



**HF FOODS GROUP INC.**  
**(NASDAQ: HFFG)**

March 2024  
Investor Presentation

# DISCLAIMER

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## Forward-Looking Statements

All statements in this Presentation other than statements of historical facts are forward-looking statements which contain HF Foods Group's (the "Company") current expectations about our future results. The Company has attempted to identify any forward-looking statements by using words such as "believes," "intends," "potential," "plan," and other similar expressions. Although the Company believes that the expectations reflected in all of its forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Such statements are not guarantees of future performance or events and are subject to known and unknown risks and uncertainties that could cause the Company's actual results, events or financial positions to differ materially from those included within or implied by such forward-looking statements. Such factors include, but are not limited to, low margins in the foodservice distribution industry and periods of significant or prolonged inflation or deflation, qualified labor shortages, competition in the foodservice distribution industry, risks relating to the foodservice distribution industry generally, statements of assumption underlying any of the foregoing, and other factors disclosed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as required by law, we undertake no obligation to disclose any revision to these forward-looking statements.



# HF Foods is a leading food distributor for the Asian restaurant market in the U.S.

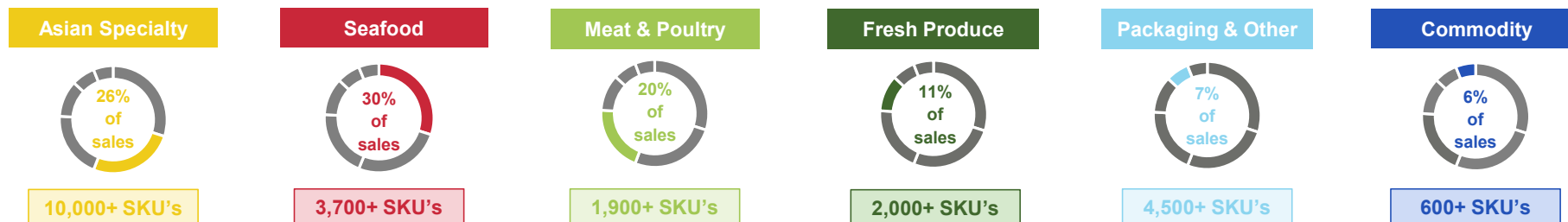


 <b>\$1.15 billion</b> FY 2023 Net Revenue	 <b>\$204.0 million</b> FY 2023 Gross Profit	 <b>\$44.6 million</b> FY 2023 Adj. EBITDA
 <b>18</b> Distribution Centers And Cross Docks	 <b>45+</b> U.S. States Covered	 <b>20,000+</b> SKUs

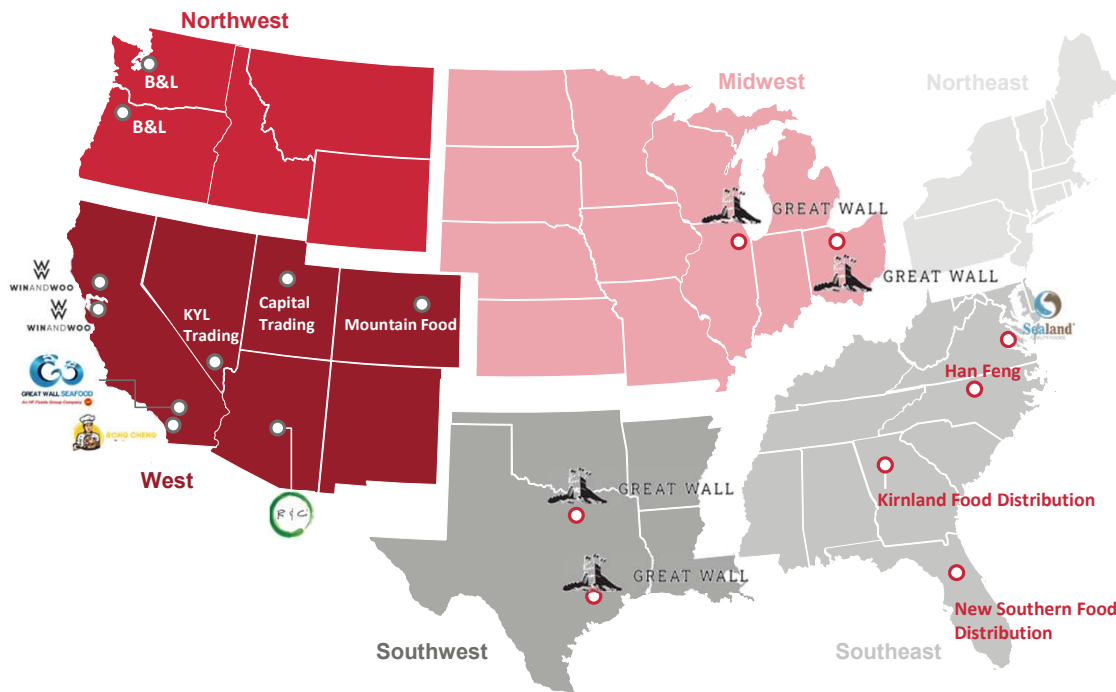
## HF Foods strategically leverages its platform to win

