

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 001-41207

FGI Industries Ltd.

(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands (State or Other Jurisdiction of Incorporation or Organization)	98-1603252 (I.R.S. Employer Identification No.)
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906 Murray Road, East Hanover, New Jersey (Address of Principal Executive Offices)	07936 (Zip Code)
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Registrant's telephone number, including area code: **(973) 428-0400**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, \$0.0005 par value	FGI	Nasdaq Capital Market
Warrants to purchase Ordinary Shares, \$0.0005 par value	FGIWW	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
						Emerging Growth Company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2025, the aggregate value of the registrant's common stock held by non-affiliates was approximately \$1,676,736, based on the number of shares held by non-affiliates as of June 30, 2025 and the closing price of the registrant's ordinary shares on the Nasdaq Capital Market on that date. Ordinary shares held by each director or executive officer have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of April 6, 2026, the registrant had 1,927,326 outstanding ordinary shares.

Documents incorporated by reference:

The information called for by Part III will be incorporated by reference from the Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders to be filed pursuant to Regulation 14A or will be included in an amendment to this Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Annual Report on Form 10-K other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “design,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “positioned,” “potential,” “seek,” “should,” “target,” “will,” “would” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. In addition, statements that “we believe” or similar statements reflect our beliefs and opinions on the relevant subject. We have based these forward-looking statements on our current expectations about future events. While we believe these expectations are reasonable, such 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 R&R 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;
- macroeconomic uncertainty, including from wars and hostilities, pandemics or other health emergencies, changes in interest rates and inflation, the 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 this Annual Report on Form 10-K, 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. 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. You should read this Annual Report on Form 10-K and the documents that we reference and have filed as exhibits to this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K. 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.

GENERAL

Unless the context otherwise requires, all references in this Annual Report on Form 10-K to the “Company,” “FGI,” “we,” “us” or “our” refer to FGI Industries Ltd.

SUMMARY OF RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks, as more fully described in the section titled “Risk Factors” in this Annual Report on Form 10-K. You should read these risks before you invest in our securities. In particular, risks associated with our business include, but are not limited to, the following:

Strategic Risks

- Our BPC organic growth strategy (defined under Item 1 below) is focused on capturing higher incremental gross margins by increasing our share of branded products, expanding into new product categories and creating new sales channels, all of which are impacted by a number of economic factors and other factors.
- Prolonged economic downturns may adversely impact our sales, earnings and liquidity.
- Our ability to grow and compete in the future will be adversely affected if adequate capital is not available to us or not available on terms favorable to us.
- We may not achieve all of the anticipated benefits of our strategic initiatives.
- We may not be able to successfully execute our acquisition strategy or integrate businesses that we acquire.
- We could continue to pursue growth opportunities through either acquisitions, mergers or internally developed projects, which may be unsuccessful or may adversely affect our future financial condition and operating results.

Business and Operational Risks

- Variability in the cost and availability of our raw materials, component parts and finished goods, including the imposition of tariffs, could affect our results of operations and financial position.
- Our top ten customers represent a large portion of our sales. A significant adverse change in such relationships could adversely impact our results of operations and financial condition.
- We are dependent on third-party suppliers and manufacturers, the loss of which could materially impact our business.
- There are risks associated with our international operations and global strategies.
- Global or regional unrest, conflict (such as the hostilities in the Middle East and the war between Russia and Ukraine), geopolitical disputes or catastrophic events could affect global trade routes, financial markets, global economic activity and our operations and results of operations.
- Increases in tariffs, trade restrictions or taxes on our products could have an adverse impact on our operations.

Competitive Risks

- We could lose market share if we do not maintain our strong brands, develop innovative products or respond to changing purchasing practices and consumer preferences or if our reputation is damaged.
- Our failure to develop new products or respond to changing consumer preferences and purchasing practices could have a material adverse effect on our business, financial condition or results of operations.
- Changes in Cayman Islands or U.S. tax law could adversely affect our financial condition and results of operations.

Technology and Intellectual Property Risks

- We rely on information systems and technologies, and a breakdown of these systems could adversely affect our results of operations and financial position.
- We may not be able to adequately protect or prevent the unauthorized use of our intellectual property.

- We have been and may continue to be subject to cybersecurity attacks, which could adversely affect our results of operations and financial position.

Litigation and Regulatory Risks

- We are currently involved in legal proceedings and may in the future be a party to additional claims and litigation, which could be costly and divert significant resources.
- Compliance with laws, government regulation and industry standards are costly, and our failure to comply could adversely affect our results of operations and financial position.
- We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.
- Our business could be affected by unexpected changes in U.S. and international regulatory standards and laws.

Risks Related to Doing Business in China

- We have operations in, and the majority of our suppliers are located in, China. Our or our suppliers' ability to operate in China may be impaired by changes in Chinese laws and regulations, including those relating to taxation, environmental regulation, restrictions on foreign investment, and other matters.
- We could be subject to regulation by various political and regulatory entities, including local and municipal agencies and other governmental subdivisions.
- We could become subject to a variety of laws and other obligations regarding cybersecurity and data protection, and any failure to comply with applicable laws and obligations could have an adverse effect on our business operations in China.
- Changes in China's economic, political or social conditions or legal system or government policies could have a material adverse effect on our business and operations.

Risks Related to Our Securities

- Foremost Groups Ltd. holds a significant majority of the voting power of our ordinary shares, approximately 71%, and will be able to exert significant control over us.

PART I

ITEM 1. BUSINESS

Our Company

FGI is a global, diversified and reputable supplier of quality bath and kitchen products. With over thirty years of experience, FGI has become a leading business to business supplier of bath and kitchen products to large retail, wholesale, commercial and specialty channel customers around the globe specializing in the home improvement and R&R (Repair & Remodel) markets. Some of our largest customers include The Home Depot, Menards, Ferguson and Lowe’s. Throughout our history, we have achieved consistent and above-industry sales growth each year by executing on our strategic objectives which include offering well-designed, high-quality products, providing service that surpasses our competition and exceeds our customers’ expectations, and managing an efficient and resilient global supply chain.

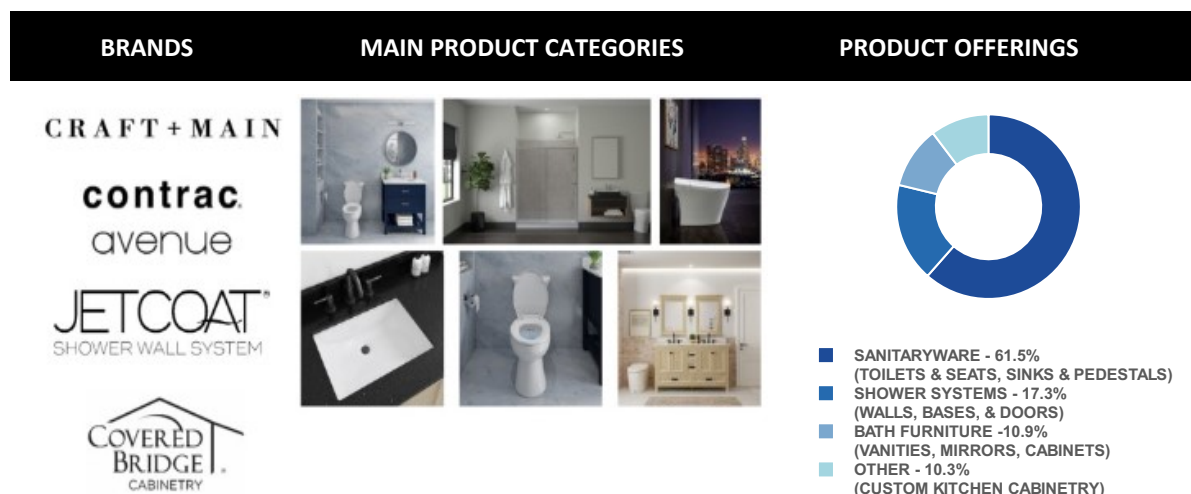
Our products are typically designed in-house or are created in conjunction with our customer and supplier partners. The majority of our products are sold under our customers’ private label brands, although we expect to continue increasing the share of our own brands over time. Below is an outline of our general business model:



Both private label and FGI’s brands require significant marketing expenditures which we typically incur or share with our customers. We offer industry-leading brands including Foremost®, avenue, contrac®, Jetcoat®, rosenberg and Covered Bridge Cabinetry®. These brands have continued to grow and represent an increasing share of our total sales in recent years, while the majority of our products are sold under key customers’ private label brands, such as The Home Depot’s “Glacier Bay” brand and Ferguson’s “ProFlo” brand.

Our Products

We offer a wide variety of products that fall into four categories: Sanitaryware, Bath Furniture, Shower Systems and Other. Our brand and category makeup of our net sales is as follows:



Sanitaryware. Our Sanitaryware category includes a range of bath products, such as toilets, sinks, pedestals and toilet seats. The majority of these products are sourced from third-party suppliers in China and are sold throughout the United States, Canada and Europe. Our main owned brands in this category include Foremost[®], which is retail-focused, and contrac[®], which is wholesale-focused.

Bath Furniture. Our Bath Furniture category primarily includes wood and wood-substitute furniture for bathrooms, including vanities, mirrors, laundry and medicine cabinets and other storage systems. The majority of these products are sourced from Southeast Asia and China and are sold principally in the United States and Canada. We typically sell our bath furniture products under the Foremost brand.

Shower Systems. Our Shower Systems category includes a range of shower-related products such as shower walls, shower doors and shower basins. The majority of these products are sourced from third-party suppliers in China and are sold throughout the United States and Canada. These products are typically sold as private label or under our Craft + Main and Jetcoat brands.

Other. Our Other category includes several smaller categories, most prominently custom kitchen cabinetry brand under our “Covered Bridge Cabinetry” and “Craft + Main Cabinetry” (formerly “Kitchens by Foremost”) lines of products. Our custom kitchen lines represent some of the highest margin, highest quality products that we sell, and are sold primarily through local kitchen and bath dealerships while involving a heavy marketing element with contractors and designers. While custom kitchen cabinetry currently represents less than 8% of our total sales, it is an area where we see significant long term organic growth, gross margin expansion and consolidation possibilities. The majority of our custom kitchen cabinetry and shower products are sourced from Southeast Asia.

In each category, we sell branded and private label products at various price points to attract a wide base of customers and ultimate consumers. We position our products in a “good, better, best” market position, with a variety of price points to address the varying needs of our customer base. However, we typically eschew selling low, or “opening” price point items, and focus primarily on the mid-to-upper price point product categories. We continue to see opportunities to introduce new product categories. Some of our recent product introductions that we expect to drive material sales growth include our Jetcoat-branded shower systems and intelligent (electronic) toilets.

Our Industry

The core bath and kitchen product markets in which we operate principally cater to the R&R markets, consisting of fragmented suppliers and a diffuse network of retailers, wholesalers and independent dealer networks on both national and regional levels. While our sales are principally impacted by the growth of the R&R markets, we are selectively focusing on newbuild markets as well.

According to the National Kitchen and Bath Association, the projected consumer spend for the U.S. bath and kitchen markets is estimated to be approximately \$228 billion in 2026, of which approximately half is in product categories that we currently operate within. Outside of extreme recession years in the United States, such as 2007-2009, the R&R markets have experienced consistent 3% to 5% annual growth rates for more than 25 years, providing a predictable and recurring revenue model for the majority of our product lines. The primary drivers of such consistent and above-GDP growth rates are the pace of household formation, home price appreciation, strong housing turnover and the continued aging of the U.S. housing stock in our primary geographic markets.

Our Growth Strategy

Combining our well-developed global business platform with our relatively small revenue base, our aim is to achieve mid-to-high single-digit organic revenue growth rates over the long term. In order to achieve these growth objectives, we pursue a “BPC” growth strategy, focused on Brands, Products and Channels:

- *Brands*: Branded products typically come with higher gross margins and significantly reinforce our long-term competitive positioning within our product markets. We plan to continue to focus on building our branded-product footprint over the long term while increasing the share of brands as a percentage of our total sales.
- *Products*: We have significant “whitespace” opportunities in several product categories within our core kitchen and bath markets. As an example, we believe we are currently significantly under-penetrated in categories such as bath and kitchen fixtures, “behind the wall” plumbing, and acrylic products such as bathtubs. With significant investment opportunities in new materials, sourcing, leading product design and superior customer service, we have vast product expansion opportunities in relation to our relatively small share of the overall market.
- *Channels*: We feel that we have strong growth potential in key sales channels, including our existing customers, new e-commerce retailers (such as Wayfair) and commercial sales channels (local kitchen and bath product distributors). We believe we have untapped potential in markets outside of the United States, and while we have made significant headway in Canada and Germany in recent years, we believe we have many more growth and expansion opportunities in those two countries as well as other international markets.

In addition, we continue to evaluate opportunities to pursue selective “bolt-on” acquisitions of smaller companies that complement our core competencies in an effort to increase our scale and profitability, as well as to broaden our product offerings, capabilities and resources. We are also seeking strategic partnerships within the United States and internationally with the goal of strengthening the sources of our product supply. Our key criteria for potential acquisitions include looking for well-run organizations (not turnarounds), opportunities that offer tangible synergies within our core kitchen and bath markets, and investments that meet our stringent return on capital criteria.

Our Customers

We serve a large and global customer base that covers five main categories of businesses: mass retailers, wholesalers, commercial, e-commerce channels and independent distributors. As we grow our own brands, we will increasingly focus our investments on creating end-consumer mindshare and awareness, helping to grow sales through our main customer categories.

Mass Retailers

Our products are primarily used by do-it-yourself homeowners, contractors, builders and remodelers for R&R projects. In North America, products for such projects are predominantly purchased through mass retail home centers such as The Home Depot, Lowe’s and Menard’s. Due to the market presence, store network and customer reach of these large home centers, we have developed decades-long relationships with our key retailer partners to distribute our products. Approximately 34% of our net sales in 2025 were to large retailers.

Wholesalers

Our products are sold through some of the largest bath and kitchen product wholesalers in North America including Ferguson, HD Supply (owned by The Home Depot) and Orgill. The large wholesalers are similar in scale to many of our large retail partners, catering to national and local networks of professional contractors, plumbers, property developers and other significant “influencers” within the residential and non-residential construction markets.

In 2025, approximately 33% of our net sales were to our wholesale partners.

Commercial

Our products are sold through numerous smaller-scale local distribution companies which in turn cater to professional plumbers, contractors and property developers. In Canada, we are a leading supplier to market leaders such as Yorkwest Plumbing, and have developed a strong presence in other commercial sales channels as well. Our numerous relationships tend to be quite stable and strong, built on years of mutual trust and understanding among tightly-knit groups of local professionals. We see an enormous market potential in the Commercial channel and are continuously evaluating additional opportunities for market penetration.

In 2025, approximately 12% of our net sales were to our commercial partners.

E-Commerce

We sell a growing number of our products through the e-commerce channels of our retail partners as well as “e-commerce only” retailers such as Build.com and Wayfair.com, both of which are rapidly increasing market penetration in the home R&R space. Our sales through e-commerce channels and retailers represented about 8% of our net sales in 2025 up from less than 2% in 2010.

Independent Dealers & Distributors

We have historically sold our products through independent (or “mom and pop”) bath and kitchen product specialists. Independent dealers and distributors represented 13% of our net sales in 2025.

Raw Materials, Suppliers and Manufacturing

Many of our sanitaryware products contain ceramics, the major components of which are clay and enamel. Other primary raw materials used in our bath furniture, kitchen cabinetry and shower products include hard maple, oak, cherry and beech lumber and plywood as well as paint, particleboard, medium density fiberboard, high density fiberboard, glass, aluminum, manufactured components and hardware. We have more than one source for these and other raw materials and generally believe them to be readily available. For many of our products, our third-party suppliers have standardized raw material inputs and a number of production processes, which reduces the logistical manufacturing specifications and allows for greater economies of scale in sourcing these inputs.

The majority of our products are outsourced from Foremost-owned manufacturing facilities and several third-party manufacturers, all primarily based in China and parts of Southeast Asia. We own one facility in Southeast Asia to support our custom kitchen cabinetry programs. We have entered into long-term sourcing agreements with Foremost to secure continued use of their facilities. We generally utilize six to seven factories located in China and parts of Southeast Asia. We have long-term agreements in place with the suppliers of our sanitaryware products for terms ranging from one year, renewable, to perpetuity. The geographic distances involved in these arrangements, together with the differences in business practices, shipping and delivery requirements, and laws and regulations add complexity to our supply chain logistics and increase the potential for interruptions in our production scheduling. In addition, prices and availability of these components may be affected by world market conditions and government policies and tariffs.

Tangshan Huida Ceramic Group Co., Ltd (“Huida”) supplies the majority of our sanitaryware products. Huida accounted for approximately 83.3% of the total balance of our accounts payable as of December 31, 2025. No other supplier accounts for more than 10% of our accounts payable as of December 31, 2025.

We regularly evaluate our organizational productivity and supply chains and seek opportunities to reduce costs and enhance quality. We strive to improve quality, speed and flexibility to meet changing and uncertain market conditions, as well as manage cost inflation, including wages and employee medical costs.

FGI and its subsidiaries are party to two shared services agreements with Foremost Groups Ltd., our largest shareholder, or its subsidiaries, pursuant to which the parties provide certain general and administrative services to one another in certain geographies.

Competition

We operate in a highly fragmented industry that is composed of numerous local, regional and national manufacturers. Most of our competitors compete on a local or regional basis, but others, like us, compete on a national basis as well. Our competitors include large national and international brands such as American Standard, Kohler, Masco (Delta), Mansfield, Gerber, Niagara, Ove Decors and Woodcrafters, as well as numerous OEM suppliers and other smaller brands. Due to the highly-differentiated nature of our product categories and the scarcity of industry data, there is little reliable information on precise market shares for our product categories.

We believe that brand reputation is an important factor in consumer selection, and that competition in this industry is also based largely on product features and innovation, product quality, customer service, breadth of product offerings and price. Our principal means for competition are our breadth and variety of product offerings, expanded service capabilities, geographic reach, competitive price points for our products and affordable quality.

In general, our Sanitaryware product categories tend to be more consolidated and we compete primarily with a small group of large suppliers with a global footprint in any specific product line, including American Standard, Kohler, Toto, Masco (Delta), Mansfield, Gerger and Niagara, and on occasion with numerous regional suppliers. For our Bath Furniture and Other product categories, we compete with dozens of regional suppliers in any given product line, although we believe that relatively few can compete with us on a truly national scale, particularly with regards to our mass retail channels.

Our Competitive Strengths

Trusted by Customers Around the World

The core markets in which we operate tend to be conservative, with an emphasis on stable and durable relationships. FGI is a top-tier supplier of many key North American bath- and kitchen-related product categories. With support from Foremost, we are one of a select number of large market participants with national and international manufacturing and distribution capabilities. Our supply chain network, operating footprint and long-standing customer relationships provide us an ability to service our retail, wholesale and commercial channel customers worldwide and offer a broad set of products to serve our customers across a variety of price points. We believe the scale and breadth of our operations differentiate us and result in a competitive advantage that allows us to provide well-designed, high-quality products with price points and service that exceed our competitors' offerings and our customers' expectations.

Deep Relationships with Leading Suppliers

In the markets in which we operate, production and supply chain quality and stability are crucial to success. Our industry is fundamentally stable and conservative, with high barriers for potential new entrants. We have built strong and stable relationships with a base of long-standing suppliers across the globe, all of whom maintain stringent manufacturing standards. We believe our customers value our decades-long experience in the industry and international footprint, which allows us to meet demanding logistics and performance criteria. At the same time, our third-party manufacturing suppliers are reliant on our stable and growing platform in order to effectively utilize their own fixed-asset investments. These strengths were highlighted during the pandemic, as we believe that we remained among the most consistent and reliable suppliers in our industry despite the unprecedented challenges which were presented.

Stable Technological and Industry Dynamics

Our core bath and kitchen product markets are generally less prone to fast-paced technological innovation or "fast fashion" consumer trends. We believe this is largely due to the core functionalities of the products we offer, which have tended to evolve gradually over decades, rather than in a few years (or even months, as with certain industries). As a result, we have confidence in our ability to execute our long-term growth plans, while allocating our capital in a patient and thoughtful manner, with relatively high and predictable rates of return.

Commercial and Regulatory Barriers to Entry

The kitchen and bath markets operate under a myriad of international, national, federal, provincial and local codes. This is particularly the case as much of the product markets on which we focus are ultimately related to water and the prevention of water leakage and damage. On a fundamental level, our kitchen and bath products need to pass heavy quality control and regulatory standards, making it difficult for potential new entrants.

Experienced Management Team

We have assembled an executive team with a deep base of management experience within industrial manufacturing companies. David Bruce, our Chief Executive Officer, Jennifer Earl, our President, North America and Norman Kroenke, our Executive Vice President, Europe each have over twenty years of industry experience. Our Executive Chairman John Chen has more than twelve years of investment management and financial experience. Our team has identified and begun to execute on opportunities for operational improvement, growth and business expansion as a standalone company.

Significant ownership and support from Foremost

Foremost is a family-controlled and privately held holding company. As an approximate 71% owner of FGI's ordinary shares, Foremost remains committed to supporting FGI's strategic development and growth plans. For over 30 years, Foremost has built an industry-leading reputation as a reliable manufacturer and supply source for numerous wood and ceramic-based products which form the foundation of many FGI product categories. As a standalone company, FGI continues to benefit from Foremost's long-standing experience in global manufacturing and sourcing, providing a solid foundation from which to pursue alternate sources of supply for our key product categories as we see fit.

Intellectual Property

We sell many of our products under a number of registered and unregistered trademarks, which we believe are widely recognized in our industry. FGI maintains a significant portfolio of trademarks and copyrights, most notably under our avenue, contrac®, rosenberg and Covered Bridge Cabinetry® brands. We have also acquired rights to the Foremost® brand from Foremost with regards to any Foremost branded products that we continue to sell. We rely on trade secrets and confidentiality agreements to develop and maintain our competitive position.

