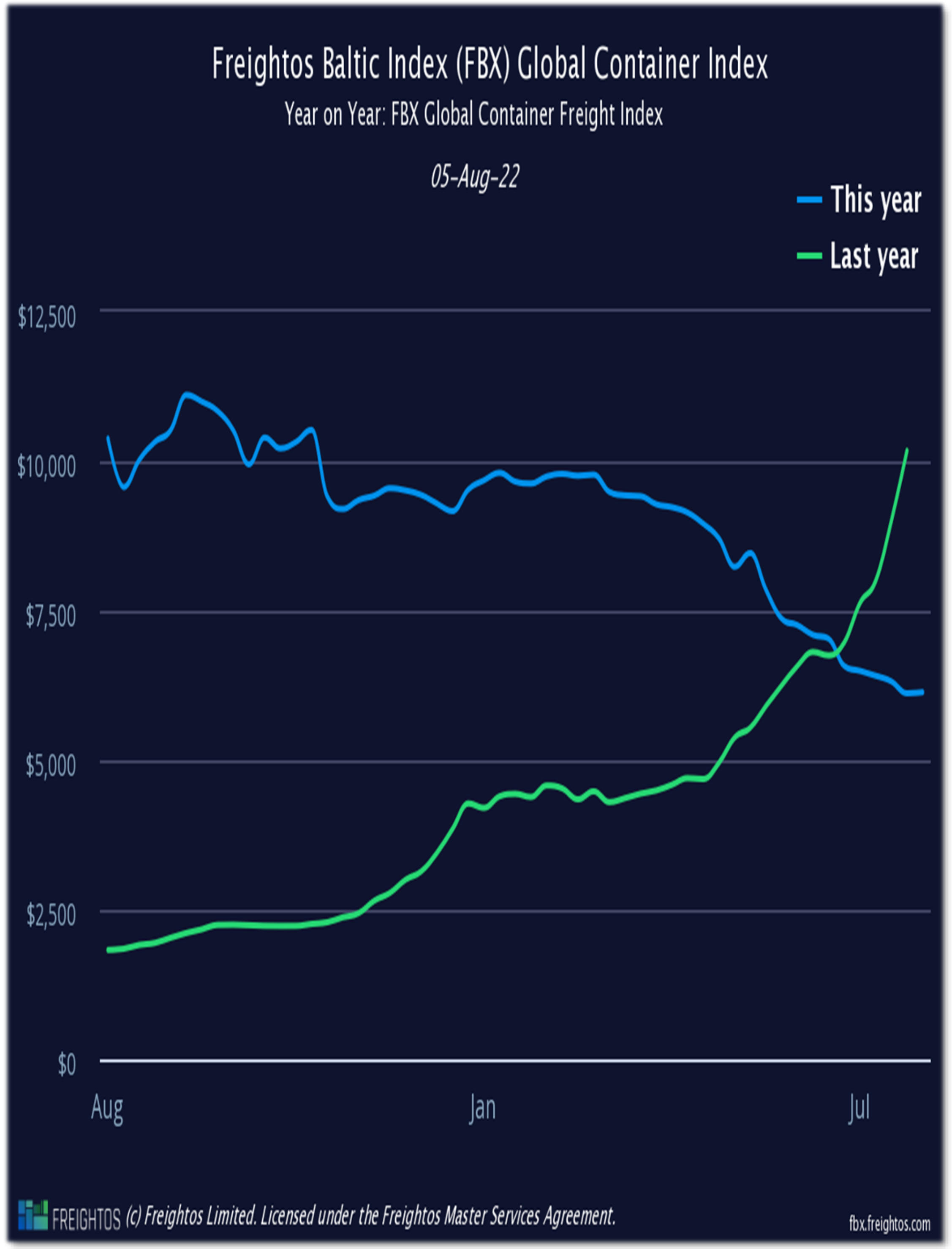
CURRENT GLOBAL SUPPLY CHAIN PRESSURES

- Global transit times and container shipping prices have faced unprecedented pressures in 2021/2022 (COVID-19 in factories, shipping delays, etc).
- FGI has mitigated 2022 supply chain and cost pressures through a continued combination of pricing actions, SKU-mix adjustments and ongoing customer discussions.
- Ocean freight costs are moderating throughout most of the main shipping lanes. Our discussions with customers and freight-forwarders indicate that this trend should continue, although we expect freight costs to remain above pre-pandemic levels at least through 2022 and into 2023.
- Our customers continue to expect strong end-market demand for our products, although inflationary pressures and some elevated inventory levels are an increasing concern.
- We continue to see customers focus on resilient & reliable suppliers such as FGI.