- Deep, long-term relationships with diversified customer and supplier base
- Proven pricing power in an inflationary environment attributable to a unique product and service offering
- Broad product selection enabling all types of Asian restaurants to serve their cuisines and supply their restaurants
- Acquirer of choice for Asian themed restaurant distributors with proven ability to drive organic growth in acquired targets
- Diverse management and workforce that relates to the Asian community and genuinely understands the customers' needs

## Comprehensive "one-stop-shop" product offering that simplifies the customer experience



## HF Foods has extensive reach and distribution capabilities with strong regional operating brands driving success



### Brands in each region drive regional customer loyalty

- Strong brand recognition within local client bases allows HF Foods to win against other competitors
- Each brand has deep relationships in its key regions – A national company with a local feel for customers
- Meaningful white space for brand expansion and cross selling opportunities in key geographies
- Additional opportunity to grow density within existing markets

HF Foods positioning and scale is difficult to replicate

# Unmatched ability to service the large and growing Asian restaurant market...

## HF FOODS IS A CRITICAL PROVIDER TO THE ASIAN RESTAURANT MARKET...

There are ~94K Asian restaurants in the U.S.<sup>1</sup>, and HF Foods has the ability to service 95%+ of these restaurants

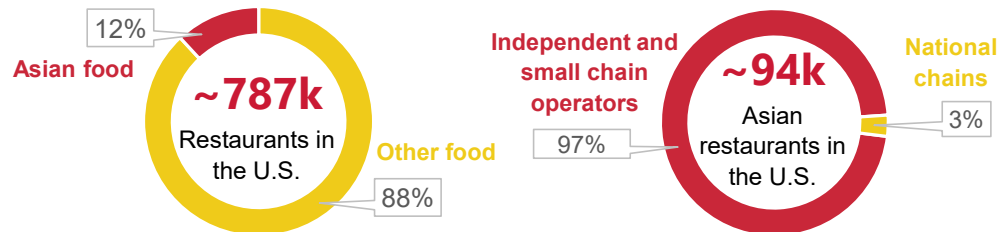
These small businesses rely on HF Foods' scale and distribution capabilities to provide affordable, high quality food to their communities

HF Foods is vital to independent Asian restaurants, who compete with large chains through unique offerings that are customized to their communities

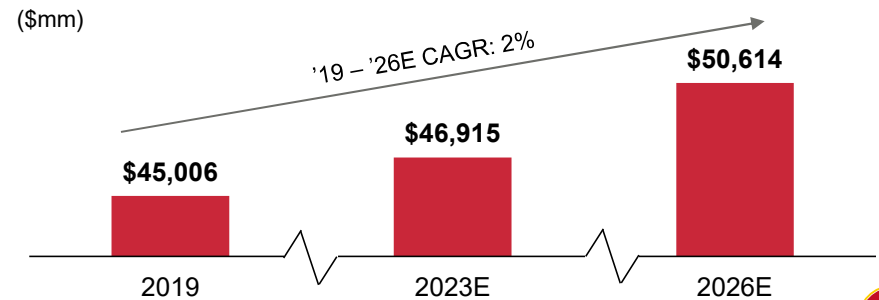
## ... AND ITS POSITION IS DIFFICULT TO REPLICATE

- ✓ One-stop shop for Asian-centric cuisines
- ✓ National company with region-specific brands and operations
- ✓ Extensive transportation infrastructure
- ✓ Highly fragmented industry, with numerous smaller competitors
- ✓ Multi-lingual sales force

### Large U.S. restaurant market with a big addressable market






### Large and growing Asian foodservice market<sup>2</sup>



Source: 1) Yelp data 2) Euromonitor



## ...with a customer-focused and integrated value proposition

		National Large, national public companies	Small/Local Fragmented, regional players
 <b>Customer stickiness</b>	✓	✗	✓
 <b>Ingrained in local communities</b>	✓	✗	✓
 <b>National reach</b>	✓	✓	✗
 <b>Mission-critical, differentiated products</b>	✓	✗	✓
 <b>Authentic and scarce platform</b>	✓	✗	✗
 <b>Differentiated go-to-market strategy</b>	✓	✗	✗
 <b>Relationships with key suppliers</b>	✓	✓	✗

### Why HF Foods wins

- ✓ **Customer focus** drives high-quality service
- ✓ **Distribution centers are their own engine** – providing tailored product and menu decisions and driving customer engagement
- ✓ **Foodservice experts** with dynamic industry expertise providing value-added insights in a niche and targeted market
- ✓ **Cultural connection** supported by multilingual management team, operators and call center representatives drives engagement and supports sticky customer relationships
- ✓ Focus on smaller Asian restaurants frequently **underserved by other large food distributors**
- ✓ **Strong, tenured relationships** with customers allow for an effective word-of-mouth referral system