Environmental Matters and Regulatory Matters

Our operations are subject to national, state and local environmental laws and regulations relating to, among other things, the generation, storage, handling, emission, transportation and discharge of regulated materials into the environment. Permits are required for certain of our operations, and these permits are subject to revocation, modification and renewal by issuing authorities. Governmental authorities have the power to enforce compliance with their regulations, and violations may result in the payment of fines or the entry of injunctions, or both. We may also incur liability for investigation and clean-up of soil or groundwater contamination on or emanating from current or formerly owned and operated properties, or at offsite locations at which regulated materials are located where we are identified as a responsible party. Discovery of currently unknown conditions could require responses that could result in significant costs. We monitor applicable laws and regulations and incur ongoing expense relating to compliance, however we do not expect that compliance with federal, state, local and foreign regulations, will result in material capital expenditures or have a material adverse effect on our results of operations and financial position.

We believe that responsibility does not stop at national borders, which is why FGI is working to protect and sustain our global environment. By designing products that meet Environmental Protection Agency ("EPA") standards, like our Water Sense qualifying toilets that provide high efficiency waste removal while using 20% less water with every flush, FGI is using innovative engineering to make the most of our resources.

Our bath furniture use California Air Resource Board ("CARB") Phase II compliant wood products which limit urea-formaldehyde emissions into the environment. We only use wood products from managed forest resources to discourage clear-cut logging and the depletion of global rainforests. We encourage customers to order products using material that is Forest Stewardship Council ("FSC") certified, ensuring the responsible use of our forest resources and equitable treatment of indigenous people of producing regions.

Environmental responsibility is everyone's task at FGI, to ensure that we as a company protect our employees, our customers and our planet for this generation and the ones that follow.

Seasonality

Our business has been subject to seasonal influences, with higher sales typically realized during the second and third calendar quarters, corresponding with the peak season for R&R activity. The costs of our products are subject to

inflationary pressures and commodity price fluctuations. We have generally been able over time to recover the effects of inflation, commodity price and currency fluctuations through sales price increases.

Human Capital

As of December 31, 2025, we employed approximately 426 employees, all of which are full-time, with no employees covered by collective bargaining agreements. We believe that our employee relations are good.

We believe that the performance of our company is impacted by our human capital management, and as a result we consistently work to attract, select, develop, engage and retain strong, diverse talent. We are focused on three key strategic talent priorities: leadership, diversity, equity and inclusion, and our future workforce. Our Human Resources Department is responsible for developing and executing our human capital strategy and provides regular updates to our Board of Directors' Organization and Compensation Committee on our progress toward the achievement of our strategic initiatives. We believe that all of our human capital initiatives work together to assure we have an environment where our employees are engaged, feel a sense of belonging, and can reach their full potential.

The safety of our employees is integral to our company. In support of our safety efforts, we identify, assess and investigate incidents and injury data, and each year set goals to improve key safety performance indicators. We train, promote, consult and communicate with our workforce in this process.

Corporate History and Information

We were incorporated in the Cayman Islands on May 26, 2021 in connection with a reorganization (the "Reorganization") of our parent company, Foremost, and its affiliates, pursuant to which, among other actions, Foremost contributed all of its equity interests in FGI Industries Inc. ("FGI USA"), FGI Europe Investment Limited, a British Virgin Islands entity ("FGI Europe"), and FGI International Limited, a Hong Kong entity ("FGI International"), each a wholly-owned subsidiary of Foremost, to the newly formed FGI Industries Ltd. Foremost was established in 1987 and has become a global leader in kitchen and bath design, indoor and outdoor furniture, food service equipment, and manufacturing. As Foremost has grown, our business has come to operate separately from the rest of Foremost's business units.

Prior to the Reorganization, FGI Industries Inc., FGI Europe and FGI International operated as business units within Foremost for over thirty years. Foremost continues to be a significant holder of our ordinary shares and supports FGI via global sourcing and manufacturing arrangements. By leveraging Foremost's long-standing experience in manufacturing and sourcing for certain of our product categories, we believe that FGI maintains a competitive advantage in supplying products that are of good design and high quality. As a standalone business, FGI is a top-tier company in many key product categories within the North American kitchen and bath products markets, with many additional expansion opportunities via existing and adjacent product, sales and geographic channels.

Our principal executive offices are located at 906 Murray Road, East Hanover, NJ 07936, and our telephone number is (973) 428-0400. Our website address is www.fgi-industries.com. The information contained on, or accessible through, our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider any information contained in, or that can be accessed through, our website as part of this Annual Report on Form 10-K.

We are a Cayman Islands exempted company. Exempted companies are Cayman Islands companies conducting business mainly outside the Cayman Islands and, as such, are exempted from complying with certain provisions of the Companies Act (2022 Revision) of the Cayman Islands (the "Companies Act") as the same may be amended from time to time. As an exempted company, we may apply for a tax exemption undertaking from the Cayman Islands government that, in accordance with Section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, for a period of 30 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations will apply to us or our operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax will be payable (i) on or in respect of our shares, debentures or other obligations or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by us to our shareholders or a payment of principal or interest or other sums due under a debenture or other obligation of us.

Because Foremost holds approximately 71% of the voting power of our ordinary shares, we are considered a "controlled company" under the corporate governance rules of Nasdaq. However, we do not currently rely upon the "controlled company" exemptions.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the United States Securities and Exchange Commission, or the SEC, and all amendments to these filings, are available, free of charge, on our website at www.fgi-industries.com as soon as reasonably practicable following our filing of any of these reports with the SEC. You can also obtain copies free of charge by contacting our Investor Relations department at our office address listed above. The SEC also maintains a website that contains all the materials we file with, or furnish to, the SEC. Its website is www.sec.gov.

The contents of our website are not incorporated by reference into this Annual Report on Form 10-K or any other document we file with the SEC, and any reference to our website is intended to be an inactive textual reference only.

ITEM 1A. RISK FACTORS

Our business is subject to numerous risks. You should carefully consider the following risks and all other information contained in this Annual Report, as well as general economic and business risks, together with any other documents we file with the SEC. If any of the following events actually occur or risks actually materialize, it could have a material adverse effect on our business, operating results and financial condition and cause the trading price of our ordinary shares to decline.

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Strategic Risks

Our BPC organic growth strategy is focused on capturing higher incremental gross margins by increasing our share of branded products, expanding into new product categories and creating new sales channels, all of which are impacted by a number of economic factors and other factors.

Our business relies on residential repair and remodel (“R&R”) activity and, to a lesser extent, on new home and commercial construction activity. A number of factors impact consumers’ spending on home improvement projects as well as new home construction activity, including:

- consumer confidence levels;
- fluctuations in home prices;
- existing home sales;
- inflationary pressures and interest rates;
- unemployment and underemployment levels;
- consumer income and debt levels;
- household formation;
- the availability of skilled tradespeople for R&R work;
- the availability of home equity loans and mortgages and the interest rates for and tax deductibility of such loans;
- trends in lifestyle and housing design; and
- natural disasters, terrorist acts, pandemics, wars or conflicts or other catastrophic events.

The fundamentals driving our business are impacted by economic cycles, and we have been negatively impacted by recent supply chain disruptions, rising interest rates and inflationary pressures. Adverse changes or uncertainty involving the factors listed above or an economic contraction in the United States and worldwide could result in a decline in spending on residential R&R activity and a decline in demand for new home construction and could adversely impact our businesses by: causing consumers to delay or decrease homeownership; making consumers more price conscious resulting in a shift in demand to smaller, less expensive homes; making consumers more reluctant to make investments in their existing homes, including large kitchen and bath R&R projects; or making it more difficult or expensive to secure loans for major renovations, which could have a material adverse effect on our results of operations and financial position.

Prolonged economic downturns may adversely impact our sales, earnings and liquidity.

Our industry can fluctuate with economic cycles. During economic downturns, our industry could experience longer periods of recession and greater declines than the general economy. We believe that our industry, particularly North American home improvement, R&R and new home construction activity, is significantly influenced particularly by housing activity, consumer confidence, the level of personal discretionary spending, demographics, credit availability, inflation and interest rates and other business conditions. Recently, higher interest rates, inflation and general tightening of credit availability have affected these markets. These factors may affect not only the ultimate consumer of our products, but also may impact home centers, builders and our other primary customers. As a result, a worsening of economic conditions, could have a material adverse effect on our sales and earnings as well as our cash flow and liquidity.

Our ability to grow and compete in the future will be adversely affected if adequate capital is not available to us or not available on terms favorable to us.

The ability of our business to grow and compete depends on the availability of adequate capital, which in turn depends in large part on our cash flow from operations and the availability of equity and debt financing. Furthermore, our existing indebtedness, which was approximately \$11.9 million as of December 31, 2025, may adversely affect our financial flexibility and our competitive position in the future. We cannot assure you that our cash flow from operations will be sufficient or that we will be able to obtain equity or debt financing on acceptable terms to implement our “BPC” growth strategy. We may need additional cash resources in the future if we experience changed business conditions or other developments and may also need additional cash resources in the future if we wish to pursue opportunities for investment, acquisition, strategic cooperation or other similar actions. As a result, we cannot assure you that adequate capital will be available to finance our current growth plans, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our results of operations and financial position.

We may not achieve all of the anticipated benefits of our strategic initiatives.

We continue to pursue our strategic initiatives of investing in our branded products, developing new product categories, and utilizing sales channels positioned for long term growth through the “BPC” strategy, our methodology to drive growth and productivity. These initiatives are designed to grow shareholder value over the long term. Our results of operations and financial position could be materially and adversely affected if we are unable to successfully execute these initiatives or if we are unable to execute these initiatives in a timely and efficient manner. We could also be adversely affected if we have not appropriately prioritized and balanced our initiatives or if we are unable to effectively manage change throughout our organization.

We may not be able to successfully execute our acquisition strategy or integrate businesses that we acquire.

Pursuing the acquisition of businesses complementary to our portfolio is a component of our strategy for future growth. If we are not able to identify suitable acquisition candidates or consummate potential acquisitions within a desired time frame or with acceptable terms and prices, our long-term competitive positioning may be affected. Even if we are successful in acquiring and/or merging with businesses, the businesses we acquire or merge with may not be able to achieve the revenue, profitability or growth we anticipate, or we may experience challenges and risks in integrating these businesses into our existing business. Such risks include:

- difficulties realizing expected synergies and economies of scale;
- diversion of management attention and our resources;
- unforeseen liabilities;
- issues or conflicts with our new or existing customers or suppliers; and
- difficulties in retaining critical employees of the acquired businesses.

Future foreign acquisitions may also increase our exposure to foreign currency risks and risks associated with interpretation and enforcement of foreign regulations. Our failure to address these risks could cause us to incur additional costs and fail to realize the anticipated benefits of our acquisitions and could have a material adverse effect on our results of operations and financial position.

We could continue to pursue growth opportunities through either acquisitions, mergers or internally developed projects, which may be unsuccessful or may adversely affect our future financial condition and operating results.

Although we are not currently considering any specific business combinations, we could pursue opportunities for growth through either acquisitions, mergers or internally developed projects as part of our “BPC” growth strategy. We cannot assure you that we will be successful in integrating an acquired business or that an internally developed project will perform at the levels we anticipate. We may pay for future acquisitions using cash, stock, the assumption of debt, or a combination of these. Future acquisitions could result in dilution to existing shareholders and to earnings per share. In addition, we may fail to identify significant liabilities or risks associated with a given acquisition that could adversely affect our future financial condition and operating results or result in us paying more for the acquired business or assets than they are worth.

Business and Operational Risks

Variability in the cost and availability of our raw materials, component parts and finished goods, including the imposition of tariffs, could affect our results of operations and financial position.

We purchase substantial amounts of raw materials, component parts and finished goods from outside sources, including international sources, and our products are manufactured outside of the United States. Increases in the cost of the materials we purchase have in the past and may in the future increase the prices for our products, including as a result of new tariffs. There is a risk that additional tariffs on imports from China or new tariffs could be imposed, which could further increase the cost of the materials we purchase or import or the products we manufacture internationally. Further, our production could be affected if we or our suppliers are unable to procure our requirements for various commodities, including, among others, brass, porcelain, wood and engineered wood, or if a shortage of these commodities results in significantly increased costs. Rising energy costs could also increase our production and transportation costs. These factors could have a material adverse effect on our results of operations and financial position.

It can be difficult for us to pass on to customers our cost increases. Our existing arrangements with customers, competitive considerations and customer resistance to price increases may delay or make us unable to adjust selling prices. If we are not able to sufficiently increase the prices of our products or achieve cost savings to offset increased material and production costs, including the impact of increasing tariffs, our results of operations and financial position could be adversely affected. When our material costs decline, we may in the future receive pressure from our customers to reduce our prices. Such reductions could have a material adverse effect on our results of operations and financial position.

We have entered into long-term agreements with certain significant suppliers to help ensure continued availability of our manufactured product supply and to establish firm pricing, but at times these contractual commitments may result in our paying above market prices for manufactured products during the term of the contract.

Increases in tariffs, trade restrictions or taxes on our products could have an adverse impact on our operations.

The commerce we conduct in the international marketplace and our reliance on overseas manufacturing makes us subject to tariffs, trade restrictions and other taxes when the raw materials or components we purchase, and the products we ship, cross international borders. Trade tensions between the United States and China, Canada, Mexico and other countries have been escalating in recent years. In 2025, the U.S. government enacted significant changes to its tariff regime that increased rates on a substantial number of imports. Certain foreign jurisdictions have responded with reciprocal tariffs which resulted in corresponding actions by the U.S. government. Certain of these tariffs have been paused or modified from time to time as trade discussions ensued. In February 2026, in response to the Supreme Court invalidating many of the existing tariffs, the administration instituted a 10% global tariff on all imports and has signaled it may seek higher tariffs. The potential for additional tariff increases may continue to result in increased reciprocal tariffs or other restrictive trade measures by the U.S. or foreign jurisdictions. Given our products are manufactured primarily in Asia, including China, Vietnam, Cambodia, and other Asian countries, additional tariffs are likely to increase our costs of goods sold and could materially adversely impact our profitability, results of operations and financial condition. Moreover, we would likely need to alter our pricing as a result of such tariffs, which could reduce demand for our products or make our products less competitive than those of our competitors whose inputs are not subject to these tariffs, thereby decreasing our revenues and adversely impacting our results of operations. Products we sell into certain foreign markets could also become subject to similar retaliatory tariffs, making the products we sell uncompetitive compared to similar products not subjected to such import tariffs.

The recent enactment of tariffs by the government of the United States, along with the unpredictability of the tariff rates, poses a significant risk to our business operations and may materially increase our costs and reduce our margins. We are continuing to analyze and enact strategies to moderate or minimize the effects of these trade actions, including evaluating the country of origin for sourcing product into the United States and diversifying our supply chain, negotiating with suppliers, and adjusting our pricing strategies. However, there can be no assurance that these measures will be successful, or that they will offset the negative impact of the tariffs on our business. Given the uncertainty regarding scope and duration of the current and potential tariffs, as well as the potential for additional trade actions by the United States or other countries, the specific impact to our business, results of operations, cash flows, and financial condition is uncertain but could be material.

Our top ten customers represent a large portion of our sales. A significant adverse change in such relationships could adversely impact our results of operations and financial condition.

Our sales are concentrated with ten significant customers who collectively represented 66% and 69% of our consolidated net sales for 2025 and 2024, respectively, and this concentration may continue to increase. A significant portion of our sales are to home center retailers, which can significantly affect the prices we receive for our products and the terms and conditions on which we do business with them. Additionally, these home center retailers may reduce the number of vendors from which they purchase and could make significant changes in their volume of purchases from us.

The loss of one or more key customers, a material reduction in products purchased by them, or our inability to maintain our competitive position in our industries could cause us to experience a decline in net sales, which could adversely affect our results of operations and financial position. In addition, there can be no assurance that such customers will not experience financial difficulties or other adverse conditions which could delay such customers in paying for products on a timely basis or at all. Although other retailers, dealers, distributors and homebuilders represent other channels of distribution for our products and services, we might not be able to quickly replace, if at all, the loss of all or a substantial portion of our sales, and any such loss would have a material adverse effect on our business, results of operations and financial position.

We are dependent on a few key third-party suppliers.

We are dependent on third-party suppliers for many of our products and components, and are largely dependent on one large supplier, Tangshan Huida Ceramic Group Co., Ltd, an entity formed and located in China (“Huida”), who accounted for approximately 83% and 70% of the total balance of our accounts payable as of December 31, 2025 and 2024, respectively, for the majority of our sanitaryware products, and our ability to offer a wide variety of products depends on our ability to obtain an adequate and timely supply of these products and components.

Failure of our suppliers and, particularly, of Huida, to timely provide us quality products on commercially reasonable terms, or to comply with applicable legal and regulatory requirements, or our policies regarding our supplier business practices, could have a material adverse effect on our results of operations and financial position or could damage our reputation. Sourcing these products and components from alternate suppliers, including suppliers from new geographic regions, is time-consuming and costly and could result in inefficiencies or delays in our business operations. Accordingly, the loss of Huida or other critical suppliers, or a substantial decrease in the availability of products or components from our suppliers, could disrupt our business and have a material adverse effect on our results of operations and financial position.

We previously had an agreement with Huida pursuant to which we had an exclusive right to distribute and resell in the United States and Canadian markets any products designed and created by Huida and Huida was not permitted to manufacture or sell any products we designed or created, for which we retained all intellectual property rights, without our prior consent. This agreement was ended in 2022, but Huida remains a key supplier and we believe we maintain a good business relationship. However, it is possible that, in the future, Huida may seek to sell directly into markets in which we operate, which may affect our supplier relationship or negatively impact our sales in such markets.

Additionally, many of the suppliers we rely upon are located in foreign countries, primarily China. The differences in business practices, shipping and delivery requirements, changes in economic conditions and trade policies and laws and regulations, together with the limited number of suppliers, have increased the complexity of our supply chain logistics and the potential for interruptions in our production scheduling. If we are unable to effectively manage our supply chain or if we experience constraints to or disruption in transporting the products or components or we have to pay higher transportation costs for timely delivery of our products or components, our results of operations and financial position could be materially and adversely affected. See “— Risks Related to Doing Business In China” below.

We are dependent on third-party manufacturers.

We are reliant upon Foremost, our former parent company, and other third-party manufacturers to supply the majority of our products. Failure of our manufacturers to timely deliver quality products on commercially reasonable terms, or to comply with applicable legal and regulatory requirements, or our policies regarding our manufacturer business practices, could have a material adverse effect on our results of operations and financial position or could damage our reputation. In addition, we may experience delays, disruptions or quality control problems in our manufacturing operations, over which we have little to no control.

Natural disasters or other disruptions could have a material adverse effect on our business, financial condition or results of operations.

Our manufacturers and suppliers are located in regions that are vulnerable to natural disasters and other risks, such as earthquakes, fires, floods, tropical storms, hurricanes and snow and ice, which at times have disrupted the local economy and posed risks to our supply chain. In addition, the continued threat of terrorism and heightened security and military action in response to this threat, or any future acts of terrorism, may cause further disruptions to the economies of the United States and other countries. Our redundant, multiple site capacity may not be sufficient in the event of a natural disaster, terrorist act or other catastrophic event. Such disruptions could, among other things, disrupt our manufacturing or distribution facilities or those of our suppliers and result in delays or cancellations of customer orders for our products, which in turn could have a material adverse effect on our business, financial condition and results of operations. Further, if a natural disaster occurs in a region from which we derive a significant portion of our revenue, end-user customers in that region may delay or forego purchases of our products, which may materially and adversely impact our operating results for a particular period.

There are risks associated with our international operations and global strategies.

In each of 2025 and 2024, approximately 38% of our sales were made outside of the United States (principally in Canada and Europe) and transacted in currencies other than the U.S. dollar. In addition to our Canadian and European operations, we manufacture products and source products and components from China and parts of Southeast Asia. Risks associated with our international operations include:

- differences in culture, economic and labor conditions and practices;
- the policies of the U.S. and foreign governments;
- disruptions in trade relations and economic instability;
- differences in enforcement of contract and intellectual property rights;
- social and political unrest; and
- natural disasters, terrorist attacks, pandemics or other catastrophic events.

We are also affected by domestic and international laws and regulations applicable to companies doing business abroad or importing and exporting goods and materials. These include tax laws, laws regulating competition, anti-bribery/anti-corruption and other business practices, and trade regulations, including duties and tariffs. Compliance with these laws is costly, and future changes to these laws may require significant management attention and disrupt our operations. Additionally, while it is difficult to assess what changes may occur and the relative effect on our international tax structure, significant changes in how U.S. and foreign jurisdictions tax cross-border transactions could materially and adversely affect our results of operations and financial position. For specific risks associated with operations in China, see “— Risks Related to Doing Business in China” below.

The international scope of our business exposes us to risks associated with foreign exchange rates.

We report our financial results in U.S. dollars. However, a significant portion of our revenue, expenses, assets, indebtedness and other liabilities are denominated in foreign currencies, particularly the Euro, the Chinese Renminbi and the Canadian dollar. Fluctuations in currency exchange rates, including as a result of inflation, central bank monetary policies, currency controls or other currency exchange restrictions have had, and could continue to have, an adverse impact on our financial performance. We may seek to mitigate the risk of such impacts through hedging, but such hedging activities may be costly and may not be effective. In addition, emerging market economies in which we operate may be particularly vulnerable to the impact of rising interest rates, inflationary pressures, weaker oil and other commodity prices,

and large external deficits. Risks in one country can limit our opportunities for portfolio growth and negatively affect our operations in another country or countries. Such conditions or developments could have an adverse impact on our operations. In addition, we may be exposed to credit risks in some of those markets.