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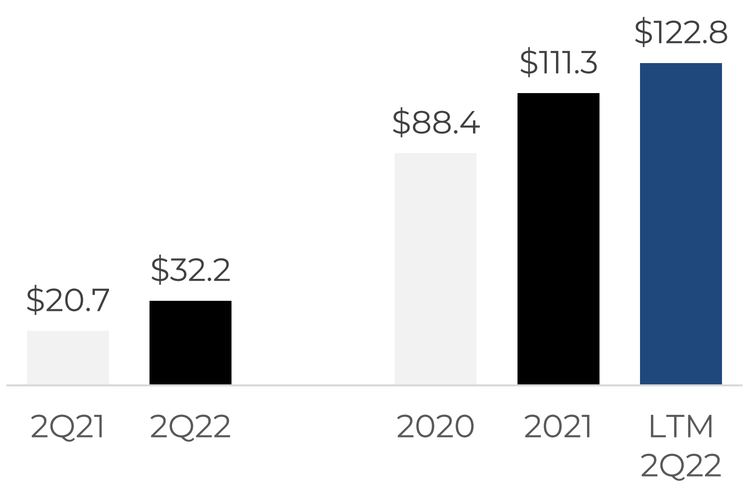
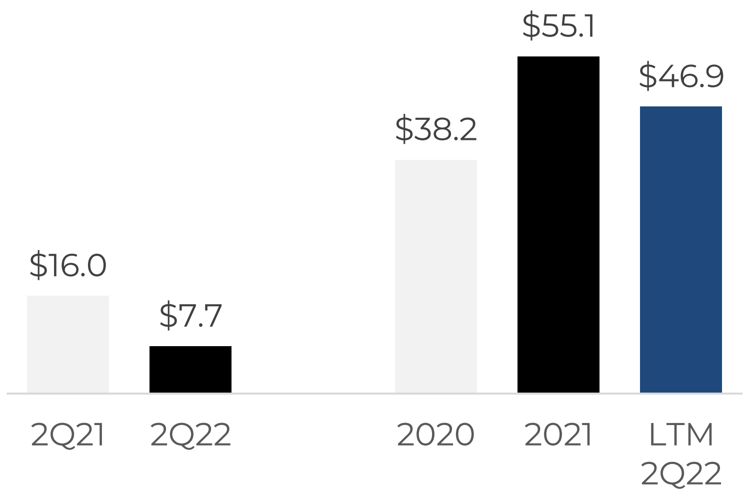
2Q22 BUSINESS LINE RESULTS

Sanitaryware Revenue $MM



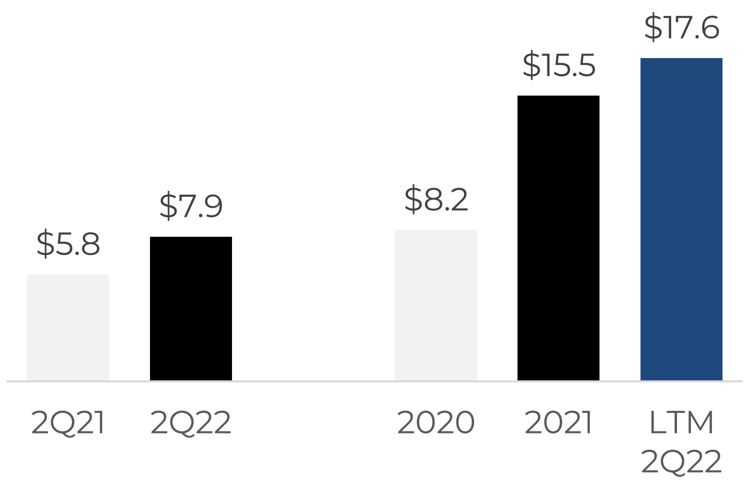
- Sanitaryware revenue increased 56% compared to the prior-year period, primarily driven by continued volume strength in both the wholesale and retail channels, in addition to price increases