Global or regional unrest, conflict (such as the hostilities in the Middle East and the war between Russia and Ukraine), geopolitical disputes or catastrophic events could affect global trade routes, financial markets, global economic activity and our operations and results of operations.

Our business can be affected by war, large-scale terrorist or other hostile acts, especially those directed against the United States or other major industrialized countries in which we do business or supply products, major natural disasters, long-term periods of drought, or widespread outbreaks of infectious diseases. Such events could impair our ability to manage our business, could disrupt our supply of raw materials, and could affect production, transportation and delivery of products. For example, the U.S.-China trade relations remain uncertain, and if tensions continue to worsen, our supply chain, production and delivery of products could be negatively impacted. Further, regional conflicts, such as the hostilities in the Middle East and the war between Russia and Ukraine, could escalate and expand, which in turn could have negative impacts on trade routes, our operations, the global economy and financial markets. Such disruptions of regional or global economic activity can affect consumers' purchasing power in the affected areas and, therefore, reduce demand for our products.

The long-term performance of our businesses relies on our ability to attract, develop and retain talented and diverse personnel.

To be successful, we must invest significant resources to attract, develop and retain highly qualified, talented and diverse employees at all levels, who have the experience, knowledge and expertise to implement our strategic initiatives. We compete for employees with a broad range of employers in many different industries, including large multinational firms, and we may fail in recruiting, developing, motivating and retaining them, particularly when there are low unemployment levels. From time to time, we have been affected by a shortage of qualified personnel in certain geographic areas. Our growth, competitive position and results of operations and financial position could be materially and adversely affected by our failure to attract, develop and retain key employees and diverse talent, to build strong leadership teams, or to develop effective succession planning to assure smooth transitions of those employees and the knowledge and expertise they possess, or by a shortage of qualified employees.

Failure to effectively monitor and respond to environmental, social and governance (“ESG”) matters, including our ability to set and meet reasonable goals related to climate change and sustainability efforts, may negatively affect our business and operations.

Regulatory developments and stakeholder expectations relating to ESG matters are rapidly changing. Concern over climate change and other environmental and social topics has increased focus on the sustainability of practices and products in the markets we serve, and changes to laws and regulations regarding climate change mitigation may result in increased costs and disruption to operations. Moreover, the standards by which ESG matters are measured are developing and evolving, and certain areas are subject to assumptions that could change over time. Stakeholder expectations are not uniform, and both opponents and proponents of various ESG-related matters have increased their activism and action to advocate for their positions. Navigating varying expectations of policymakers and other stakeholders has inherent costs, and any failure to successfully navigate such expectations may expose us to negative publicity, shareholder activism, and litigation or other engagement from stakeholders with opposing views, as well as the potential for civil investigations and enforcement by governmental authorities. If we are unable to recognize and respond to such developments, or if our existing practices and procedures are not adequate to meet new or changing regulatory requirements, market standards or investor expectations, some of which may be conflicting, we may miss corporate opportunities, become subject to regulatory scrutiny, litigation or third-party claims, or incur costs to revise operations to meet new standards.

The outbreak of contagious diseases, such as the COVID-19 pandemic, could disrupt our business and impact our results of operations and financial condition.

Our business could be adversely affected by the effects of a widespread outbreak of contagious diseases, similar to COVID-19, which impacted global, national and local economies, created a number of macroeconomic challenges that impacted our business, including volatility and uncertainty in business planning, disruptions in global supply chains, material, freight and labor inflation, shortages of and delays in obtaining certain materials and labor shortages.

The extent of the impact of a pandemic similar to the COVID-19 pandemic on our business and financial results will depend on numerous evolving factors that we are not able to accurately predict and that all will vary by market, including the duration and scope of the pandemic, the emergence of new variants of the virus and the efficacy of vaccines against such variants, global economic conditions during and after the pandemic, including disruptions in the global supply chain, inflation and labor shortages, government actions that may be taken in the future, in response to the pandemic, and changes in customer behavior in response to the pandemic, some of which may be more than just temporary.

Risks Related to Doing Business in China

We have limited operations in China, but many of our products are sourced from China. Our ability or the ability of our suppliers to operate in China may be impaired by changes in Chinese laws and regulations, including those relating to taxation, environmental regulation, restrictions on foreign investment, and other matters.

While we are a Cayman Islands exempted company headquartered in the United States and derive no revenue from China, we do have limited sourcing and product development operations in China. As of the date of this report, approximately 44 of our 426 employees are based in China. Moreover, suppliers of a majority of our product materials are based in China.

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The central Chinese government or local governments having jurisdiction within China may impose new, stricter regulations, or interpretations of existing regulations, that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. As such, our subsidiaries or our third-party suppliers in the People's Republic of China (PRC) maybe subject to governmental and regulatory interference in the provinces in which they operate. Our subsidiaries or our third-party suppliers could also be subject to regulation by various political and regulatory entities, including local and municipal agencies and other governmental subdivisions. Our ability, and the ability of our suppliers, to operate in China may be impaired by any such laws or regulations, or any changes in laws and regulations in the PRC. We or our third-party suppliers may incur increased costs necessary to comply with existing and future laws and regulations or penalties for any failure to comply. If our suppliers incur increased costs, they may attempt to pass such costs on to us. Any such increased costs or disruptions to our operations or the operations of our suppliers could adversely impact our results of operations.

We could become subject to a variety of laws and other obligations regarding cybersecurity and data protection, and any failure to comply with applicable laws and obligations could have an adverse effect on our business operations in China.

We are subject to various risks and costs associated with the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data. This data is wide ranging and relates to our investors, employees, contractors and other counterparties and third parties. Our compliance obligations include those relating to the Data Protection Act (As Revised) of the Cayman Islands and the relevant PRC laws in this regard. These PRC laws apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, and other parties with which we have commercial relations. We do not believe the PRC laws have a material impact on our current operations, but these laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities.

Pursuant to the PRC Cybersecurity Law, personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator purchases internet products and services that affects or may affect national security, it should be subject to cybersecurity review by the CAC. The Revised Cybersecurity Review Measures, which took effect on February 15, 2022, require critical information infrastructure operators procuring network products and services and online platform operators carrying out data processing activities, which affect or may affect national security, to conduct a cybersecurity review pursuant to the provisions therein. We do not believe that our company constitutes a "critical information infrastructure operator" under the Cybersecurity Review Measures, however, the exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. Additionally, the PRC Data Security Law took effect on September 1, 2021 and requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security.

We believe we are compliant with these regulations, to the extent they are applicable to us, and we do not believe our business will be materially affected by these measures. However, if we were selected for review, or one of our suppliers was selected for review, we or such supplier may be required to suspend operations in China during such review. Cybersecurity review could also result in negative publicity with respect to our company or our suppliers and could divert managerial attention and financial resources. Furthermore, if we or one of our suppliers were found to be in violation of applicable laws and regulations in China during such review, we or such supplier could be subject to administrative penalties, such as warnings, fines, or service suspension.

Pursuant to the PRC Cybersecurity Law, which was promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and took effect on June 1, 2017, personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator purchases internet products and services that affects or may affect national security, it should be subject to cybersecurity review by the CAC. Due to the lack of further interpretations, the exact scope of "critical information infrastructure operator" remains unclear. On July 10, 2021, the CAC publicly issued the Measures for Cybersecurity Censorship (Revised Draft for Comments) aiming to, upon its enactment, replace the existing Measures for Cybersecurity Censorship. The draft measures extend the scope of cybersecurity reviews to data processing operators engaging in data processing activities that affect or may affect national security, including listing in a foreign country. PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and took effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security.

We believe we are compliant with these regulations, to the extent they are applicable to us, and we do not believe our business would be materially affected by these recent measures. However, if we were selected for review, or one of our suppliers was selected for review, we or such supplier may be required to suspend operations in China during such review. Cybersecurity review could also result in negative publicity with respect to our company or our suppliers and could divert managerial attention and financial resources. Furthermore, if we or one of our suppliers were found to be in violation of applicable laws and regulations in China during such review, we or such supplier could be subject to administrative penalties, such as warnings, fines, or service suspension.

We could be subject to regulation by various political and regulatory entities, including local and municipal agencies and other governmental subdivisions.

We may incur increased costs necessary to comply with existing and future laws and regulations or penalties for any failure to comply. Outside of general business licenses in the ordinary course, FGI China and FGI International are not required to obtain permission from any Chinese authorities to operate and, as a Cayman Islands entity based in the United States, we are not required to obtain any permission from the China Securities Regulatory Commission, CAC or similar entity in China to issue our ordinary shares. No such permission or business license required for our subsidiaries' operations has been denied. Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the "Opinions on Severely Cracking Down on Illegal Securities Activities According to Law" (the "Opinions"), which were made available to the public on July 6, 2021. The Opinions emphasized the need to strengthen administration over illegal securities activities and the need to strengthen supervision with respect to overseas listings of Chinese companies.

We believe the Opinions are inapplicable to us, as we are a Cayman Islands entity and our operations in China are limited. However, some of our major suppliers could be affected, and our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to its business or industry. Additionally, future laws or regulations that adversely affect our suppliers or their ability to source and provide materials to us could have an adverse impact on our operations. Accordingly, the Chinese government's actions in the future, including any decision to intervene in or influence our operations or the operations of our suppliers at any time may cause our company or our suppliers to make changes to our or their operations.

Regulatory bodies of the United States may be limited in their ability to conduct investigations or inspections of our operations in China.

From time to time, we may receive requests from certain U.S. agencies to investigate or inspect our operations or to otherwise provide information. While we will comply with requests from these regulators, there is no guarantee that such requests will be honored by those entities that provide services to us or with which we associate, especially for any such

entities that are located in China. Furthermore, an on-site inspection of our facilities by any of these regulators may be limited or entirely prohibited. Such inspections, though permitted by our company and our affiliates, are subject to the unpredictability of the Chinese enforcement and other government agencies and may therefore be impossible to facilitate.

Our auditor, CBIZ CPAs P.C., is a Registered Public Accounting Firm with the PCAOB and is based in New York, New York. Under the Holding Foreign Companies Accountable Act (the “HFCAA”), the PCAOB is permitted to inspect our independent public accounting firm. If the PCAOB later determined that it cannot inspect or fully investigate our auditor for three consecutive years, trading in our securities may be prohibited under the HFCAA, and, as a result, Nasdaq may determine to delist our securities. Moreover, in December 2022, the Accelerating Holding Foreign Companies Accountable Act was enacted and amended the HFCAA to require the U.S. Securities and Exchange Commission to prohibit an issuer’s securities from trading on U.S. exchanges if its auditor is not subject to PCAOB inspection for two consecutive years instead of three, thus reducing the time period before such securities would be delisted.

Changes in China’s economic, political or social conditions or legal system or government policies could have a material adverse effect on our business and operations.

While we have limited sourcing and product development operations located in China through FGI China and FGI International, many of our products are sourced or manufactured in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by the significant discretion of Chinese governmental authorities. The Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China’s economic growth through allocating resources, controlling payment of foreign currency- denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. The increased global focus on environmental and social issues and China’s potential adoption of more stringent standards in these areas may adversely impact us or our suppliers.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we or our suppliers may not be aware of our violation of any of these policies and rules until sometime after the alleged violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Further, such evolving laws and regulations and the inconsistent enforcement thereof could also lead to failure to obtain or maintain licenses and permits to do business in China, which would adversely affect us or our suppliers in China. Any such disruption, or if one or more of our Chinese suppliers was prevented from operating, could have an adverse impact on our results of operations and financial condition.

We may be subject to risks that the Chinese government may intervene or influence our operations at any time.

Because we have employees located in China, and source products from Chinese manufacturers, we are subject to the risk that the Chinese government may intervene or influence our operations at any time.

However, because we conduct only limited operations in China with only 44 employees focused on these matters, we do not expect that such intervention or influence would result in a material change in our operations and/or the value of our securities, although in such circumstance, we might experience a disruption in our ability to develop and source product manufacturing within China, which could have a material adverse effect on our results of operations. We also understand that the Chinese government has recently made statements indicating an intent to exert more oversight and control over offerings that are conducted by foreign investment China based issuers. While we are not a China based issuer, in such instance, we may still be unable to offer securities in China, which could limit the number of buyers of our securities and cause our securities to trade at a lower price than they would in the absence of the exercise of such oversight and control. If we inadvertently conclude that such approvals are not required, or applicable laws, regulations or interpretations change and we do not receive or maintain such approvals in the future, we may be subject to an investigation by regulators, fines or penalties or an order preventing us from offering securities in China in the future.

Competitive Risks

We could lose market share if we do not maintain our strong brands, develop innovative products or respond to changing purchasing practices and consumer preferences or if our reputation is damaged.

Our competitive advantage is due, in part, to our ability to maintain our strong brands and to develop and introduce innovative new and improved products. Our initiatives to invest in brand building, brand awareness and product innovation may not be successful. The uncertainties associated with developing and introducing innovative and improved products, such as gauging changing consumer demands and preferences and successfully developing, manufacturing, marketing and selling these products, may impact the success of our product introductions. If the products we introduce do not gain widespread acceptance or if our competitors improve their products more rapidly or effectively than we do, we could lose market share or be required to reduce our prices, which could have a material adverse effect on our results of operations and financial position.

In recent years, consumer purchasing practices and preferences have shifted and our customers' business models and strategies have changed. As our customers execute their strategies to reach end consumers through multiple channels, they rely on us to support their efforts with our infrastructure, including maintaining robust and user-friendly websites with sufficient content for consumer research and providing comprehensive supply chain solutions and differentiated product development. If we are unable to successfully provide this support to our customers or if our customers are unable to successfully execute their strategies, our brands may lose market share.

If we do not timely and effectively identify and respond to changing consumer preferences, including a continued shift in consumer purchasing practices toward e-commerce, our relationships with our customers and with consumers could be harmed, the demand for our brands and products could be reduced and our results of operations and financial position could be materially and adversely affected.

We face significant competition and operate in an evolving competitive landscape.

Our products face significant competition. We believe that brand reputation is an important factor affecting product selection and that we compete on the basis of product features, innovation, quality, customer service, warranty and price. We sell many of our products through home center retailers, online retailers, distributors and independent dealers and rely on these customers to market and promote our products to consumers. Our success with our customers is dependent on our ability to provide quality products and timely delivery. In addition, home center retailers, which have historically concentrated their sales efforts on retail consumers and remodelers, are selling directly to professional contractors and installers, which may adversely affect our margins on our products that contractors and installers would otherwise buy through our dealers and wholesalers.

Certain of our customers are selling products sourced from low-cost foreign manufacturers under their own private label brands, which directly compete with our brands. As this trend continues, we may experience lower demand for our products or a shift in the mix of some products we sell toward more value-priced or opening price point products, which may affect our profitability.

In addition, we face competitive pricing pressure in the marketplace, including sales promotion programs, that could affect our market share or result in price reductions, which could materially and adversely impact our results of operations and financial position.

Further, the growing e-commerce channel brings an increased number of competitors and greater pricing transparency for consumers, as well as conflicts between our existing distribution channels and a need for different distribution methods. These factors could affect our results of operations and financial position. In addition, our relationships with our customers, including our home center customers, may be affected if we increase the amount of business we transact in the e-commerce channel.

Our failure to develop new products or respond to changing consumer preferences and purchasing practices could have a material adverse effect on our business, financial condition or results of operations.

We operate in an industry that is subject to changing consumer trends, demands and preferences. The uncertainties associated with developing and introducing new products, such as gauging changing consumer preferences and successfully developing, manufacturing, marketing and selling new products, could lead to, among other things, rejection

of a new product line, reduced demand and price reductions for our products. If our products do not keep up with consumer trends, demands and preference, we could lose market share, which could have a material adverse effect on our business, financial condition or results of operations. Moreover, the role of technology is changing rapidly in our industry. We are in the process of introducing certain customer-facing tools powered by artificial intelligence (“AI”) to help promote our product offerings. If these AI products do not work as intended, or if our competitors are better able to effectively integrate these new technologies into their offerings, our competitive position may suffer. In addition, we may be harmed if our proprietary or confidential information regarding our business is exposed through the unauthorized use of AI technologies or our systems infringe on intellectual property rights of others.

Changes in Cayman Islands or U.S. tax law could adversely affect our financial condition and results of operations.

The rules dealing with Cayman Islands and U.S. federal, state, and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department, as well as the regulators in the Cayman Islands. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our securities. In recent years, many such changes have been made and changes are likely to continue to occur in the future. Future changes in Cayman Islands or U.S. tax laws could have a material adverse effect on our business, cash flow, financial condition or results of operations. We urge investors to consult with their legal and tax advisors regarding the implications of potential changes in Cayman Islands or U.S. tax laws on an investment in our securities.

The loss of certain members of our management may have an adverse effect on our operating results.

Our success will depend, in part, on the efforts of our senior management and other key employees. These individuals possess sales, marketing, engineering, manufacturing, financial and administrative skills and know-how that are critical to the operation of our business. If we lose or suffer an extended interruption in the services of one or more of our senior officers or other key employees, our financial condition and results of operations may be negatively affected. Moreover, the pool of qualified individuals may be highly competitive, and we may not be able to attract and retain qualified personnel to replace or succeed members of our senior management or other key employees, should the need arise. The loss of the services of any key personnel, or our inability to hire new personnel with the requisite skills, could impair our ability to develop new products or enhance existing products, sell products to our customers or manage our business effectively.

Technology and Intellectual Property Risks

We have been and may continue to be subject to cybersecurity attacks, which could adversely affect our results of operations and financial position.

Global cybersecurity vulnerabilities, threats and more frequent, sophisticated and targeted attacks pose a risk to our information technology systems and to critical third-party information technology platforms we utilize, which may be increasingly exacerbated by the proliferation of and advance in AI. We have implemented security policies, processes and layers of defense designed to help identify and protect against misappropriation or corruption of our systems and information and disruption of our operations. Despite these efforts, systems we utilize have been and may in the future be damaged, disrupted, ransomed or shut down due to cybersecurity attacks by unauthorized access, malware, ransomware, undetected intrusion, hardware failures, or other events, and in these circumstances our disaster recovery plans may be ineffective or inadequate. These attacks have led and could in the future lead to business interruption, production or operational downtime, product shipment delays, exposure or loss of proprietary confidential or financial information or the personal information of our employees, suppliers, customers or consumers, data corruption, an inability to report our financial results in a timely manner, damage to the reputation of our brands, damage to our relationships with our employees, suppliers, customers and consumers, exposure to litigation, and increased costs associated with the remediation and mitigation of such attacks. In addition, we could be adversely affected if any of our significant customers, suppliers or service providers experiences any similar events that disrupt their business operations or damage their reputation. Such events could adversely affect our results of operations and financial position.

We rely on information systems and technologies, and a breakdown of these systems could adversely affect our results of operations and financial position.

We rely on many information systems and technologies to process, transmit, store and manage information to support our business activities, including new AI capabilities. We may be adversely affected if our information systems breakdown, fail, or are no longer supported or if our AI capabilities do not function as intended. In addition to the consequences that

may occur from interruptions in our systems, global cybersecurity vulnerabilities, threats and more sophisticated and targeted attacks pose a risk to our information technology systems.

We have implemented security policies, processes and layers of defense designed to help identify and protect against intentional and unintentional misappropriation or corruption of our systems and information and disruption of our operations. Despite these efforts, our systems may in the future be damaged, disrupted, or shut down due to cybersecurity attacks by unauthorized access, malware, ransomware, undetected intrusion, hardware failures, or other events, and in these circumstances our disaster recovery plans may be ineffective or inadequate. In addition, the rapid evolution and increased adoption of new technologies, such as AI, may intensify our cybersecurity risks. These breaches or intrusions could in the future lead to business interruption, production or operational downtime, product shipment delays, exposure or loss of proprietary, confidential, personal or financial information, data corruption, an inability to report our financial results in a timely manner, damage to the reputation of our brands, damage to our relationships with our customers and suppliers, exposure to litigation, and increased costs associated with the remediation and mitigation of such attacks. Such events could adversely affect our results of operations and financial position. In addition, we could be adversely affected if any of our significant customers or suppliers experiences any similar events that disrupt their business operations or damage their reputation.

We may not be able to adequately protect or prevent the unauthorized use of our intellectual property.

Protecting our intellectual property is important to our growth and innovation efforts. We own a number of patents, trade names, brand names and other forms of intellectual property in our products and manufacturing processes throughout the world. There can be no assurance that our efforts to protect our intellectual property rights will prevent violations. Our intellectual property may be challenged or infringed upon by third parties, particularly in countries where property rights are not highly developed or protected. In addition, the global nature of our business increases the risk that we may be unable to obtain or maintain our intellectual property rights on reasonable terms. Furthermore, others may assert intellectual property infringement claims against us. Current and former employees, contractors, customers or suppliers have or may have had access to proprietary or confidential information regarding our business operations that could harm us if used by them, or disclosed to others, including our competitors. Protecting and defending our intellectual property could be costly, time consuming and require significant resources. If we are not able to protect our existing intellectual property rights, or prevent unauthorized use of our intellectual property, sales of our products may be affected and we may experience reputational damage to our brand names, increased litigation costs and adverse impact to our competitive position, which could have a material adverse effect on our results of operations and financial position.

Litigation and Regulatory Risks

We may be a party to claims and litigation, which could be costly and divert significant resources.

We may, from time to time, be involved in various other claims and litigation, including class actions, mass torts and regulatory proceedings, that arise in the ordinary course of our business and that could have a material adverse effect on us. The types of matters may include, among others: competition, product liability, employment, warranty, advertising, contract, personal injury, environmental, intellectual property, product compliance and insurance coverage. The outcome and effect of these matters are inherently unpredictable, and defending and resolving them can be costly and can divert management's attention. We have and may continue to incur significant costs as a result of claims and litigation.

We are also subject to product safety regulations, product recalls and direct claims for product liability that can result in significant costs and, regardless of the ultimate outcome, create adverse publicity and damage the reputation of our brands and business. Also, we rely on other manufacturers to provide products or components for products that we sell. Due to the difficulty of controlling the quality of products and components we source from other manufacturers, we are exposed to risks relating to the quality of such products and to limitations on our recourse against such suppliers.

We maintain insurance against some, but not all, of the risks of loss resulting from claims and litigation. The levels of insurance we maintain may not be adequate to fully cover our losses or liabilities. If any significant accident, judgment, claim or other event is not fully insured or indemnified against, it could have a material adverse effect on our results of operations and financial position.

For more information about our current legal proceedings, refer to the section of this Annual Report on Form 10-K entitled "Legal Proceedings."

Compliance with laws, government regulation and industry standards is costly, and our failure to comply could adversely affect our results of operations and financial position.

We are subject to a wide variety of federal, state, local and foreign laws and regulations pertaining to:

- securities matters;
- taxation;
- anti-bribery/anti-corruption;
- employment matters;
- minimum wage requirements;
- environment, health and safety matters;
- the protection of employees and consumers;
- product compliance;
- competition practices;
- trade, including duties and tariffs;
- data privacy and the collection and storage of information, including regulation on data protection and oversight by the CAC in China; and
- climate change and protection of the environment.

The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New data protection laws, including recent California legislation and regulation which affords California consumers an array of new rights, including the right to be informed about what kinds of personal data companies have collected and why it was collected, or increased oversight by the CAC in China, pose increasingly complex compliance challenges and potentially elevate our costs. Complying with varying jurisdictional requirements could increase the costs and complexity of compliance, and violations of applicable data protection laws could result in significant penalties. Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions brought against us by governmental entities or others, subject us to significant fines, penalties, judgments and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business.

In addition to complying with current requirements and known future requirements, even more stringent requirements could be imposed on us in the future.

As we sell new types of products or existing products in new geographic areas or channels or for new applications, we are subject to the legal requirements applicable to those products or geographic areas. Additionally, some of our products must be certified by industry organizations. Compliance with new or changed laws, regulations and industry standards may require us to alter our product designs, our manufacturing processes, our packaging or our sourcing. These compliance activities are costly and require significant management attention and resources. If we do not effectively and timely comply with such regulations and industry standards, our results of operations and financial position could be materially and adversely affected.

Our failure to maintain acceptable quality standards could result in significant unexpected costs.

Any failure to maintain acceptable quality standards could require us to recall or redesign such products, or pay substantial damages in litigation, any of which would result in significant unexpected costs. We may also have difficulty controlling the quality of products or components sourced from manufacturers, so we are exposed to risks relating to the quality of such products and to limitations on our recourse against such suppliers. Further, any claim or product recall could result in adverse publicity against us, which could decrease our credibility, harm our reputation, adversely affect our sales, or increase our costs. Defects in our products could also result in decreased orders or sales to our customers, which could have a material adverse effect on our business, financial condition or results of operations.

Unauthorized disclosure of confidential information provided to us by customers, employees or third parties could harm our business.

We rely on the Internet and other electronic methods to transmit confidential information and store confidential information on our networks. Any disclosure of confidential information provided by, or concerning, our employees, customers or other third parties, including through inadvertent disclosure, unapproved dissemination, or unauthorized access, our reputation could be harmed and we could be subject to civil or criminal liability and regulatory actions could require us to comply with various breach notification laws and may expose us to litigation, remediation and investigation costs, increased costs for security measures, loss of revenue, damage to our reputation, and potential liability.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws and regulations. The FCPA prohibits us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a “foreign official” for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. Our policies and procedures designed to ensure compliance with these regulations may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation. In addition, changes in economic sanctions laws in the future could adversely impact our business and investments in our shares.

Our business could be affected by unexpected changes in U.S. and international regulatory standards and laws.

We market and sell our products in the United States, Canada and Europe. We also source and manufacture a majority of our products in Asia. As such, we and our manufacturing partners are subject to the normal risks of doing business abroad. Unexpected changes in government and industry regulatory standards, including labor, environmental and taxation laws, and export and import restrictions could materially and adversely affect our business, results of operations and financial position. Moreover, the failure of our manufacturing partners to comply with such regulations could affect our supply arrangements and materially and adversely affect our business, results of operations and financial position.

Risks Related to Our Securities

Foremost Groups Ltd. holds a significant majority of the voting power of our ordinary shares, approximately 71%, and will be able to exert significant control over us.

Foremost holds ordinary shares that represent approximately 71% of all outstanding voting power, and, as such, may significantly influence the results of matters voted on by our shareholders and could effectively control many other major decisions regarding our operations, capital allocation priorities and corporate governance. In addition, we are reliant upon Foremost for manufacturing and other support. Mr. Liang Chou Chen holds approximately 49.91% of the voting control of Foremost. The interests of Foremost, particularly with respect to change-in-control transactions and election of directors, may conflict with those of our company and/or our shareholders, and Foremost may not always act in the best interest of our company. This significant concentration of share ownership and reliance for support may adversely affect the trading price for our securities because investors may perceive disadvantages in owning shares in companies with controlling shareholders.

The price of our ordinary shares may be volatile.

The market price of our ordinary shares is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- our ability to maintain our strong brands and reputation and to develop innovative products;
- our ability to maintain our competitive position in our industries;
- risks associated with our reliance on information systems and technology;
- product liability claims or other litigation;
- quarterly variations in our results of operations or those of others in our industry;
- changes in governmental regulations;
- changes in earnings estimates or recommendations by securities analysts; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

In recent years, the stock markets generally have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies, including as a result of disruptions and dislocations arising out of the COVID-19 pandemic. Broad market and industry factors may significantly affect the market price of our ordinary shares, regardless of our actual operating performance. Due to these risks and the other risks described in this report, investors could lose their entire investment in our company.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our share price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would have a material adverse effect on our financial condition and operating results and divert management's attention and resources from our business.

Provisions of the currently outstanding warrants could discourage an acquisition of us by a third party.

In addition to the provisions of our amended and restated memorandum and articles of association discussed below, certain provisions of the currently outstanding warrants could make it more difficult or expensive for a third party to acquire us. The warrants prohibit us from engaging in certain transactions constituting "fundamental transactions" unless, among other things, the surviving entity assumes our obligations under the warrants.

We do not intend to pay dividends on our ordinary shares.

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on, among other factors, our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. Any return to shareholders will therefore be limited to the appreciation in the value of their shares, if any.

If we sell ordinary or preference shares in future financings, shareholders may experience immediate dilution and, as a result, our share price may decline.

We may from time-to-time issue additional preference shares or ordinary shares at a discount from the current trading price of our ordinary shares. As a result, our shareholders would experience immediate dilution upon the purchase of any shares sold at such discount. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preference shares or ordinary shares. If we issue ordinary shares or securities convertible into ordinary shares, our ordinary shareholders would experience additional dilution and, as a result, our share price may decline.

We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to "emerging growth companies" or

“smaller reporting companies,” this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our ordinary shares held by non-affiliates equals or exceeds \$700 million as of the last business day of any second fiscal quarter before that time, in which case we would no longer be an emerging growth company as of the end of such fiscal year. We cannot predict whether investors would find our securities less attractive in the event that we rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our ordinary shares held by non-affiliates exceeds \$250 million as of the last business day of that year’s second fiscal quarter, or (2) our annual revenue exceeded \$100 million during such completed fiscal year and the market value of our ordinary shares held by non-affiliates equals or exceeds \$700 million as of the last business day of that year’s second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible.

Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited.

We are an exempted company incorporated under the laws of the Cayman Islands. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or officers, or enforce judgments obtained in the United States courts against our directors or officers.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Companies Act (as the same may be supplemented or amended from time to time) and the common law of the Cayman Islands. We are also subject to the federal securities laws of the United States. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are different from what they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws as compared to the United States, and certain states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law. In addition, Cayman Islands companies may not have standing to initiate a shareholders derivative action in a Federal court of the United States.

We have been advised by Travers Thorp Alberga, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a United States company.

Provisions in our amended and restated memorandum and articles of association may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our ordinary shares and could entrench management.

Our amended and restated memorandum and articles of association contain provisions that may discourage unsolicited takeover proposals that shareholders may consider to be in their best interests. These provisions will include a staggered board of directors, the ability of the board of directors to designate the terms of, and issue, new series of preference shares, which may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

General Risk Factors

Management's determination that a material weakness exists in our internal controls over financial reporting could have a material adverse impact on our ability to produce timely and accurate financial statements and could negatively impact our business and the market for our ordinary shares.

The process of designing and implementing an effective accounting and financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain an accounting and financial reporting system that is adequate to satisfy our reporting obligations. Based upon an evaluation conducted in connection with the preparation of FGI's audited consolidated financial statements as of December 31, 2025, management concluded that our internal controls over financial reporting were not effective due to the material weakness in our internal controls over financial reporting. Specifically, this material weakness relates to insufficient precision in the design and operation of journal entry and account reconciliation review controls at a foreign subsidiary that was newly brought into scope and subject to a full-scope evaluation of internal controls over financial close and reporting for the first time during the year. We believe that this material weakness set forth above did not have an effect on our financial results.

We have been evaluating and have begun implementing certain practices and procedures to address the foregoing material weakness. To remediate the material weakness, management has initiated a series of corrective actions. These include adding dedicated in-house accounting personnel to enhance oversight of the financial close process, implementing more robust journal entry and account reconciliation review procedures with clearly defined documentation and approval requirements, and strengthening evidence retention practices. Management believes that, once these measures are fully implemented and have operated for a sufficient period of time, the material weakness will be remediated. Management will continue to monitor and test the operating effectiveness of the related controls on an ongoing basis. While we are actively identifying and implementing actions to improve the effectiveness of our internal controls over financial reporting and disclosure controls and procedures, there can be no assurance that our remediation efforts will be fully successful. We expect to continue to incur or expend substantial accounting and other expenses and significant management time and resources in these efforts. It is possible that our future assessment, or the future assessment by our independent registered

public accounting firm, may reveal additional material weakness in our internal controls. The failure to fully remediate the existing material weakness or the discovery of any future potential material weakness could result in future misstatements in our financial statements or in documents we file with the SEC and could have a negative impact on our business and the market for our ordinary shares. For more information on our material weakness and the status of our remediation efforts, see Item 9A - Controls and Procedures, which includes Management's Report on Internal Controls Over Financial Reporting.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to provide reasonable assurance that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures, no matter how well those controls and procedures are conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

We are at risk of securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which may have a material adverse effect on our business, financial condition and results of operations.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

If a trading market for our ordinary shares or warrants develops, the trading market will be influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts. As a newly public company, we may be slow to attract research coverage and the analysts who publish information about our ordinary shares or warrants will have had relatively little experience with us or our business and products, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our ordinary share price, our ordinary share price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our share price or trading volume to decline and result in the loss of all or a part of your investment in us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We are a smaller reporting company as defined in Regulation S-K and are not required to provide the information under this item.

ITEM 1C. CYBERSECURITY

Cybersecurity is an important part of our risk management program for our Board and management. The Company maintains a robust cybersecurity infrastructure to safeguard our operations, networks and data through directory-based identity-related services for operation account security, firewall policies and periodical vulnerability threat scanning for network security and email-layer and endpoint-layer protections for data integrity on systems and user devices.

The Company's Director of IT is responsible for assessing, identifying, and managing the risks from cybersecurity threats. Our Director of IT has over 15 years of experience in information security positions and holds Master's degree in computer information systems. We also have constituted a cross-functional Cybersecurity Committee, comprised of the Director of IT, along with the Chairman, CFO, Management of Business Operations and Human Resources, which meets regularly to review enterprise-wide cybersecurity matters.

Our Board of Directors oversees management's approach to managing cybersecurity risks. The Board of Directors is charged with overseeing the Company's risk management program, which includes cybersecurity matters. The Board of Directors routinely engages with relevant management on a range of cybersecurity-related topics, including the threat of environment and vulnerability assessments and policies and practices and receives updates on technology trends and regulatory developments from the Director of IT periodically.

We use a risk-based approach to identify, assess, protect, detect, respond to and recover from cybersecurity threats, derived from the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework. Our information security program includes, among other aspects, vulnerability management, antivirus and malware protection, access control, and employee training. Risks identified by the Director of IT and other cybersecurity personnel are analyzed to determine the potential impact on us and the likelihood of occurrence. Such risks are continuously monitored to ensure that the circumstances and severity of such risks have not changed. The Director of IT also routinely discusses trends in cyber risks and our strategy with our Cybersecurity Committee and management on a regular basis, in addition to an annual review and discussion with the full board.

In addition, we endeavor to apprise employees of emerging risks and require them to undergo bi-annual security awareness trainings and supplemental trainings as needed. Additionally, we conduct periodic internal exercises to gauge the effectiveness of the trainings and assess the need for additional training.

Material cybersecurity incidents are required to be reported to the Board of Directors. As of the date of this report, we are not aware of any risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition.

ITEM 2. PROPERTIES

Our headquarters and a warehouse facility are located in East Hanover, New Jersey. We also operate production and warehouse facilities in Portage, Indiana, Sacramento, California and Toronto, Canada. We also conduct our European operations from a facility in Dusseldorf, Germany and our Asian operations from a purchase center in Tangshan, China and a global support center in Taipei, Taiwan. Moreover, we own a manufacturing facility just outside of Sihanoukville, Cambodia. All properties, except for the Sihanoukville facility, are leased. We believe that our properties are in good operating condition and adequately serve our current business operations. We also anticipate that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion, which we intend to evaluate on an ongoing basis in tandem with our "BPC" growth strategy.

ITEM 3. LEGAL PROCEEDINGS

We may be subject to legal proceedings and claims in the ordinary course of business. We cannot predict the results of any such disputes, and despite the potential outcomes, the existence thereof may have an adverse material impact on us due to diversion of management time and attention as well as the financial costs related to resolving such disputes.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Public market for our ordinary shares

Our ordinary shares have been traded on the Nasdaq Capital Market under the symbol “FGI” since January 27, 2022. Our warrant agent is Continental Stock and Transfer and Trust Company.

Holders; Shares Outstanding

We had a total of 1,927,326 shares of our ordinary shares outstanding on April 6, 2026, held by approximately 20 shareholders of record. The actual number of shareholders is greater than this number of record holders, and includes shareholders who are beneficial owners, but whose shares are held in “street name” by brokers and other nominees.

Dividend Policy

We have never paid any cash dividends on our ordinary shares and do not anticipate paying any cash dividends on our ordinary shares in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements. Any future determination to pay cash dividends will be at the discretion of our Board and will be dependent upon financial condition, results of operations, capital requirements and such other factors as our Board deems relevant. Further, in the event that we issue any shares of a class or series of our preference shares, the designation of such class or series could limit our ability to pay dividends on our ordinary shares.

Securities Authorized for Issuance Under Equity Compensation Plan

Reference is made to the information in Item 12 of this report under the caption “Equity Compensation Plans,” which is incorporated herein by this reference.

Share Repurchases

During the twelve months ended December 31, 2025, we did not repurchase any ordinary shares.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, this discussion and analysis and other parts of this Annual Report on Form 10-K contain forward-looking statements based upon current beliefs, plans and expectations that involve risks, uncertainties and assumptions. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Risk Factors" and elsewhere in this Annual Report on Form 10-K. You should carefully read the "Risk Factors" section of this Annual Report on Form 10-K to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements.

Overview

FGI is a global supplier of kitchen and bath products. Over the course of 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, custom kitchen cabinetry and other accessory items. These products are sold primarily for R&R 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.

Consistent with our long-term strategic plan, we expect to continue to make significant investments across our business in order to continue to attract new customers, expand existing relationships, develop new products and manufacturing capabilities and expand into new jurisdictions, thereby prioritizing long-term growth over short-term profitability. We intend to drive long-term value creation for our shareholders through a balanced focus on product innovation, organic growth, and efficient capital deployment. The following initiatives represent key strategic priorities for us:

- **Commitment to product innovation.** We have a history of being an innovator in the kitchen and bath markets and developing "on-trend" products and bringing them to market ahead of the competition. We have developed deep marketing skills, leading design capabilities, and product development expertise. A recent example of our innovative product development includes the Jetcoat® shower wall systems, which offer a stylized design option without the fuss of messy grout. We expect to continue to invest in research and development to drive product innovation in 2026.
- **"BPC" (Brands, Products, Channels) strategy to drive above-market organic growth.** We have continued to invest in our BPC strategy despite the market challenges, which is expected to drive improved organic growth in the longer term. In 2025, we entered into a 5-year licensing agreement that will provide us access to an industry leading overflow toilet technology. We will continue to market this technology as FLUSH GUARD® Overflow Technology. In addition, we continue to focus on our initiatives to expand geographically, with recently signed agreements providing entry into India, Eastern Europe and the UK.
- **Enhanced margin performance.** Our focus on higher-margin products has continued to deliver results, with gross margins reaching 27.0% in 2025 and 26.9% in 2024, a significant rise from 19.5% in 2022. This positive trajectory in margins reflects our commitment to optimizing our product mix and operational efficiency despite recent headwinds from tariffs. Looking ahead, we anticipate gross margins to remain in line with the levels achieved in 2025 and 2024.
- **Efficient capital deployment.** We will continue to prioritize capital deployment in support of organic growth opportunities, while continuing to evaluate strategic M&A opportunities. With total financial resources of \$8.5 million as of December 31, 2025, the Company believes it has sufficient financial flexibility to fund its organic growth strategy.
- **Deep manufacturing partners and customer relationships.** We have developed strong manufacturing and sourcing partners over the last 30+ years, which we believe will continue to give us a competitive advantage in the markets we serve. We also have deep relationships with an established global customer base, offering end-to-end solutions to support category growth. While recent supply chain and inflation pressures have been a headwind, our durable partnerships with manufacturing and sourcing partners have helped to mitigate these challenges.

We were incorporated in the Cayman Islands on May 26, 2021 in connection with a reorganization and separation from our parent company, Foremost Groups Ltd. (“Foremost”), and its affiliates, pursuant to which, among other actions, Foremost contributed all of its equity interests in FGI Industries Inc. (“FGI Industries”), FGI Europe Investment Limited, an entity formed in the British Virgin Islands, and FGI International, Limited, an entity formed under the laws of Hong Kong, each a wholly-owned subsidiary of Foremost, to the newly formed FGI Industries Ltd. Foremost was established in 1987 and has become a global leader in kitchen and bath design, indoor and outdoor furniture, food service equipment, and manufacturing.

Reverse Share Split

On July 28, 2025, the Company filed an amendment (the “Amendment”) to the Company’s Amended and Restated Memorandum and Articles of Association with the Registrar of Companies in the Cayman Islands to effect a 1-for-5 reverse share split (the “Reverse Share Split”) of the Company’s ordinary shares, which was effected on July 31, 2025. Unless otherwise noted, the share and per share information in this Annual Report on Form 10-K have been adjusted to give effect to the Reverse Share Split.

Tariff Developments

Our business was significantly impacted by the changes in the U.S. tariff regime in 2025 and related responses from foreign jurisdictions. On February 20, 2026, the U.S. Supreme Court struck down certain tariffs imposed under the International Emergency Economic Powers Act (IEEPA). Following the Supreme Court decision, the U.S. Administration announced a new 10% global tariff under Section 122 of the Trade Act of 1974, subject to certain carveouts. As of the filing date, it remains uncertain what impact these decisions will have on our future financial results, including the process and availability of obtaining refunds of amounts previously paid for the IEEPA tariffs or any fluctuations of the level of replacement tariffs imposed or the addition of any new tariffs through other means.

Results of Operations

For the Years Ended December 31, 2025 and 2024

The following table summarizes the results of our operations for the years ended December 31, 2025 and 2024, respectively, and provides information regarding the dollar and percentage increase (decrease) during such periods.

	For the Year Ended		Change	
	December 31,		Amount	Percentage
	2025	2024		
	USD	USD		
Revenue	\$ 130,528,652	\$ 131,818,073	\$ (1,289,421)	(1.0)
Cost of revenue	95,277,560	96,390,733	(1,113,173)	(1.2)
Gross profit	35,251,092	35,427,340	(176,248)	(0.5)
Selling and distribution expenses	25,129,256	25,627,634	(498,378)	(1.9)
General and administrative expenses	11,106,563	10,199,914	906,649	8.9
Research and development expenses	1,417,329	1,699,383	(282,054)	(16.6)
Loss from operations	(2,402,056)	(2,099,591)	(302,465)	14.4
Operating margins (%)	(1.8)	(1.6)	(20) bps	
Total other expenses, net	(1,936,958)	(182,507)	(1,754,451)	961.3
Provision for (benefit of) income taxes	2,786,392	(547,821)	3,334,213	(608.6)
Net loss	(7,125,406)	(1,734,277)	(5,391,129)	310.9
Net loss attributable to FGI Industries Ltd. shareholders	(6,139,526)	(1,201,089)	(4,938,437)	411.2
Adjusted loss from operations ⁽¹⁾	(2,382,150)	(1,613,635)	(768,515)	47.6
Adjusted operating margins (%) ⁽¹⁾	(1.8)	(1.2)	(60) bps	
Adjusted net loss attributable to FGI Industries Ltd. shareholders ⁽¹⁾	\$ (2,555,789)	\$ (939,648)	\$ (1,616,140)	172.0

(1) See “Non-GAAP Measures” below for more information on our use of these adjusted figures and a reconciliation of these financial measures to their closest U.S. generally accepted accounting principles (“GAAP”) comparators.

Revenue

Our revenue decreased by \$1.3 million, or 1.0%, to \$130.5 million for the year ended December 31, 2025, from \$131.8 million for the year ended December 31, 2024. The decrease in our revenue was driven by decreases in sales of sanitaryware, bath furniture and shower system, partially offset by an increase in sales of kitchen cabinetry and others.