Bath Furniture Revenue $MM



- 2Q22 Bath Furniture revenue of $7.7 was down from $16.0 million in the prior-year period, as a less favorable product mix and order delays weighed on revenue

Other Revenue $MM



- Other revenue was $7.9 million during 2Q22, an increase of 36% compared to the prior-year period. Volume growth during the period was the result of continued strength in sales of the Jetcoat Shower wall systems and Covered Bridge custom kitchen cabinetry

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FINANCIAL OUTLOOK

2022 Financial Outlook

Revenue	Operating Income	Net Income
$182 – 189 million	$6.5 – 7.5 million	$5.0 – 6.0 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	2Q21	2Q22
REVENUES	126,282,212	134,827,701	181,943,027	42,490,357	47,809,014
GROSS PROFIT	25,439,069	28,404,640	32,202,408	9,188,936	8,420,953
GROSS MARGINS	*20.14%*	*21.07%*	*17.70%*	*21.63%*	*17.61%*
SELLING AND DISTRIBUTION	14,917,601	15,487,306	17,636,820	4,088,738	4,362,707
GENERAL AND ADMINISTRATIVE	7,355,632	5,820,967	6,194,789	1,623,917	2,093,162
RESEARCH & DEVELOPMENT	703,779	814,254	646,069	155,357	235,735
INCOME FROM OPERATIONS	2,462,057	6,282,113	7,724,730	3,320,925	1,729,349
ADJUSTED OPERATING MARGINS	*1.95%*	*4.66%*	*4.25%*	*7.82%*	*3.62%*
ADJUSTED INCOME FROM OPERATIONS (1)	3,998,578	6,282,113	7,840,630	3,320,925	1,752,907
ADJUSTED OPERATING MARGINS (1)	*3.20%*	*4.66%*	*4.31%*	*7.82%*	*3.67%*
NET INCOME	1,571,094	4,730,748	7,905,916	2,507,901	1,170,530
ADJUSTED NET INCOME (1)	2,831,041	4,730,748	6,284,572	2,507,901	1,189,848
SHORT-TERM LOANS	8,207,165	11,074,383	14,657,280		14,690,048
CASH	2,416,879	4,018,558	3,883,896		3,126,305

(1) See "Use of Non-Gaap Measures" below for reconcilliations of GAAP to adjusted financial measures shown here.

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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 excluding the impact of certain non-recurring expenses, including expenses related to COVID-19 protocols, 2019 one-time antidumping/countervailing duty legal fees and non-recurring IPO-related compensation and stock-based compensation expense. We define Adjusted Net Income as GAAP net income excluding 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 and non-recurring IPO-related compensation and stock-based compensation expense. We define Adjusted Diluted EPS as GAAP diluted EPS excluding one-time expenses and income, including IPO-related compensation and stock-based compensation expense, expenses related to COVID-19 protocols and the impact of our PPP loan. 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 Quarter Ended	
	30-Jun-21	30-Jun-22
Income from operations	3,320,925	1,729,349
Non-recurring IPO-related compensation and stock-based compensation expense		23,559
Adjusted income from operations	3,320,925	1,752,907
Revenue	42,490,357	47,809,014
Adjusted operating margins	7.8%	3.7%

	For the Quarter Ended	
	30-Jun-21	30-Jun-22
Net income	2,507,901	1,170,530
Non-recurring IPO-related compensation and stock-based compensation expense	--	23,559
Tax impact of adjustment at 18% effective rate	0	4,241
Adjusted net income	2,507,901	1,189,848
Diluted net income per share	0.36	0.10
Non-recurring IPO-related compensation and stock-based compensation expense	--	0.00
Adjusted diluted net income per share	0.36	0.10

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