Revenue categories by product are summarized as follow:

	For the Year Ended December 31,				Change
	2025	Percentage	2024	Percentage	Percentage
	USD	%	USD	%	%
Sanitaryware	\$ 80,331,947	61.5	\$ 81,109,955	61.5	(1.0)
Bath Furniture	14,204,305	10.9	14,739,205	11.2	(3.6)
Shower System	22,581,882	17.3	25,521,977	19.4	(11.5)
Others	13,410,518	10.3	10,446,936	7.9	28.4
Total	\$ 130,528,652	100.0	\$ 131,818,073	100.0	(1.0)

We derive the majority of our revenue from sales of sanitaryware, which accounted for 61.5% and 61.5% of our total revenue for the years ended December 31, 2025 and 2024, respectively. Revenue generated from the sales of sanitaryware decreased by 1.0% to \$80.3 million for the year ended December 31, 2025, from \$81.1 million for the year ended December 31, 2024. Despite this modest decline, sanitaryware maintained its position as our largest product category. The stability in its share of total revenue reflects the ongoing resilience and steady demand for sanitaryware products, even as we continue to diversify our product portfolio and expand other categories in line with our long-term growth strategy.

Our revenue from bath furniture sales accounted for 10.9% and 11.2% of our total revenue for the years ended December 31, 2025 and 2024, respectively. Revenue generated from bath furniture sales decreased by 3.6% to \$14.2 million for the year ended December 31, 2025 from \$14.7 million for the year ended December 31, 2024. As part of our broader strategic focus on diversifying our product mix and expanding higher-growth categories, resources and sales efforts were increasingly allocated to other segments, which likely were factors in bath furniture sales during the period.

Revenue from shower systems made up approximately 17.3% and 19.4% of our total revenue for the years ended December 31, 2025 and 2024, respectively. Revenue from sales of shower systems decreased by 11.5% to \$22.6 million for the year ended December 31, 2025 from \$25.5 million for the year ended December 31, 2024. While shower system revenue dropped year-over-year in 2025, our recently launched programs have driven growth in recent quarters and we anticipate them continuing to be a positive driver moving forward, similar to our sanitaryware programs.

Our revenue from sales of other products (custom kitchen cabinetry and other small offerings) increased by 28.4% to \$13.4 million for the three months ended December 31, 2025, compared to \$10.4 million for the year ended December 31, 2024. This growth was primarily driven by a significant increase in sales volume for custom kitchen cabinetry, supported by the expansion of our network of kitchen cabinetry dealers in the United States. Additionally, revenue benefited from continued dealer acquisitions and the successful introduction of new product offerings, which further strengthened our market presence and customer reach.

We derive our revenue primarily from the United States, Canada and Europe. Revenue categories by geographic location are summarized as follows:

	For the Year Ended December 31,				Change
	2025	Percentage	2024	Percentage	Percentage
	USD	%	USD	%	%
United States	\$ 80,692,411	61.8	\$ 82,378,167	62.5	(2.0)
Canada	33,349,087	25.5	35,151,631	26.7	(5.1)
Europe	14,210,646	10.9	13,301,990	10.1	6.8
Rest of World	2,276,508	1.8	986,285	0.7	130.8
Total	\$ 130,528,652	100.0	\$ 131,818,073	100.0	(1.0)

We generated the majority of our revenue in the United States market, which amounted to \$80.7 million for the year ended December 31, 2025, and \$82.4 million for the year ended December 31, 2024, representing a 2.0% decrease. This revenue accounted for 61.8% and 62.5% of our total revenue for the years ended December 31, 2025 and 2024, respectively. This modest decrease reflects our ability to minimize the broader effects of tariff-related disruptions through proactive supply chain management, pricing strategies, and close collaboration with our key customers. As a result, despite the significant headwinds from trade policies, our U.S. business demonstrated relative resilience and continued to represent a stable 61.8% of total revenue, underscoring the effectiveness of our efforts to manage external challenges and maintain our market position.

Our second largest market is Canada. Our revenue generated in the Canadian market was \$33.3 million and \$35.2 million for the years ended December 31, 2025 and 2024, respectively, representing a 5.1% decrease. This decline reflects a moderation in sales during the second half of the year, as retailers continued to slow purchases following strong activity in the first half. While the wholesale channel showed signs of improvement in the third quarter, this momentum was not sufficient to offset the overall softness in demand during the latter part of the year. Despite these headwinds, Canada remained our second largest market, accounting for 25.5% of total revenue, and we continue to closely monitor market dynamics and adjust our strategies to support long-term growth in the region.

We also derive our revenue from Europe, which consists primarily of sales in Germany. This amounted to \$14.2 million and \$13.3 million for the years ended December 31, 2025 and 2024, respectively, representing a 6.8% increase. Our warehouse business in Germany has been gaining traction in recent years.

Gross Profit

Gross profit was \$35.3 million for the year ended December 31, 2025, reflecting a 0.5% decrease compared to the prior year. Gross profit margin percentage stood at 27.0% for the year ended December 31, 2025, a 10-basis-point increase from 26.9% in 2024.

Operating Expenses

Selling and distribution expenses primarily consisted of personnel costs, marketing and promotion costs, commission, and freight and leasing charges. Our selling and distribution expenses decreased by \$0.5 million, or 1.9%, to \$25.1 million for the year ended December 31, 2025, from \$25.6 million for the year ended December 31, 2024. This reduction is a result of our continued focus on operational efficiency and cost management initiatives.

General and administrative expenses primarily consisted of personnel costs, professional service fees, depreciation, travel, and office supply expenses. Our general and administrative expenses increased by \$0.9 million, or 8.9%, to \$11.1 million for the year ended December 31, 2025, as compared to the year ended December 31, 2024. The increase was primarily due to inflationary pressures and additional expenditures related to corporate support activities.

Research and development expenses primarily comprised personnel costs and product development expenditures. Our R&D activities remained stable and had a minimal impact on our overall consolidated results of operations.

Other Income (Expenses)

We incurred insignificant other income and expenses during the years ended December 31, 2025 and 2024. Other income and expenses primarily include interest income and expenses, as well as miscellaneous non-operating income and expenses.

Total other expenses, net increased by approximately \$1.8 million to \$1.9 million for the year ended December 31, 2025, from \$0.2 million for the year ended December 31, 2024. This increase was primarily driven by losses from foreign currency transactions.

Provision for Income Taxes

We recorded provision for income tax of \$2.8 million for the year ended December 31, 2025, primarily due to the requirement to maintain a full valuation allowance on deferred tax assets in our U.S. subsidiaries as a result of recurring losses. While this accounting treatment is required under current standards, we remain focused on executing our strategic initiatives and are encouraged by the progress we are making, which we believe positions us well for potential future improvements in our operating results. Any sustained positive performance in future periods will be evaluated in accordance with applicable accounting guidance to determine the appropriate level of valuation allowance.

Net Loss

For the year ended December 31, 2025, we reported a net loss of \$7.1 million, compared to a net loss of \$1.7 million in 2024, reflecting a \$5.4 million decrease. This change was driven by a combination of factors discussed above.

Liquidity and Capital Resources

The Company's consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate in the normal course of business and will be able to realize its assets and discharge its liabilities as they become due. The Company has incurred net loss of \$7.1 million and \$1.7 million for the twelve months ended December 31, 2025 and the year ended December 31, 2024, respectively. In addition, the Company had net cash provided by operating activities of \$0.7 million and net cash used in operating activities of \$7.4 million for the same respective periods. As of December 31, 2025, the Company had approximately \$1.9 million in cash and cash equivalents and had \$11.9 million outstanding under its credit facilities, which were used primarily for working capital purposes.

As discussed in Note 8 to the consolidated financial statements, FGI Industries was not in compliance with certain financial covenants related to its debt coverage ratio as of December 31, 2025. In March 2026, the Company amended and restated its Credit Agreement with East West Bank and is currently in compliance with all covenants. As of December 31, 2025, FGI Canada was not in compliance with certain covenants related to its debt to tangible net worth ratio. RBC agreed to waive its right to call the debt related to this noncompliance.

However, the Company has been facing and expects to continue to face adverse impacts from elevated tariff costs on imported goods. These increased costs have put pressure on gross margins and have contributed to the overall liquidity challenges.

In response to the conditions, the Company implemented a number of actions, including:

- Termination of the lease for one of its warehouse facilities in the first quarter of 2025, which resulted in a non-recurring lease exit cost. The facility had idle capacity, and the termination reduced the Company's ongoing fixed overhead expenses.
- Execution of cost control initiatives across multiple operating departments, targeting to lower recurring operating expenses.
- Commercial launch and promotion of new product lines, including anti-overflow toilets, shower systems, and custom kitchen cabinetry, which have begun generating increased revenue.
- Successful renewal of the Company's credit facility with East West Bank, extending the maturity and maintaining access to committed financing.

As a result of these actions, the Company expects to improve its liquidity and reduce its cost structure. The Company's management is of the opinion that it has sufficient funds to meet the Company's working capital requirements and debt obligations as they become due over the next twelve (12) months.

East West Bank Credit Facility

The Company's wholly-owned subsidiary, FGI Industries, has a line of credit agreement (the "Credit Agreement") with East West Bank, which is collateralized by all assets of FGI Industries and personally guaranteed by Liang Chou Chen, who holds approximately 49.91% of the voting control of Foremost. The current amount of maximum borrowings is \$18,000,000 and the Credit Agreement had an original maturity date of December 21, 2024. East West Bank has agreed to extend the maturity date on several occasions, most recently through April 3, 2026 while the parties discuss a renewal of the facility.

Pursuant to the Credit Agreement, FGI Industries is required to maintain (a) a debt coverage ratio (defined as earnings before interest, taxes, depreciation and amortization divided by current portion of long-term debt plus interest expense) of not less than 1.25 to 1, tested at the end of each fiscal quarter; (b) an effective tangible net worth (defined as total book net worth plus minority interest, less amounts due from officers, shareholders and affiliates, minus intangible assets and accumulated amortization, plus debt subordinated to East West Bank) of not less than \$10,000,000, tested at the end of each fiscal quarter, on a consolidated basis; and (c) a total debt to tangible net worth ratio (defined as total liabilities divided by tangible net worth, which is defined as total book net worth plus minority interest, less loans to officers, shareholders, and affiliates minus intangible assets and accumulated amortization) not to exceed 4.0 to 1, tested at the end of each fiscal quarter, on a consolidated basis. As of December 31, 2025, FGI Industries was not in compliance with certain financial covenants related to its debt coverage ratio. The Company has classified the outstanding balance of the loan as a current liability on the consolidated balance sheet as of December 31, 2025.

The loan bears interest at a rate equal to, at the Company's option, either (i) 0.25 percentage points less than the Prime Rate quoted by the Wall Street Journal or (ii) the SOFR Rate (as administered by CME Group Benchmark Administration Limited and displayed by Bloomberg LP) plus 2.20% per annum (in either case, subject to a minimum rate of 4.500% per annum). The interest rate as of December 31, 2025 and 2024 was 6.50% and 7.25%, respectively.

On March 27, 2026, FGI Industries renewed its credit facility with East West Bank, extending the maturity to April 17, 2027. The renewal includes a tiered interest-rate margin determined by the subsidiary's trailing-twelve-month EBITDA and updates to certain financial covenants, including revised EBITDA requirements and limitations on intercompany balances. Following the renewal, the Company is in compliance with the revised covenant requirements. See Note 16 to the consolidated financial statements.

Each sum of borrowings under the Credit Agreement is classified as a short-term loan. The outstanding balance of such loan was \$8.1 million and \$9.6 million as of December 31, 2025 and 2024, respectively.

RBC Bank Loan

FGI Canada Ltd. ("FGI Canada") has a line of credit agreement with Royal Bank of Canada ("RBC"), successor by amalgamation of HSBC Canada (the "Canadian Revolver"). The revolving line of credit with RBC allows for borrowing up to CAD7.5 million (USD5.5 million as of December 31, 2025). This is an assets-based line of credit, the borrowing limit is calculated based on certain percentage of accounts receivable and inventory balances. Pursuant to the Canadian Revolver, FGI Canada is required to maintain (a) a debt to tangible net worth ratio of no more than 3.00 to 1.00; and (b) a ratio of current assets to current liabilities of at least 1.25 to 1.00. The loan bears interest at a rate of Prime rate plus 0.50%. As of December 31, 2025, FGI Canada was not in compliance with certain covenants related to its debt to tangible net worth ratio. RBC agreed to waive its right to call the debt related to this noncompliance.

Borrowings under this line of credit amounted to \$1.7 million and \$2.6 million as of December 31, 2025 and 2024, respectively. The facility matures at the discretion of RBC upon 60 days' notice.

FGI Canada also has a revolving foreign exchange facility with RBC of up to a permitted maximum of USD3.0 million. The advances are available to purchase foreign exchange forward contracts from time to time up to six months, subject to an overall maximum aggregate USD Equivalent outstanding face value not exceeding USD3.0 million.

CTBC Credit Facility

On January 25, 2024, FGI International entered into an omnibus credit line (the "CTBC Credit Line") with CTBC Bank Co., Ltd. ("CTBC"). Under the CTBC Credit Line, FGI International may borrow, from time to time, up to \$2.5 million, with borrowings limited to 90% of FGI International's export "open account" trade receivables. The CTBC Credit Line will bear interest at a rate of "Base Rate", which is based on monthly or quarterly Taipei Interbank Offered in effect

from time to time, plus 120 base points and handling fees, unless otherwise agreed to by the parties. The CTBC Credit Line is unsecured and is fully guaranteed by the Company and partially guaranteed by Liang Chou Chen. Borrowings under this line of credit amounted to \$2.1 million and \$2.3 million as of December 31, 2025 and 2024, respectively.

Cash Flows

The following table summarizes the key components of our cash flows for the years ended December 31, 2025, and 2024.

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Net cash provided by (used in) operating activities	\$ 673,220	\$ (7,425,317)
Net cash used in investing activities	(1,015,847)	(2,875,816)
Net cash (used in) provided by financing activities	(2,633,539)	7,543,192
Effect of exchange rate fluctuation on cash	317,807	(461,140)
Net changes in cash	(2,658,359)	(3,219,081)
Cash, beginning of year	4,558,160	7,777,241
Cash, end of year	<u>\$ 1,899,801</u>	<u>\$ 4,558,160</u>

Operating Activities

Net cash provided by operating activities was approximately \$0.7 million for the year ended December 31, 2025, compared to net cash used in operating activities of \$7.4 million in the prior year. The improvement in operating cash flow in 2025 was primarily driven by effective management of working capital, including a significant reduction in accounts receivable and higher accounts payable balances, which more than offset the impact of a net loss for the year. Additionally, a decrease in prepayments and other current assets contributed positively to cash flow, reflecting tighter control over advance payments and operational outflows. These improvements were partially offset by increased payments of operating lease liabilities and continued investments in our business to support long-term growth. The shift from a significant cash outflow in 2024 to a modest inflow in 2025 demonstrates our ongoing efforts to enhance operational efficiency, optimize our working capital structure, and maintain financial flexibility in a dynamic market environment.

Investing Activities

Net cash used in investing activities was approximately \$1.0 million and \$2.9 million for the years ended December 31, 2025 and 2024, respectively, which was attributable to the purchases of property and equipment and intangible assets.

Financing Activities

Net cash used in financing activities was approximately \$2.6 million for the year ended December 31, 2025, compared to net cash provided by financing activities of \$7.5 million in the prior year. The cash outflow in 2025 primarily reflects net repayments on our revolving credit facilities as we focused on reducing outstanding debt and managing our capital structure in response to evolving business needs. In contrast, the prior year's positive cash flow from financing activities was largely attributable to increased borrowings to support working capital requirements and operational growth. The transition from net cash inflows in 2024 to net outflows in 2025 underscores our commitment to prudent financial management and maintaining a balanced approach to liquidity and leverage as we continue to execute our strategic objectives.

Commitments and Contingencies

Capital Expenditures

Our capital expenditures were incurred primarily in connection with the acquisition of property and equipment and intangible assets. Our capital expenditures amounted to approximately \$1.0 million and \$2.9 million for the years ended

December 31, 2025 and 2024, respectively. We do not expect to incur significant capital expenditures in the immediate future.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements including arrangements that would affect our liquidity, capital resources, market risk support and credit risk support or other benefits.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. While all estimates are subject to uncertainty, certain accounting estimates are considered critical because they are highly dependent on management's judgment, involve significant uncertainty, and could materially impact our financial condition or results of operations if actual results differ from those estimates. The following discussion addresses the critical accounting estimates that require our most difficult, subjective, or complex judgments.

Allowance for Credit Losses on Accounts Receivable

We maintain an allowance for expected credit losses on accounts receivable based on a combination of historical collection experience, the aging of receivables, current economic conditions, industry trends, and the financial condition of our customers. Management regularly reviews the adequacy of the allowance, considering both quantitative and qualitative factors. Changes in customer creditworthiness, macroeconomic conditions, or unexpected events could result in actual losses differing materially from our estimates. A significant increase in uncollectible accounts could adversely affect our results of operations.

Inventory Valuation and Obsolescence Reserves

Inventories are stated at the lower of cost or net realizable value. We record reserves for slow-moving, excess, or obsolete inventory based on historical experience, current inventory levels, forecasted demand, and market conditions. The estimation process requires significant judgment regarding future sales, product life cycles, and market trends. If actual demand or market conditions differ from our assumptions, additional write-downs or reversals may be required, which could materially impact our gross margin and operating results.

Valuation Allowance for Deferred Tax Assets

We recognize deferred tax assets for deductible temporary differences and net operating loss carryforwards to the extent that it is more likely than not that these assets will be realized. The assessment of recoverability involves evaluating both positive and negative evidence, including recent financial performance, cumulative losses, forecasts of future taxable income, and tax planning strategies. Given our recent history of net losses, we have recorded a valuation allowance against certain deferred tax assets. Changes in our assessment of future profitability or tax law could result in significant adjustments to the valuation allowance, impacting our effective tax rate and net income.

Share-Based Compensation

The fair value of share-based awards, including stock options and restricted stock units, is estimated using the Black-Scholes option pricing model or other appropriate valuation techniques. These models require management to make assumptions regarding expected volatility, risk-free interest rates, expected term, and forfeiture rates. Changes in these assumptions could materially affect the amount of share-based compensation expense recognized in our financial statements.

Revenue Recognition – Variable Consideration and Returns

We recognize revenue when control of goods transfers to customers, typically upon shipment or delivery. We estimate variable consideration, including customer incentives, rebates, and expected product returns, based on historical experience and current trends. These estimates require significant judgment and are updated as new information becomes available. Actual results may differ from our estimates, resulting in adjustments to revenue in future periods.

Non-GAAP Measures

In addition to the measures presented in our unaudited condensed 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 Income from Operations, Adjusted Operating Margins and Adjusted Net Income. These non-GAAP financial measures are not prepared in accordance with 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 IPO-related compensation (cash and share-based), legal fees and business expansion expenses. We define Adjusted Net Income as GAAP income before income taxes excluding the impact of certain non-recurring income and expenses, such as IPO-related compensation, legal fees and business expansion expenses, income taxes at historical average effective rate, as well as net income attributable to non-controlling shareholders. We define Adjusted Operating Margins as adjusted income from operations 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.

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

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Loss from operations	\$ (2,402,056)	\$ (2,099,591)
Adjustments:		
Non-recurring IPO-related share-based compensation	19,906	238,876
Business expansion expense	—	247,080
Adjusted Operating Loss	<u>\$ (2,382,150)</u>	<u>\$ (1,613,635)</u>
Revenue	\$ 130,528,652	\$ 131,818,073
Adjusted Operating Margins (%)	(1.8)	(1.2)

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Loss before income taxes	\$ (4,339,014)	\$ (2,282,098)
Adjustments:		
Non-recurring IPO-related share-based compensation	19,906	238,876
Business expansion expense	—	247,080
Adjusted loss before income taxes	(4,319,108)	(1,796,142)
Less: income taxes at 18% rate	(777,439)	(323,306)
Less: net loss attributable to non-controlling shareholders	(985,880)	(533,188)
Adjusted Net Loss	<u>\$ (2,555,789)</u>	<u>\$ (939,648)</u>

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined in Regulation S-K and are not required to provide the information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**FGI INDUSTRIES LTD.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
FGI Industries Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of FGI Industries Ltd. (the “Company”) as of December 31, 2025, the related consolidated statements of operations and comprehensive loss, changes in shareholders’ equity and cash flows for the year ended December 31, 2025, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We also have audited the adjustments to the 2024 consolidated financial statements to retrospectively apply the change in accounting for income taxes as a result of the adoption of Accounting Standards Update No. 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures, as described in Note 2 and 11, as well as the Reverse Share Split of the Company’s ordinary shares, as described in Note 9. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 consolidated financial statements of the Company other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 consolidated financial statements taken as a whole.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ CBIZ CPAs P.C.

CBIZ CPAs P.C.

We have served as the Company’s auditor since 2020 (such date takes into account the acquisition of certain assets of Marcum LLP by CBIZ CPAs P.C. effective November 1, 2024).

New York, NY
April 10, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
FGI Industries Ltd.

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments for the impact of the reverse stock split (the “Reverse Stock Split Adjustments”) as discussed in Note 9 and the adoption of ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”) as discussed in Note 2 and 11 to the consolidated financial statements, the accompanying consolidated balance sheet of FGI Industries Ltd. as of December 31, 2024, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”) (the 2024 financial statements before the effects of the Reverse Stock Split Adjustments and ASU 2023-09). In our opinion, based on our audit, the financial statements, before the effects of the Reverse Stock Split Adjustments and ASU 2023-09, present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the Reverse Stock Split Adjustments and the effect of the retrospective adoption of ASU 2023-09 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by CBIZ CPAs P.C.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor from 2020 to April 22, 2025.

Melville, NY
March 31, 2025

**FGI INDUSTRIES LTD.
CONSOLIDATED BALANCE SHEETS**

	As of December 31, 2025	As of December 31, 2024
	USD	USD
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,899,801	\$ 4,558,160
Accounts receivable, net of allowances of 1,210,930 and 1,193,748 as of December 31, 2025 and 2024, respectively	13,847,762	20,293,555
Inventories, net	15,292,742	13,957,867
Prepayments and other current assets	3,228,259	2,091,407
Prepayments and other receivables – related parties	17,274,859	11,996,973
Total current assets	<u>51,543,423</u>	<u>52,897,962</u>
PROPERTY AND EQUIPMENT, NET	<u>3,853,864</u>	<u>3,634,340</u>
OTHER ASSETS		
Intangible assets, net	1,733,616	1,849,951
Operating lease right-of-use assets, net	11,031,892	12,823,747
Deferred tax assets, net	211,581	2,665,585
Other noncurrent assets	1,163,205	1,589,830
Total other assets	<u>14,140,294</u>	<u>18,929,113</u>
Total assets	<u>\$ 69,537,581</u>	<u>\$ 75,461,415</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term loans	\$ 11,868,828	\$ 14,502,367
Accounts payable	24,687,900	19,349,529
Accounts payable – related parties	49,855	894,661
Income tax payable	—	23,189
Operating lease liabilities – current	1,700,936	1,867,956
Accrued expenses and other current liabilities	5,607,405	5,905,124
Total current liabilities	<u>43,914,924</u>	<u>42,542,826</u>
OTHER LIABILITIES		
Operating lease liabilities – noncurrent	<u>10,012,616</u>	<u>11,352,939</u>
Total liabilities	<u>53,927,540</u>	<u>53,895,765</u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preference Shares (\$0.0001 par value, 2,000,000 shares authorized, no shares issued and outstanding as of December 31, 2025 and 2024)	—	—

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Ordinary shares (\$0.0005 par value, 40,000,000 shares authorized, 1,920,140 and 1,912,783 shares issued and outstanding as of December 31, 2025 and 2024, respectively)

	960	956
Additional paid-in capital	21,612,226	21,279,047
(Accumulated deficit) retained earnings	(2,927,091)	3,212,435
Accumulated other comprehensive loss	(1,402,946)	(2,239,560)
FGI Industries Ltd. shareholders' equity	17,283,149	22,252,878
Non-controlling interests	(1,673,108)	(687,228)
Total shareholders' equity	15,610,041	21,565,650
Total liabilities and shareholders' equity	<u>\$ 69,537,581</u>	<u>\$ 75,461,415</u>

The accompanying notes are an integral part of these consolidated financial statements.

FGI INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Revenue	\$ 130,528,652	\$ 131,818,073
Cost of revenue	95,277,560	96,390,733
Gross profit	35,251,092	35,427,340
Operating expenses		
Selling and distribution	25,129,256	25,627,634
General and administrative	11,106,563	10,199,914
Research and development	1,417,329	1,699,383
Total operating expenses	37,653,148	37,526,931
Loss from operations	(2,402,056)	(2,099,591)
Other income (expenses)		
Interest income	5,142	9,792
Interest expense	(1,330,714)	(1,246,742)
Other (expenses) income, net	(611,386)	1,054,443
Total other (expenses) income, net	(1,936,958)	(182,507)
Loss before income taxes	(4,339,014)	(2,282,098)
Provision for (benefit of) income taxes		
Current	332,388	948,931
Deferred	2,454,004	(1,496,752)
Total provision for (benefit of) income taxes	2,786,392	(547,821)
Net loss	(7,125,406)	(1,734,277)
Less: net loss attributable to non-controlling shareholders	(985,880)	(533,188)
Net loss attributable to FGI Industries Ltd. shareholders	(6,139,526)	(1,201,089)
Other comprehensive income (loss)		
Foreign currency translation adjustment	836,614	(1,128,061)
Comprehensive loss	(6,288,792)	(2,862,338)
Less: comprehensive loss attributable to non-controlling shareholders	(985,880)	(533,188)
Comprehensive loss attributable to FGI Industries Ltd. shareholders	\$ (5,302,912)	\$ (2,329,150)
Weighted average number of ordinary shares		
Basic	1,918,061	1,913,033

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Diluted	1,918,061	1,913,033
Loss per share		
Basic	\$ (3.20)	\$ (0.63)
Diluted	\$ (3.20)	\$ (0.63)

The accompanying notes are an integral part of these consolidated financial statements.

FGI INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’
EQUITY

	Ordinary Shares		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Non- Controlling Interests	Total Shareholders' Equity
	Shares	Amount					
Balance at January 1, 2024	1,909,521	\$ 955	\$ 20,877,832	\$ 4,413,524	\$ (1,111,499)	\$ (154,040)	\$ 24,026,772
Share-based compensation	3,262	1	401,215	—	—	—	401,216
Net loss	—	—	—	(1,201,089)	—	(533,188)	(1,734,277)
Foreign currency translation adjustments	—	—	—	—	(1,128,061)	—	(1,128,061)
Balance at December 31, 2024	1,912,783	\$ 956	\$ 21,279,047	\$ 3,212,435	\$ (2,239,560)	\$ (687,228)	\$ 21,565,650
Share-based compensation	7,357	4	333,179	—	—	—	333,183
Net loss	—	—	—	(6,139,526)	—	(985,880)	(7,125,406)
Foreign currency translation adjustments	—	—	—	—	836,614	—	836,614
Balance at December 31, 2025	1,920,140	\$ 960	\$ 21,612,226	\$ (2,927,091)	\$ (1,402,946)	\$ (1,673,108)	\$ 15,610,041

The accompanying notes are an integral part of these consolidated financial statements.

FGI INDUSTRIES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2025	2024
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (7,125,406)	\$ (1,734,277)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	667,432	474,828
Amortization	2,238,730	2,701,615
Share-based compensation	333,183	401,216
Provision for credit losses	165,801	137,592
Provision for defective return	5,392	257,643
Foreign exchange transaction loss (gain)	563,740	(659,544)
Deferred income tax expense (benefit)	2,454,004	(1,496,752)
Changes in operating assets and liabilities		
Accounts receivable	6,274,600	(4,928,997)
Inventories	(1,334,875)	(4,034,016)
Prepayments and other current assets	(712,770)	1,284,680
Prepayments and other receivables – related parties	(5,277,886)	(3,960,942)
Other noncurrent assets	426,625	(344,697)
Income taxes	(447,271)	(165,930)
Accounts payable	5,338,371	4,824,922
Accounts payable – related parties	(844,806)	159,353
Operating lease liabilities	(1,753,925)	(2,207,636)
Accrued expenses and other current liabilities	(297,719)	1,865,625
Net cash provided by (used in) operating activities	<u>673,220</u>	<u>(7,425,317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(885,740)	(2,206,052)
Purchase of intangible assets	(130,107)	(669,764)
Net cash used in investing activities	<u>(1,015,847)</u>	<u>(2,875,816)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from credit facilities	60,348,042	74,136,436
Repayments of credit facilities	(62,981,581)	(66,593,244)
Net cash (used in) provided by financing activities	<u>(2,633,539)</u>	<u>7,543,192</u>
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH		
	317,807	(461,140)
NET CHANGES IN CASH	(2,658,359)	(3,219,081)
CASH, BEGINNING OF YEAR	<u>4,558,160</u>	<u>7,777,241</u>
CASH, END OF YEAR	<u>\$ 1,899,801</u>	<u>\$ 4,558,160</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for interest	\$ (1,336,413)	\$ (1,233,763)

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Cash paid during the period for income taxes	\$ (766,903)	\$ (1,112,640)
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Lease liability arising from obtaining a right-of-use asset	\$ (1,150,282)	\$ (158,082)
Derecognition of right-of-use asset and lease liability upon early termination	\$ (1,251,111)	\$ —
Acquisition of intangible asset partially through prior period advanced payment	\$ —	\$ (1,241,664)

The accompanying notes are an integral part of these consolidated financial statements.

**FGI INDUSTRIES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 — Nature of business and organization

FGI Industries Ltd. (“FGI” or the “Company”) is a holding company organized on May 26, 2021, under the laws of the Cayman Islands. The Company has no substantive operations other than holding all of the outstanding equity of its operating subsidiaries as described below. The Company is a supplier of global kitchen and bath products and currently focuses on the following categories: sanitaryware (primarily toilets, sinks, pedestals and toilet seats), bath furniture (vanities, mirrors and cabinets), shower systems, custom kitchen cabinetry and other accessory items. These products are sold primarily for repair and remodeling (“R&R”) activity and, to a lesser extent, new home or commercial construction. The Company sells its products through numerous partners, including mass retail centers, wholesale and commercial distributors, online retailers and independent dealers and distributors.

The accompanying consolidated financial statements reflect the activities of FGI and each of the following entities as described below:

Name	Background	Ownership
FGI Industries Inc. (“FGI Industries”, formerly named Foremost Groups, Inc.)	<ul style="list-style-type: none"> • A New Jersey corporation • Incorporated on January 5, 1988 • Sales and distribution in the United States 	100% owned by FGI
FGI Europe Investment Limited (“FGI Europe”)	<ul style="list-style-type: none"> • A British Virgin Islands holding company • Incorporated on January 1, 2007 	100% owned by FGI
FGI International, Limited (“FGI HK”)	<ul style="list-style-type: none"> • A Hong Kong company • Incorporated on June 2, 2021 • Sales, sourcing and product development 	100% owned by FGI
FGI Canada Ltd. (“FGI Canada”)	<ul style="list-style-type: none"> • A Canadian company • Incorporated on October 17, 1997 • Sales and distribution in Canada 	100% owned by FGI Industries Inc.
FGI Germany GmbH & Co. KG (“FGI Germany”)	<ul style="list-style-type: none"> • A German company • Incorporated on January 24, 2013 • Sales and distribution in Germany 	100% owned by FGI Europe Investment Limited
FGI China, Ltd. (“FGI China”)	<ul style="list-style-type: none"> • A PRC limited liability company • Incorporated on August 19, 2021 • Sourcing and product development 	100% owned by FGI International, Limited
FGI United Kingdom Ltd (“FGI UK”)	<ul style="list-style-type: none"> • An UK company • Incorporated on December 10, 2021 • Sales and distribution in UK 	100% owned by FGI Europe Investment Limited
FGI Australasia Pty Ltd (“FGI AU”)	<ul style="list-style-type: none"> • An Australian company • Incorporated on September 8, 2022 • Sales and distribution in Australia • Dissolved in 2025 	100% owned by FGI
Covered Bridge Cabinetry Manufacturing Co., Ltd (“CBM”)	<ul style="list-style-type: none"> • A Cambodian company • Incorporated on April 21, 2022 • Manufacturing in Cambodia 	100% owned by FGI
Isla Porter LLC (“Isla Porter”)	<ul style="list-style-type: none"> • A New Jersey company • Formed on June 2, 2023 • Sales and distribution in the United States 	60% owned by FGI Industries Inc.
FGI Industries India Private Limited (“FGI India”)	<ul style="list-style-type: none"> • An Indian company • Incorporated on June 11, 2024 • Sales and distribution in India 	100% owned by FGI

Note 2 — Summary of significant accounting policies

Liquidity

The Company's consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate in the normal course of business and will be able to realize its assets and discharge its liabilities as they become due. The Company has incurred net loss of \$7.1 million and \$1.7 million for the years ended December 31, 2025 and 2024, respectively. In addition, the Company had net cash provided by operating activities of \$0.7 million and net cash used in operating activities of \$7.4 million for the same respective periods. As of December 31, 2025, the Company had approximately \$1.9 million in cash and cash equivalents and had \$11.9 million outstanding under its credit facilities, which were used primarily for working capital purposes.

As discussed in Note 8, FGI Industries was not in compliance with certain financial covenants related to its debt coverage ratio as of December 31, 2025. Subsequent to year end, in March 2026, the Company amended and restated its Credit Agreement with East West Bank and is currently in compliance with all covenants. As of December 31, 2025, FGI Canada was not in compliance with certain covenants related to its debt to tangible net worth ratio. RBC agreed to waive its right to call the debt related to this noncompliance.

However, the Company has been facing and expects to continue to face adverse impacts from elevated tariff costs on imported goods. These increased costs have put pressure on gross margins and have contributed to the overall liquidity challenges.

In response to the conditions, the Company implemented a number of actions, including:

- Termination of the lease for one of its warehouse facilities in the first quarter of 2025, which resulted in a non-recurring lease exit cost. The facility had idle capacity, and the termination reduced the Company's ongoing fixed overhead expenses.
- Execution of cost control initiatives across multiple operating departments, targeting to lower recurring operating expenses.
- Commercial launch and promotion of new product lines, including anti-overflow toilets, shower systems, and custom kitchen cabinetry, which have begun generating increased revenue.
- Successful renewal of the Company's credit facility with East West Bank, extending the maturity and maintaining access to committed financing.

As a result of these actions, the Company expects to improve its liquidity and reduce its cost structure. The Company's management is of the opinion that it has sufficient funds to meet the Company's working capital requirements and debt obligations as they become due over the next twelve (12) months.

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commissions (the "SEC"), regarding financial reporting, and include all normal and recurring adjustments that management of the Company considers necessary for a fair presentation of its financial position and operation results.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

Subsidiaries are those entities which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at a meeting of directors.

Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods presented. Significant accounting estimates reflected in the Company's consolidated financial statements include the useful lives of property and equipment, allowance for credit losses, inventory reserve, accrued defective return, provision for contingent liabilities, revenue recognition, deferred taxes and uncertain tax position. Actual results could differ from these estimates.

Foreign currency translation and transaction

The functional currencies of the Company and its subsidiaries are the local currency of the country in which the subsidiaries operate, except for FGI International, which is incorporated in Hong Kong and adopted the United States Dollar ("U.S. Dollar" or "USD") as its functional currency. The reporting currency of the Company is the U.S. Dollar. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. The equity denominated in the functional currencies is translated at the historical rates of exchange at the time of capital contributions. The results of operations and the cash flows denominated in foreign currencies are translated at the average rates of exchange during the reporting period. Because cash flows are translated based on the average translation rates, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income included in the consolidated statements of changes in shareholders' equity. Transaction gains and losses arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency in the consolidated statements of operations and comprehensive loss.

For the purpose of presenting the financial statements of subsidiaries using the Renminbi ("RMB") as their functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 6.9835 and 7.3094 as of December 31, 2025 and 2024, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

For the purpose of presenting the financial statements of the subsidiary using the Canadian Dollar ("CAD") as its functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 1.3690 and 1.4384 as of December 31, 2025 and 2024, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

For the purpose of presenting the financial statements of the subsidiary using the Euro ("EUR") as its functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 0.8500 and 0.9600 as of December 31, 2025 and 2024, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

For the purpose of presenting the financial statements of the subsidiary using the Indian Rupee ("INR") as its functional currency, the Company's assets and liabilities are expressed in U.S. Dollars at the exchange rate on the balance sheet date, which was 89.8354 and 85.4912 as of December 31, 2025 and 2024, respectively; shareholders' equity accounts are translated at historical rates, and income and expense items are translated at the average exchange rate during the period.

Cash

Cash consists of cash on hand and demand deposits placed with banks or other financial institutions that have original maturities of three months or less. The Company did not have any cash equivalents as of December 31, 2025 or 2024.

Accounts receivable, net

Accounts receivables include trade accounts due from customers. In establishing the required allowance for expected credit losses, management considers historical collection experience, aging of the receivables, the economic environment, industry trend analysis, and the credit history and financial conditions of the customers. Management reviews its

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receivables on a regular basis to determine if the expected credit losses are adequate and adjusts the allowance when necessary. Delinquent account balances are written off against allowance for credit losses after management has determined that the likelihood of collection is not probable.

Inventories, net

Inventories are stated at the lower of cost and net realizable value. Cost consists of purchase price and related shipping and handling expenses, and is determined using the weighted average cost method, based on individual products. The methods of determining inventory costs are used consistently from year to year. The Company record reserves for slow-moving, excess, or obsolete inventory based on historical experience, current inventory levels, forecasted demand, and market conditions. Management reviews this provision quarterly to assess whether, based on economic conditions, it is adequate. Inventory, net consisted of finished goods as of December 31, 2025 and 2024.

Prepayments

Prepayments are cash deposited or advanced to suppliers for the purchase of goods or services that have not been received or provided. This amount is refundable and bears no interest. Prepayments and deposits are classified as either current or non-current based on the terms of the respective agreements. These advances are unsecured and are reviewed periodically to determine whether their carrying value has become impaired.

Property and equipment, net

Property and equipment are stated at cost net of accumulated depreciation and impairment. Depreciation is provided over the estimated useful lives of the assets using the straight-line method from the time the assets are placed in service. Upon retirement or disposal, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of operations and comprehensive income (loss). Maintenance and repair costs are charged against earnings as incurred. Estimated useful lives are as follows:

	<u>Useful Life</u>
Building	20 years
Leasehold Improvements	Lesser of lease term and expected useful life
Machinery and equipment	3 – 5 years
Furniture and fixtures	3 – 5 years
Vehicles	5 years
Molds	3 – 5 years

Intangible assets, net

The Company's intangible assets with definite useful lives primarily consist of software acquired for internal use. The Company amortizes its intangible assets with definite useful lives over their estimated useful lives and reviews these assets for impairment. The Company typically amortizes its intangible assets with definite useful lives on a straight-line basis over the estimated useful lives of three to ten years.

Impairment for long-lived assets

Long-lived assets, including property and equipment and intangible assets with definite useful lives, are reviewed for impairment whenever material events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset group may not be recoverable. The Company assesses the recoverability of an asset group based on the undiscounted future cash flows the asset group is expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset group plus net proceeds expected from disposition of the asset group, if any, are less than the carrying value of the asset group. If an impairment is identified, the Company would reduce the carrying amount of the asset group to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. As of December 31, 2025 and 2024, no impairment of long-lived assets was recognized.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets, net (“ROU assets”), operating lease liabilities — current and operating lease liabilities — noncurrent on the consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the duration of the lease term while lease liabilities represent the Company’s obligation to make lease payments in exchange for the right to use an underlying asset. ROU assets and lease liabilities are measured based on the present value of fixed lease payments over the lease term at the commencement date. The ROU asset also includes any lease payments made prior to the commencement date and initial direct costs incurred, and is reduced by any lease incentives received. The Company reviews its ROU assets as material events occur or circumstances change that would indicate the carrying amount of the ROU assets are not recoverable and exceed their fair values. If the carrying amount of an ROU asset is not recoverable from its undiscounted cash flows, then the Company would recognize an impairment loss for the difference between the carrying amount and the current fair value.

As most of the Company’s leases do not provide an implicit rate, the Company generally uses its incremental borrowing rate on the commencement date of the lease as the discount rate in determining the present value of future lease payments. The Company determines the incremental borrowing rate for each lease by using the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The Company’s lease terms may include options to extend or terminate the lease when there are relevant economic incentives present that make it reasonably certain that the Company will exercise that option. The Company accounts for any non-lease components separately from lease components.

Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Fair Value Measurement

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Company.

The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

Financial instruments included in current assets and current liabilities are reported in the consolidated balance sheets at face value or cost, which approximate fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rates of interest.

Reverse Share Split

On July 28, 2025, the Company filed an amendment (the “Amendment”) to the Company’s Amended and Restated Memorandum and Articles of Association with the Registrar of Companies in the Cayman Islands to effect a 1-for-5 reverse share split (the “Reverse Share Split”) of the Company’s ordinary shares, which was effected on July 31, 2025. Unless otherwise noted, the share and per share information in this Annual Report on Form 10-K have been adjusted to give effect to the Reverse Share Split.

Revenue recognition

The Company recognized revenue in accordance with Accounting Standards Codification (“ASC”) 606 – Revenue from Contracts with Customers. Revenue is recognized when control of the promised goods or performance obligations for services is transferred to the Company’s customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for the goods or services.

The Company generates revenue from sales of kitchen and bath products, and recognizes revenue as control of its products is transferred to its customers, which is generally at the time of shipment or upon delivery based on the contractual terms with the Company’s customers. The Company’s customers’ payment terms generally range from 15 to 60 days of fulfilling its performance obligations and recognizing revenue.

The Company provides customer programs and incentive offerings, including co-operative marketing arrangements and volume-based incentives. These customer programs and incentives are considered variable consideration. The Company includes in revenue variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the variable consideration is resolved. This determination is made based upon known customer program and incentive offerings at the time of sale, and expected sales volume forecasts as it relates to the Company’s volume- based incentives. This determination is updated on a monthly basis.

Certain product sales include a right of return. The Company estimates future product returns at the time of sale based on historical experience and records a corresponding reduction in accounts receivable.

The Company records receivables related to revenue when it has an unconditional right to invoice and receive payment.

The Company’s disaggregated revenue is summarized as follows:

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Revenue by product line		
Sanitaryware	\$ 80,331,947	\$ 81,109,955
Bath Furniture	14,204,305	14,739,205
Shower System	22,581,882	25,521,977
Others	13,410,518	10,446,936
Total	<u>\$ 130,528,652</u>	<u>\$ 131,818,073</u>

	Total Revenue		Total Assets	
	For the Year Ended December 31,		As of December 31,	
	2025	2024	2025	2024
	USD	USD	USD	USD
Revenue/ total assets by geographic location				
United States	\$ 80,692,411	\$ 82,378,167	\$ 46,087,727	\$ 47,935,433
Canada	33,349,087	35,151,631	12,686,259	15,027,362
Europe	14,210,646	13,301,990	2,393,191	1,625,994
Rest of World	2,276,508	986,285	8,370,404	10,872,626
Total	<u>\$ 130,528,652</u>	<u>\$ 131,818,073</u>	<u>\$ 69,537,581</u>	<u>\$ 75,461,415</u>

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred and are included in selling and distribution expenses on the accompanying statement of operations and comprehensive loss. For the years ended December 31, 2025 and 2024, shipping and handling expense was \$1,381,070 and \$1,261,294, respectively.

Share-based compensation

The Company accounts for share-based compensation in accordance with ASC 718, Compensation — Stock Compensation (“ASC 718”). In accordance with ASC 718, the Company determines whether an award should be classified and accounted for as a liability award or an equity award. All the Company’s share-based awards were classified as equity awards and are recognized in the consolidated financial statements based on their grant date fair values.

The Company has elected to recognize share-based compensation using the straight-line method for all share-based awards granted over the requisite service period, which is the vesting period. The Company accounts for forfeitures as they occur in accordance with ASC 718. The Company determines the fair value of the stock options granted to employees. The Black Scholes Model is applied in determining the estimated fair value of the options granted to employees and non-employees. The Company recognized share-based compensation of \$333,183 and \$401,216 for the years ended December 31, 2025 and 2024, respectively.

Income Taxes

Deferred taxes are recognized based on the future tax consequences of the differences between the carrying value of assets and liabilities and their respective tax bases. The future realization of deferred tax assets depends on the existence of sufficient taxable income in future periods. Possible sources of taxable income include taxable income in carryback periods, the future reversal of existing taxable temporary differences recorded as a deferred tax liability, tax-planning strategies that generate future income or gains in excess of anticipated losses in the carryforward period and projected future taxable income.

If, based upon all available evidence, both positive and negative, it is more likely than not (i.e., more than 50 percent likely) that such deferred tax assets will not be realized, a valuation allowance is recorded. Significant weight is given to positive and negative evidence that is objectively verifiable. A company’s three-year cumulative loss position is significant negative evidence in considering whether deferred tax assets are realizable, and the accounting guidance restricts the amount of reliance we can place on projected taxable income to support the recovery of the deferred tax assets.

The current accounting guidance allows the recognition of only those income tax positions that have a greater than 50 percent likelihood of being sustained upon examination by the taxing authorities. The Company believes that there is an increased potential for volatility in its effective tax rate because this threshold allows for changes in the income tax environment and, to a greater extent, the inherent complexities of income tax law in a substantial number of jurisdictions, which may affect the computation of its liability for uncertain tax positions.

The Company records interest and penalties on its uncertain tax positions in income tax expense.

As of December 31, 2025, the tax years ended December 31, 2022 through December 31, 2024 for FGI Industries remain open for statutory examination by tax authority.

The Company records the tax effects of Foreign Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI) related to our foreign operations as a component of income tax expense in the period in which the tax arises.

Non-controlling interests

The Company’s non-controlling interests represent the minority shareholders’ ownership interests related to the Company’s subsidiary, including 40% in Isla Porter LLC. The non-controlling interests are presented in the consolidated balance sheets, separate from equity attributable to the shareholders of the Company. Non-controlling interests in the results of operations of the Company are presented on the consolidated statements of operations and comprehensive loss as allocations of the net income or loss for the period between non-controlling shareholders and the shareholders of the Company.

Comprehensive income (loss)

Comprehensive income (loss) consists of two components: net income and other comprehensive income. Other comprehensive income (loss) refers to revenue, expenses, gains and losses that under U.S. GAAP are recorded as an element of equity but are excluded from net income. Other comprehensive income consists of a foreign currency translation adjustment resulting from the Company not using the U.S. Dollar as its functional currencies.

Earnings (loss) per share

The Company computes earnings (loss) per share (“EPS”) in accordance with ASC 260 – Earnings per Share (“ASC 260”). ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average ordinary shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of the potential ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

The following table sets forth the computation of basic and diluted earnings per share for the year ended December 31, 2025 and 2024:

	For the Year Ended December 31,	
	2025	2024
	USD	USD
<i>Numerator:</i>		
Net loss attributable to FGI Industries Ltd. shareholders	\$ (6,139,526)	\$ (1,201,089)
<i>Denominator:</i>		
Weighted-average number of ordinary shares outstanding — basic	1,918,061	1,913,033
Potentially dilutive shares from outstanding options/warrants	—	—
Weighted-average number of ordinary shares outstanding — diluted	1,918,061	1,913,033
Loss per share — basic	\$ (3.20)	\$ (0.63)
Loss per share — diluted	\$ (3.20)	\$ (0.63)

Segment reporting

ASC 280, “Segment Reporting”, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for detailing the Company’s business segments.

Recently adopted accounting standards

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires additional income tax disclosures, particularly regarding the effective tax rate reconciliation and income taxes paid. ASU 2023-09 is effective on a prospective or retrospective basis for annual period beginning after December 15, 2024, with early adoption permitted. The Company has adopted this guidance retrospectively as of January 1, 2024. The adoption of this guidance modified its disclosures, but did not have an impact on its financial position or results of operations.

Recently issued accounting standards

In November 2024, the FASB issued ASU 2024-03, “Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,” which requires additional disclosure of the nature of expenses included in the income statement. ASU 2024-03 is effective on a prospective or retrospective basis for annual periods beginning after December 15, 2026, and interim periods within those annual periods beginning after December 15, 2027. Early adoption is permitted. The Company plans to adopt this ASU for

its annual period beginning January 1, 2027 and will modify the Company's disclosures, but is not expected to have an impact on its financial position or results of operations.

In July 2025, the FASB released ASU 2025-05, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets." This update introduces a practical expedient permitting entities to assume that the economic conditions existing at the balance sheet date will remain unchanged throughout the remaining life of the asset when calculating expected credit losses for current accounts receivable and contract assets. The new guidance will be applied prospectively and becomes effective for interim and annual periods beginning on or after January 1, 2026. The implementation of ASU 2025-05 is not anticipated to have a significant effect on our financial position or operating results.

The Company considers the applicability and impact of all ASUs. ASUs not listed above were assessed and determined not to be applicable.

Note 3 — Accounts receivable, net

Accounts receivable, net consisted of the following:

	As of December 31, 2025	As of December 31, 2024
	USD	USD
Accounts receivable	\$ 15,058,692	\$ 21,487,303
Allowance for credit losses	(203,611)	(191,821)
Accrued defective return and discount	(1,007,319)	(1,001,927)
Accounts receivable, net	<u>\$ 13,847,762</u>	<u>\$ 20,293,555</u>

Movements of allowance for credit losses are as follows:

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
	USD	USD
Beginning balance	\$ 191,821	\$ 244,879
Provision	165,801	137,592
Write-off	(154,011)	(190,650)
Ending balance	<u>\$ 203,611</u>	<u>\$ 191,821</u>

Movements of accrued defective return and discount accounts are as follows:

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
	USD	USD
Beginning balance	\$ 1,001,927	\$ 744,284
Provision	5,392	257,643
Ending balance	<u>\$ 1,007,319</u>	<u>\$ 1,001,927</u>

Note 4 — Prepayments and other assets

Prepayments and other assets consisted of the following:

	As of December 31, 2025	As of December 31, 2024
	USD	USD
Prepayments	\$ 1,927,401	\$ 1,806,555
Others	1,300,858	284,852
Total prepayments and other assets	<u>\$ 3,228,259</u>	<u>\$ 2,091,407</u>

Note 5 — Property and equipment, net

Property and equipment, net consist of the following:

	As of December 31, 2025	As of December 31, 2024
	USD	USD
Building	\$ 946,066	\$ 946,066
Leasehold Improvements	2,387,353	1,919,687
Machinery and equipment	3,954,055	3,549,167
Furniture and fixtures	281,498	274,994
Vehicles	147,912	147,912
Molds	26,377	26,377
Subtotal	<u>7,743,261</u>	<u>6,864,203</u>
Less: accumulated depreciation	(3,889,397)	(3,311,647)
Prepayment for purchase of equipment and construction-in-progress	—	81,784
Total	<u>\$ 3,853,864</u>	<u>\$ 3,634,340</u>

Depreciation expenses for the years ended December 31, 2025 and 2024 amounted to \$667,432 and \$474,828, respectively, which were included in general and administrative expenses on the consolidated statements of operations and comprehensive loss.

Note 6 — Intangible assets, net

Intangible assets, net consist of the following:

	Weighted average amortization period (years)	As of December 31, 2025	As of December 31, 2024
		USD	USD
Software	9.7	\$ 2,089,909	\$ 1,981,250
Accumulated amortization		(356,293)	(131,299)
Intangible assets, net		<u>\$ 1,733,616</u>	<u>\$ 1,849,951</u>

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Amortization expenses for the years ended December 31, 2025 and 2024 amounted to \$246,442 and \$163,705, respectively, which were included in general and administrative expenses on the consolidated statements of operations and comprehensive loss.

As of December 31, 2025, future amortization was as follows:

For the 12 months ending December 31,	
2026	\$ 227,470
2027	227,470
2028	205,471
2029	201,071
2030	201,071
Thereafter	671,063
Total future amortization	<u>\$ 1,733,616</u>

Note 7 — Leases

The Company has operating leases primarily for corporate offices, warehouses and showrooms. For the years ended December 31, 2025, and 2024, the total lease expenses were \$2,577,192 and \$2,763,970 respectively.

The table below presents the operating lease related assets and liabilities recorded on the Company's consolidated balance sheets:

	As of December 31, 2025	As of December 31, 2024
	USD	USD
Operating lease right-of-use assets	<u>\$ 11,031,892</u>	<u>\$ 12,823,747</u>
Operating lease liabilities – current	\$ 1,700,936	\$ 1,867,956
Operating lease liabilities – noncurrent	10,012,616	11,352,939
Total operating lease liabilities	<u>\$ 11,713,552</u>	<u>\$ 13,220,895</u>

Information relating to the lease term and discount rate are as follows:

	As of December 31, 2025	As of December 31, 2024
Weighted-average remaining lease term		
Operating leases	8.5 years	8.7 years
Weighted-average discount rate		
Operating leases	5.9%	5.7%

As of December 31, 2025, the maturities of operating lease liabilities were as follows:

For the 12 months ending December 31,	
2026	\$ 2,344,918
2027	2,368,923
2028	2,439,489
2029	1,564,539
2030	1,187,866
Thereafter	<u>4,723,326</u>
Total lease payments	14,629,061
Less: imputed interest	<u>(2,915,509)</u>
Present value of lease liabilities	<u>\$ 11,713,552</u>

Note 8 — Short-term loans

East West Bank Loan

The Company's wholly-owned subsidiary, FGI Industries, has a line of credit agreement (the “Credit Agreement”) with East West Bank, which is collateralized by all assets of FGI Industries and personally guaranteed by Liang Chou Chen, who holds approximately 49.91% of the voting control of Foremost. The current amount of maximum borrowings is \$18,000,000 and the Credit Agreement had an original maturity date of December 21, 2024. East West Bank has agreed to extend the maturity date on several occasions, most recently through April 3, 2026, while the parties discuss a renewal of the facility. This is an assets-based line of credit, the borrowing limit is calculated based on certain percentage of accounts receivable and inventory balances.

Pursuant to the Credit Agreement, FGI Industries is required to maintain (a) a debt coverage ratio (defined as earnings before interest, taxes, depreciation and amortization divided by current portion of long-term debt plus interest expense) of not less than 1.25 to 1, tested at the end of each fiscal quarter; (b) an effective tangible net worth (defined as total book net worth plus minority interest, less amounts due from officers, shareholders and affiliates, minus intangible assets and accumulated amortization, plus debt subordinated to East West Bank) of not less than \$10,000,000, tested at the end of each fiscal quarter, on a consolidated basis; and (c) a total debt to tangible net worth ratio (defined as total liabilities divided by tangible net worth, which is defined as total book net worth plus minority interest, less loans to officers, shareholders, and affiliates minus intangible assets and accumulated amortization) not to exceed 4.0 to 1, tested at the end of each fiscal quarter, on a consolidated basis. As of December 31, 2025, FGI Industries was not in compliance with certain financial covenants related to its debt coverage ratio. The Company has classified the outstanding balance of the loan as a current liability on the consolidated balance sheet as of December 31, 2025.

The loan bears interest at rate equal to, at the Company’s option, either (i) 0.25 percentage points less than the Prime Rate quoted by the Wall Street Journal or (ii) the SOFR Rate (as administered by CME Group Benchmark Administration Limited and displayed by Bloomberg LP) plus 2.20% per annum (in either case, subject to a minimum rate of 4.500% per annum). The interest rate as of December 31, 2025 and 2024 was 6.50% and 7.25%, respectively.

On March 27, 2026, FGI Industries renewed its credit facility with East West Bank, extending the maturity to April 17, 2027. The renewal includes a tiered interest-rate margin determined by the subsidiary’s trailing-twelve-month EBITDA and updates to certain financial covenants, including revised EBITDA requirements and limitations on intercompany balances. Following the renewal, the Company is in compliance with the revised covenant requirements.

Each sum of borrowings under the Credit Agreement is classified as a short-term loan. The outstanding balance of such loan was \$8.1 million and \$9.6 million as of December 31, 2025 and 2024, respectively.

RBC Bank Loan / Foreign Exchange Facility

FGI Canada has a line of credit agreement with Royal Bank of Canada (“RBC”), successor by amalgamation of HSBC Canada (the “Canadian Revolver”). The revolving line of credit with RBC allows for borrowing up to CAD7.5 million (USD5.5 million as of December 31, 2025). This is an assets-based line of credit, the borrowing limit is calculated based

on certain percentage of accounts receivable and inventory balances. Pursuant to the Canadian Revolver, FGI Canada is required to maintain (a) a debt to tangible net worth ratio of no more than 3.00 to 1.00; and (b) a ratio of current assets to current liabilities of at least 1.25 to 1.00. The loan bears interest at a rate of Prime rate plus 0.50%. As of December 31, 2025, FGI Canada was not in compliance with certain covenants related to its debt to tangible net worth ratio. RBC agreed to waive its right to call the debt related to this noncompliance.

Borrowings under this line of credit amounted to \$1.7 million and \$2.6 million as of December 31, 2025 and 2024, respectively. The facility matures at the discretion of RBC upon 60 days' notice.

FGI Canada also has a revolving foreign exchange facility with RBC of up to a permitted maximum of USD3.0 million. The advances are available to purchase foreign exchange forward contracts from time to time up to six months, subject to an overall maximum aggregate USD Equivalent outstanding face value not exceeding USD3.0 million.

CTBC Credit Facility

On January 25, 2024, FGI International entered into an omnibus credit line (the "CTBC Credit Line") with CTBC Bank Co., Ltd. ("CTBC"). Under the CTBC Credit Line, FGI International may borrow, from time to time, up to \$2.5 million, with borrowings limited to 90% of FGI International's export "open account" trade receivables. The CTBC Credit Line will bear interest at a rate of "Base Rate", which is based on monthly or quarterly Taipei Interbank Offered Rate in effect from time to time, plus 120 base points and handling fees, unless otherwise agreed to by the parties. The CTBC Credit Line is unsecured and is fully guaranteed by the Company and partially guaranteed by Liang Chou Chen. Borrowings under this line of credit amounted to \$2.1 million and \$2.3 million as of December 31, 2025 and December 31, 2024, respectively.

Note 9 — Shareholders' Equity

FGI was incorporated in the Cayman Islands on May 26, 2021. The Company's authorized share capital was \$21,000 divided into (i) 200,000,000 Ordinary Shares of par value of \$0.0001 each, and (ii) 10,000,000 Preference Shares of par value of \$0.0001 each.

On July 28, 2025, the Company filed an amendment (the "Amendment") to the Company's Amended and Restated Memorandum and Articles of Association with the Registrar of Companies in the Cayman Islands to effect a 1-for-5 reverse share split (the "Reverse Share Split") of the Company's ordinary shares, par value \$0.0001 per share ("Ordinary Shares"). Pursuant to the Amendment, effective as of 12:01 a.m., Eastern Time, on July 31, 2025 (the "Effective Time"), every 5 Ordinary Shares issued and outstanding, including Ordinary Shares held by the Company as treasury shares, was automatically combined into one Ordinary Share. As a result of the Reverse Share Split, the number of authorized Ordinary Shares was decreased to 40 million and the par value of the Company's Ordinary Shares went from \$0.0001 per share to \$0.0005 per share. The Reverse Share Split affected all record holders of the Ordinary Shares uniformly and did not affect any record holder's percentage ownership interest in the Company, except for de minimis changes as a result of the elimination of fractional shares.

Proportional adjustments were made to the number of Ordinary Shares issuable upon the exercise, conversion or vesting of the Company's equity awards and warrants, as well as the applicable exercise price.

As of the date of this report, equity-classified warrants exercisable for 575,000 shares were issued and outstanding; and none of the warrants have been exercised.

Note 10 — Share-based compensation

2021 Equity Plan and Employee Stock Purchase Plan

On October 7, 2021, the board of directors adopted the 2021 Equity Incentive Plan (the "2021 Equity Plan"). The 2021 Equity Plan permits the grant of equity and equity-based incentive awards, including non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock awards, stock unit awards and other stock-based awards. The purpose of the 2021 Equity Plan is to attract and retain the best available personnel for positions of responsibility within the Company, to provide additional incentives to them to align their interests with those of the Company's shareholders and to thereby promote the Company's long-term business success.

On October 7, 2021, the board approved the adoption of the FGI Industries Ltd. Employee Stock Purchase Plan (the “ESPP”). The ESPP was approved by the Company’s shareholders on October 7, 2021, and became effective on the effective date of the Company’s consummation of the IPO of its ordinary shares. The ESPP offers eligible employees the opportunity to acquire a stock ownership interest in the Company through periodic payroll deductions that will be applied towards the purchase of ordinary shares at a discount from the then-current market price.

The board set the maximum aggregate number of ordinary shares reserved and available pursuant to the 2021 Equity Plan at 300,000 shares (giving effect to the Reverse Share Split that became effective July 31, 2025). The number of ordinary shares reserved for issuance under our 2021 Equity Plan will automatically increase on the first day of each year, commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to the lesser of (a) 4.5% of the total number of ordinary shares outstanding on December 31 of the immediately preceding calendar year, (b) 120,000 ordinary shares, or (c) such lesser number of shares as determined by the Board. The Equity Plan became effective on September 28, 2021.

The Company believes the options or awards granted contain an explicit service condition and/or performance condition. Under ASC 718-10-55-76, if the vesting (or exercisability) of an award is based on the satisfaction of both a service and performance condition, the entity must initially determine which outcomes are probable and recognize the compensation cost over the longer of the explicit or implicit service period.

The following table summarizes the Company's share option and RSU activity for the twelve months ended December 31, 2025:

	Share Options				RSUs		
	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Average Intrinsic Value	Number of RSUs	Weighted Average Grant Date Fair Value
		USD	USD	Years		USD	USD
Beginning of period	234,283	\$ 9.10	\$ 4.81			117,912	\$ 13.53
Granted	208,640	\$ 3.79	\$ 2.75			166,766	\$ 4.05
Canceled	(105,927)	\$ 7.50	\$ 4.22			—	
Exercised or released	—					(12,444)	\$ 19.40
End of period	<u>336,996</u>	\$ 6.32	\$ 3.72	8.39	\$ 397,909	<u>272,234</u>	\$ 8.34
Vested and exercisable	109,979	\$ 10.99	\$ 5.50	6.82	\$ —		

For the twelve months ended December 31, 2025 and 2024, the total fair value of options awarded was \$572,745 and \$573,163, respectively.

The aggregate intrinsic value in the table above represents the difference between the exercise price of the awards and the fair value of the underlying Ordinary Shares at each reporting date, for those awards that had exercise price below the estimated fair value of the relevant Ordinary Shares.

Fair value of options

The Company used the Black-Scholes simplified method for the twelve months ended December 31, 2025 and 2024. The assumptions used to value the options granted to employees were as follows:

	April 2025	March 2025	April 2024	March 2024
Risk-free interest rate (%)	4.24	4.05	4.54	4.21
Expected volatility range (%)	83.92	82.15	55.32	55.11
Fair market value per ordinary share as at grant dates	\$ 2.45	\$ 4.05	\$ 6.60	\$ 7.50

The table above gives retroactive effect to the Reverse Share Split of the Preference Shares and Ordinary Shares at a ratio of 1-for-5 that became effective July 31, 2025. See Note 9 “Shareholders’ Equity” for details.

The risk-free interest rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of grant for a term consistent with the contractual term of the awards. Expected volatility is estimated based on the volatility of ordinary shares of the Company. The expected exercise multiple is based on management's estimation, which the Company believes is representative of the future.

The Company has elected to recognize share-based compensation expense using a straight-line method for all the employee equity awards granted with graded vesting based on service conditions, provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant date fair value of the equity awards that are vested at that date.

The following table sets forth the amount of share-based compensation expense included in each of the relevant financial statement line items:

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Selling and distribution expenses	\$ 88,590	\$ 190,864
General and administrative expenses	244,593	210,352
Total share-based compensation expenses	<u>\$ 333,183</u>	<u>\$ 401,216</u>

As of December 31, 2025, there was \$618,979 in total unrecognized employee share-based compensation expense related to unvested options and RSUs, which may be adjusted for actual forfeitures occurring in the future. Total unrecognized compensation cost may be recognized over a weighted-average period of 2.13 years.

Note 11 — Income taxes

The source of pre-tax income and the components of income tax expense are as follows:

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Income components		
United States	\$ (5,378,499)	\$ (5,300,760)
Outside United States	1,039,485	3,018,662
Total pre-tax loss	<u>\$ (4,339,014)</u>	<u>\$ (2,282,098)</u>
Provision for (benefit of) income taxes		
Current		
Federal	\$ (944)	\$ 2,809
State	4,549	46,915
Foreign	328,783	899,207
	<u>332,388</u>	<u>948,931</u>
Deferred		
Federal	1,892,588	(941,331)
State	586,651	(435,241)
Foreign	(25,235)	(120,180)
	<u>2,454,004</u>	<u>(1,496,752)</u>
Total provision for (benefit of) income taxes	<u>\$ 2,786,392</u>	<u>\$ (547,821)</u>

Reconciliations between taxes at the U.S. federal income tax rate and taxes at the Company's effective income tax rate on earnings before income taxes are as follows:

	For the Year Ended December 31,			
	2025		2024	
	USD	%	USD	%
Income tax expense at Federal statutory tax rate	\$ (911,194)	21.0	\$ (479,240)	21.0
Increase (decrease) in tax rate resulting from:				
State and local income taxes, net of federal benefit ⁽¹⁾	311,429	(7.2)	(306,778)	13.4
Foreign tax effects (statutory rate differential)				
Hong Kong	(54,845)	1.3	(165,121)	7.3
Canada	158,369	(3.7)	150,688	(6.6)
Cayman Islands	184,621	(4.3)	134,299	(5.9)
Cambodia	(123,932)	2.9	(8,626)	0.4
Other	(87,185)	2.0	34,313	(1.6)
Nontaxable or nondeductible items	25,721	(0.6)	185,639	(8.1)
Valuation allowance	3,419,636	(78.8)	—	—
Other adjustments	(136,228)	3.2	(92,995)	4.1
Income tax expense	<u>\$ 2,786,392</u>	<u>(64.2)</u>	<u>\$ (547,821)</u>	<u>24.0</u>

(1) The states that contribute to the majority (greater than 50%) of the tax effect in this category include California and New Jersey for 2025 and 2024.

Income taxes paid by jurisdiction were as follows:

	For the Year Ended December 31,	
	2025	2024
	USD	USD
Federal	\$ —	\$ —
State	8,729	10,144
Foreign		
Canada	677,614	651,750
Germany	42,607	28,129
Hong Kong	30,644	418,026
Other	7,309	4,591
Total cash paid for income taxes, net of refunds received	<u>\$ 766,903</u>	<u>\$ 1,112,640</u>

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The following is a summary of the components of the net deferred tax assets and liabilities recognized in the consolidated balance sheets:

	As of December 31, 2025	As of December 31, 2024
	USD	USD
Deferred tax assets		
Allowance for credit losses	\$ 46,824	\$ 45,859
Other reserve	157,620	127,515
Accrued expenses	149,705	152,600
Lease liability	1,131,158	1,464,256
Charitable contributions	923	331
Business interest limitation	927,728	634,794
Net operating loss – federal	2,257,513	976,500
Net operating loss – state	573,279	328,861
Other	211,125	186,554
Total deferred tax assets	5,455,875	3,917,270
Less: valuation allowance	(4,013,288)	—
Net deferred tax assets	1,442,587	3,917,270
Deferred tax liabilities		
Fixed assets	1,140,919	1,416,178
Intangibles	90,087	(164,493)
Total deferred tax liabilities	1,231,006	1,251,685
Deferred tax assets, net of deferred tax liabilities	\$ 211,581	\$ 2,665,585

The deferred tax assets related to the Company’s net operating losses of \$21,770,284 (federal \$12,171,811 and states \$9,598,473) and \$10,056,026 (federal \$4,649,994 and states \$5,406,032) as of December 31, 2025 and December 31, 2024, respectively. The federal net operating losses have no expiration date. The states net operating losses have either 20 years or no expiration date. The Company had no material unrecognized tax benefits at December 31, 2025 or December 31, 2024. The Company has not taken any tax positions for which it is reasonably possible that unrecognized tax benefits will significantly increase within the next 12 months.

On July 4, 2025, President Trump signed into law the legislation commonly referred to as the One Big Beautiful Bill Act (“OBBBA”). The OBBBA includes various provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The OBBBA legislation did not have a material impact on our effective tax rate, deferred tax position, or results of operations in 2025.

Note 12 — Related party transactions and balances

Sales to a related party

Name of Related Party	Relationship	Nature of Transactions	For the Year Ended December 31,	
			2025	2024
			USD	USD
Foremost Worldwide Co., Ltd.	An entity under common control	Sales	\$ 2,258,887	\$ 799,967
			<u>\$ 2,258,887</u>	<u>\$ 799,967</u>

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Purchases from related parties

Name of Related Party	Relationship	Nature of Transactions	For the Year Ended December 31,	
			2025	2024
			USD	USD
Focal Capital Holding Limited	An entity under common control	Purchases	\$ 5,861,323	\$ 6,157,455
Foremost Worldwide Co., Ltd.	An entity under common control	Purchases	5,995,537	8,385,673
Rizhao Foremost Woodwork Manufacturing Co., Ltd.	An entity under common control	Purchases	364,719	330,722
F.P.Z. Furniture (Cambodia) Co., Ltd.	An entity under common control	Purchases	15,376	125,208
			<u>\$ 12,236,955</u>	<u>\$ 14,999,058</u>

The ending balances of such transactions as of December 31, 2025 and 2024 are listed of the following:

Prepayments — related parties

Name of Related Party	As of December 31, 2025	As of December 31, 2024
	USD	USD
Focal Capital Holding Limited	\$ 4,118,054	\$ 9,975,298
Foremost Worldwide Co., Ltd.	9,978,936	—
		<u>\$ 14,096,990</u>
		<u>\$ 9,975,298</u>

Accounts Payables — related parties

Name of Related Party	As of December 31, 2025	As of December 31, 2024
	USD	USD
Foremost Worldwide Co., Ltd.	\$ —	\$ 718,605
Rizhao Foremost Woodwork Manufacturing Co., Ltd.	\$ 49,855	\$ 56,389
F.P.Z. Furniture (Cambodia) Co., Ltd.	\$ —	\$ 119,667
		<u>\$ 49,855</u>
		<u>\$ 894,661</u>

Shared Service and Miscellaneous expenses – related party

FGI Industries is party to the FHI Shared Services Agreement with Foremost Home Inc. ("FHI"). Total amounts provided to FHI under the FHI Share Services Agreement for the years ended December 31, 2025 and 2024 were \$615,929 and \$761,672, respectively, which were booked under selling and distribution expenses and administration expenses.

FGI is party to the Worldwide Shared Services Agreement with Foremost Worldwide. Total amounts provided from Foremost Worldwide under the Worldwide Shared Services Agreement for the years ended December 31, 2025 and 2024 were \$279,577 and \$287,993, respectively.

Other Receivables (Payables) — related parties

Name of Related Party	Relationship	Nature of Transactions	As of	As of
			December 31, 2025	December 31, 2024
			USD	USD
Foremost Home Inc. (“FHI”)	An entity under common control	Shared services and Miscellaneous expenses	3,621,746	2,654,286
Foremost Worldwide Co., Ltd.	An entity under common control	Shared services and Miscellaneous expenses	(370,368)	(340,901)
F.P.Z. Furniture (Cambodia) Co., Ltd.	An entity under common control	Miscellaneous expenses	(73,509)	(291,710)
			<u>\$ 3,177,869</u>	<u>\$ 2,021,675</u>

Loan guarantee by a related party

Liang Chou Chen holds approximately 49.91% of the voting control of Foremost, the Company’s majority shareholder and is a guarantor of the loans under the Credit Agreement and under the CTBC Credit Line. See Note 8 for details.

Note 13 — Concentrations of risks

Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. The Federal Deposit Insurance Corporation pays compensation up to a limit of USD250,000 if the bank with which a depositor holds its eligible deposit fails. As of December 31, 2025, a cash balance of USD276,577 was maintained at financial institutions in the United States, of which USD16,944 was subject to credit risk. The Taiwan Central Deposit Insurance Corporation pays compensation up to a limit of New Taiwan Dollar 3,000,000 (approximately USD95,450) if the bank with which an individual or a company holds its eligible deposit fails. As of December 31, 2025, an aggregated cash balance of USD788,834 was maintained at financial institutions in Taiwan, of which USD498,062 was subject to credit risk. The European Banking Authority pays compensation up to a limit of EUR100,000 (approximately USD117,647) if the bank with which an individual or a company holds its eligible deposit fails. As of December 31, 2025, cash balance of EUR248,403 (USD292,238) was maintained at financial institutions in Europe, of which EUR148,403 (USD174,591) was subject to credit risk. As of December 31, 2025, cash balance of USD270,493 was maintained at financial institutions in Kingdom of Cambodia, all of which was subject to credit risk. The Reserve Bank of India pays compensation up to a limit of INR500,000 (approximately USD5,566) if the bank with which an individual/a company holds its eligible deposit fails. As of December 31, 2025, cash balance of INR2,719,338 (USD30,270) was maintained at financial institutions in India, of which INR2,219,338 (USD24,705) was subject to credit risk. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

The Company is also exposed to risk from its accounts receivable and other receivables. These assets are subjected to credit evaluations. An allowance has been made for estimated unrecoverable amounts which have been determined by reference to past default experience and the current economic environment.

Customer concentration risk

For the year ended December 31, 2025, three customers accounted for 15.5%, 13.6% and 10.4% of the Company’s total revenue, respectively. For the year ended December 31, 2024, two customers accounted for 17.9% and 16.8% of the Company’s total revenue, respectively. No other customer accounted for more than 10% of the Company’s revenue for the years ended December 31, 2025 and 2024.

As of December 31, 2025, four customers accounted for 21.1%, 15.3%, 13.8% and 11.8% of the total balance of accounts receivable, respectively. As of December 31, 2024, two customers accounted for 29.4% and 11.4% of the total balance of accounts receivable, respectively. No other customer accounted for more than 10% of the Company’s accounts receivable as of December 31, 2025 and 2024.

Vendor concentration risk

For the year ended December 31, 2025, Tangshan Huida Ceramic Group Co., Ltd (“Huida”) accounted for 58.1% of the Company’s total purchases. For the year ended December 31, 2024, Huida accounted for 55.5% of the Company’s total purchases, respectively. No other supplier accounted for more than 10% of the Company’s total purchases for the years ended December 31, 2025 and 2024.

As of December 31, 2025, Huida accounted for 83.3% of the total balance of accounts payable. As of December 31, 2024, Huida accounted for 69.6% of the total balance of accounts payable. No other supplier accounted for more than 10% of the Company’s accounts payable as of December 31, 2025 and 2024.

Note 14 — Commitments and contingencies

Litigation

From time to time, the Company is involved in legal and regulatory proceedings that are incidental to the operation of its businesses. These proceedings may seek remedies relating to matters including environmental, tax, intellectual property, acquisitions or divestitures, product liability, property damage, personal injury, privacy, employment, labor and pension, government contract issues and commercial or contractual disputes. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management’s assessment of the merits of the particular claims, the Company does not believe it is reasonably possible that any asserted or unasserted legal claims or proceedings, individually or in aggregate, will have a material adverse effect on its results of operations or financial condition.

Note 15 — Segment information

The Company follows ASC 280, “Segment Reporting” and adopted ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”. The Company has one reporting segment. The Company’s chief operating decision maker has been identified as the chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Company, and hence the Company has only one reportable segment which derives its revenue from the supply of bath and kitchen products.

The accounting policies of the kitchen and bath segment are the same as those described in the summary of significant accounting policies. The measure of segment net income (loss) is reported on the consolidated statements of operations and comprehensive (loss) income as net income (loss). The measure of segment total assets is reported on the consolidated balance sheets as total assets.

The Company's segment revenue, segment expenses, segment net income (loss), and a reconciliation of the total reportable segment's net income (loss) to the consolidated net income (loss) are as follows:

	Kitchen and Bath Segment	
	For the Year Ended December 31,	
	2025	2024
	USD	USD
Revenue	\$ 130,528,652	\$ 131,818,073
Less:		
Cost of revenue	95,277,560	96,390,733
Selling and distribution expenses	25,129,256	25,627,634
General and administrative expenses	11,106,563	10,199,914
Research and development expenses	1,417,329	1,699,383
Other segment items ⁽¹⁾	1,936,958	182,507
Provision for (benefit of) income taxes	2,786,392	(547,821)
Segment net loss	<u>(7,125,406)</u>	<u>(1,734,277)</u>
Reconciliation of profit or loss		
Adjustments and reconciling items	—	—
Consolidated net loss	<u>\$ (7,125,406)</u>	<u>\$ (1,734,277)</u>

(1) Other segment items included interest income, interest expense and non-recurring other income and expenses.

Note 16 — Subsequent events

On March 27, 2026, FGI Industries renewed its credit facility with East West Bank, extending the maturity to April 17, 2027. The renewal extends the maturity date of the facility through April 17, 2027 and maintains a maximum borrowing amount of \$18,000,000, subject to borrowing base limitations. The credit facility is collateralized by all assets of FGI Industries and guaranteed by the Company, certain other subsidiaries, and by Liang Chou Chen, who holds approximately 49.91% of the voting control of Foremost Groups Ltd. The renewal includes a tiered interest-rate margin determined by the subsidiary's trailing-twelve-month EBITDA and updates to certain financial covenants, including revised EBITDA requirements and limitations on intercompany balances.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no disagreements with CBIZ CPAs P.C.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2025, our disclosure controls and procedures were not effective.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) under the Exchange Act.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the board of directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because of declines in the degree of compliance with policies or procedures.

As of December 31, 2025, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in 2013 and SEC guidance on conducting such assessments. Based on such evaluation, the Company’s management concluded that, during the period covered by this Report, internal controls and procedures over financial reporting were not effective.

Material Weakness in Internal Control Over Financial Reporting

Management identified a material weakness in internal control over financial reporting related to the precision of journal entry and account reconciliation review controls at a recently in-scope foreign subsidiary. Although general ledger, reconciliation, and analytical review procedures were performed, these controls were not designed or operating at a level of precision sufficient to evidence the timely detection of potentially material journal entry errors. This material weakness did not result in any identified misstatements of the Company’s consolidated financial statements.

Remediation Efforts

Management completed the remediation of the material weaknesses identified during the year ended December 31, 2024. Specifically, the Company segregated responsibilities for journal entry processing, implemented system-supported detection and approval controls to enhance oversight, standardized the account reconciliation process with documented management review, and introduced a secondary review over loan covenant calculations. These controls have been implemented, tested, and are operating effectively, and management has concluded that the previously identified material weaknesses have been remediated.

Following the identification of a material weakness in a recently scoped subsidiary during the year ended December 31, 2025, management has initiated remediation actions to address this deficiency. These actions include the addition of dedicated in-house accounting resources to oversee the financial close process, the implementation of enhanced journal entry and account reconciliation review procedures with defined documentation and approval requirements, and

strengthened evidence-retention practices. Management believes these actions, once fully implemented and operating for a sufficient period, will remediate the material weakness. Management will continue to monitor and test the operating effectiveness of the related controls.

Changes in Internal Control Over Financial Reporting

Other than as described above, there have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2025, no director or executive officer adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement", as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

We have adopted an insider trading policy governing the purchase, sale, and other disposition of our securities by our directors, officers, and employees. We believe this policy is reasonably designed to promote compliance with insider trading laws, rules, and regulations and listing standards applicable to the Company. A copy of our insider trading policy is filed as Exhibit 19 to this Form 10-K.

The other information required by this item is incorporated by reference to the 2025 Proxy Statement, which will be filed no later than 120 days after December 31, 2025.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the 2025 Proxy Statement, which will be filed no later than 120 days after December 31, 2025.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this item is incorporated by reference to the 2025 Proxy Statement, which will be filed no later than 120 days after December 31, 2025.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the 2025 Proxy Statement, which will be filed no later than 120 days after December 31, 2025.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the 2025 Proxy Statement, which will be filed no later than 120 days after December 31, 2025.

PART IV**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****(a) DOCUMENTS FILED AS PART OF THIS REPORT**

The following is a list of our financial statements filed in this Annual Report on Form 10-K under Item 8 of Part II hereof:

1. All financial statements. See Index to Consolidated Financial Statements.
2. Financial Schedules.

Schedules are omitted because the required information is included in the footnotes, immaterial or not applicable.

3. Exhibits. See Index to Exhibits below.

(b) EXHIBITS

Exhibit Number	Description
3.1	<u>Second Amended and Restated Memorandum and Articles of Association of FGI Industries Ltd., effective January 27, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 27, 2022).</u>
4.1	<u>Specimen of Ordinary Share Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 to Registration Statement on Form S-1, filed on October 4, 2021).</u>
4.2	<u>Form of Representative's Warrant, between FGI Industries Ltd. and the purchaser parties thereto (incorporated by reference to Exhibit 4.2 to the Company's Amendment No. 1 to Registration Statement on Form S-1, filed on October 4, 2021).</u>
4.3	<u>Registration Rights Agreement, dated as of January 27, 2022, between FGI Industries Ltd. and Foremost Groups Ltd. (incorporated by reference from Exhibit 4.3 to the Company's Annual Report on Form 10-K filed on April 17, 2023).</u>
4.4	<u>Warrant Agent Agreement, dated as of January 27, 2022, between FGI Industries Ltd. and Continental Stock Trading and Trust Company. (incorporated by reference from Exhibit 4.4 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</u>
4.5	<u>Form of Warrant (included in Exhibit 4.4, as Exhibit A to the Warrant Agent Agreement).</u>
4.6	<u>Description of Company Securities (incorporated by reference from Exhibit 4.6 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</u>
10.2	<u>Shared Services Agreement, dated January 14, 2022, by and between FGI Industries Inc. and Foremost Home Inc. (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</u>
10.3	<u>Amended and Restated Shared Services Agreement, dated January 1, 2023, by and between FGI Industries Ltd. and Foremost Worldwide Co., Ltd. (incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K filed on April 17, 2023).</u>
10.4	<u>Amended and Restated Global Sourcing and Purchase Agreement, dated January 1, 2023, by and between FGI Industries Ltd. and Foremost Worldwide Co., Ltd. (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on April 17, 2023).</u>
10.5	<u>Sales and Purchase Agreement, dated January 14, 2022, by and between FGI International, Ltd. and FGI Industries, Inc. (incorporated by reference from Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</u>
10.6	<u>Sales and Purchase Agreement, dated January 28, 2022, by and between FGI Industries Ltd. and Foremost Worldwide Co., Ltd. (incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on March 31, 2022).</u>

Exhibit Number	Description
10.7†	FGI Industries Ltd. Annual Management Incentive Plan (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q filed on May 13, 2022).
10.8†	FGI Industries Ltd. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.6 to the Company's Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).
10.9†	FGI Industries Ltd. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).
10.10†	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.8 to the Company's Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).
10.11†	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.9 to the Company's Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).
10.12†	Form of Performance Based Stock Unit Award (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 15, 2022).
10.13†	Form of Performance Based Stock Option Award (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2022).
10.14†	Form of Director Retainer Agreement (incorporated by reference to Exhibit 10.10 to the Company's Amendment No. 1 to Registration Statement on Form S-1 filed on October 4, 2021).
10.15†	Employment Agreement, dated January 24, 2022, by and between FGI Industries Ltd. and David Bruce. (incorporated by reference from Exhibit 10.12 to the Company's Annual Report on Form 10-K filed on March 31, 2022).
10.16†	Form of Indemnification Agreement by and between FGI Industries Ltd. and its individual directors (incorporated by reference to Exhibit 10.13 to the Company's Amendment No. 1 to Registration Statement on Form S-1 filed October 4, 2021).
10.17#	Amended and Restated Business Loan Agreement (Asset Based), dated as of March 27, 2026, by and between FGI Industries Inc. and East West Bank (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 2, 2026)
10.18	Facility Letter by and between HSBC Bank Canada and FGI Canada Ltd., dated December 2, 2021 (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K filed April 17, 2023).
10.19	Letter Amendment by and between Royal Bank of Canada and FGI Canada Ltd., dated January 30, 2025.
10.20	General Agreement for Omnibus Credit Lines, by and between CTBC Bank Co., Ltd. and FGI International, Limited.
10.21*	Credit Line Approval Notice.
10.22*	First Amendment to Shared Service Agreement, dated March 26, 2026, by and between FGI Industries Inc. and Foremost Home Inc.
19.1	Insider Trading Policy.
21.1*	Subsidiaries of Registrant.
23.1*	Consent of CBIZ CPAs P.C., Independent Registered Public Accounting Firm.
23.2*	Consent of Marcum LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (Included in Signature Page of Form 10-K).
31.1*	Rule 13(a)-14(a)/15(d)-14(a) Certification of Principal Executive Officer.
31.2*	Rule 13(a)-14(a)/15(d)-14(a) Certifications of Principal Financial Officer.
32.1*	Rule 1350 Certifications.
97	FGI Industries Compensation Recovery Policy, effective November 30, 2023 (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K filed on March 26, 2024).
101.INS	XBRL Instance – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Labels Linkbase Document

Exhibit Number	Description
101.PRE	XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

† Indicates management contract or compensatory plan or arrangement.

Portions of this exhibit (indicated by asterisks) have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).

* Filed herewith.

ITEM 16. FORM 10-K SUMMARY

Omitted at the Company's option.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: April 10, 2026

FGI Industries Ltd.

By: /s/ David Bruce

David Bruce

Chief Executive Officer

(Principal Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Bruce and John Chen, and each of them severally, acting alone and without the other, as his true and lawful attorney-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K and to file same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

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Signature	Title	Date
<hr/> <i>/s/ David Bruce</i> David Bruce	Chief Executive Officer and Director (Principal Executive Officer)	April 10, 2026
<hr/> <i>/s/ Jae Chung</i> Jae Chung	Chief Financial Officer (Principal Financial and Accounting Officer)	April 10, 2026
<hr/> <i>/s/ John Chen</i> John Chen	Executive Chairman and Director	April 10, 2026
<hr/> <i>/s/ Todd Heysse</i> Todd Heysse	Director	April 10, 2026
<hr/> <i>/s/ Kellie Zesch Weir</i> Kellie Zesch Weir	Director	April 10, 2026
<hr/> <i>/s/ Anagha Apte</i> Anagha Apte	Director	April 10, 2026