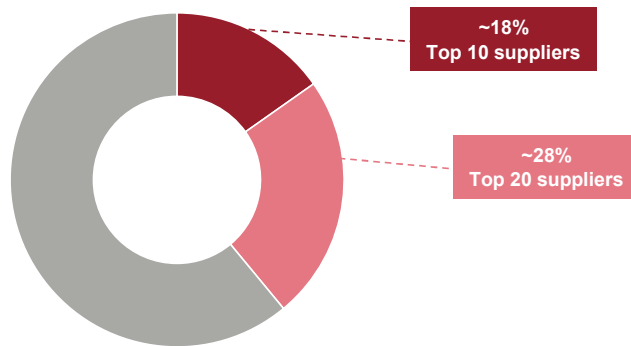


## HF's closely developed and long-standing sourcing partners are key to its operations

- ✓ Ability to source from a deep list of ~30% international suppliers and ~70% domestic suppliers
- ✓ Deep connections with smaller specialty suppliers that other national players don't have access to

- ✓ Ability to source a broad product offering, allowing HF Foods to become the one-stop shop for clients
- ✓ Promote customer stickiness through a partnership approach and high-quality product offerings

### Fragmented supplier base



### HF Foods drives growth for its suppliers

- ✓ Ability to source on-trend products from a deep list of suppliers
- ✓ Many of the Company's suppliers are small / specialty suppliers that lack the brand recognition to drive sales on their own
- ✓ Proven ability to push new products into customer's portfolios
- ✓ Suppliers rely on HF Foods' connections to market their products

**72 hrs**

delivery window for perishable goods

**<4%**

single-vendor as % of total

*HF Foods is a critical partner for its suppliers and its customers*

**1,100+**  
Vendors

**6.2 years**  
Average vendor tenure  
with HF Foods

**13 months**  
Increase in average vendor  
tenure over the last 2 years



# HF has tangible growth opportunities, supported by unique go-to-market strategy and capabilities

## Key avenues for outsized growth

### 1 EXPANSION IN CORE MARKETS

- Continued expansion in existing core markets
- Optimize product mix to capitalize on key secular growth trends within the Asian foodservice market
- Proven playbook for further expansion in core markets

### 2 MARGIN EXPANSION

- Optimization of procurement and warehouse logistics drives margin enhancement
- Further consolidation of key corporate functions

### 3 CROSS-SELL OPPORTUNITIES

- Further expansion of product offerings to increase wallet share with key customers
- Significant cross-sell opportunities, particularly in the wake of recent seafood acquisitions

### 4 ACCRETIVE M&A

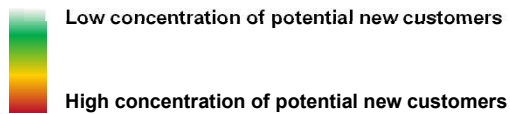
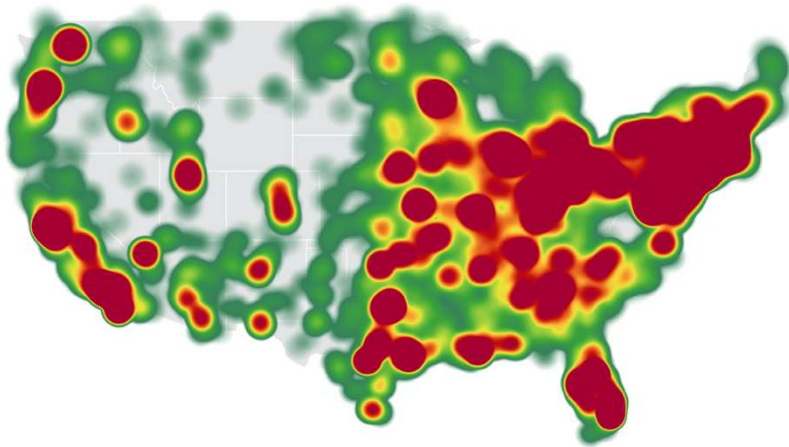
- Pursue tangible acquisition opportunities to further increase scale and reach
- Drive efficiencies through synergy capture





# 1 Clear line of sight into new locations with repeatable expansion plan

## Potential new customers (e.g., Asian restaurants)



## Key expansion opportunities

- Meaningful whitespace opportunity across the United States, both within existing markets and in new, untapped markets
- Existing customer base relative to the broader Asian restaurant landscape reveals attractive expansion opportunities within HF Foods' existing geographies
- Tuck-in acquisitions to more efficiently enter new markets
- Fast-track growth supported by HF Foods' current operational footprint
- Expanding presence across the United States will allow HF Foods to implement its playbook in untapped markets

## 2 Clearly defined margin expansion strategy

Initiated operational transformation plan to improve margins through achieving growth and cost savings

### Significant Operational Initiatives

Operational Initiative	Description
 <b>Consolidating procurement operations</b>	<ul style="list-style-type: none"><li>✓ Centralized purchase order management and strategic sourcing</li><li>✓ Improved spend analysis to identify inefficient sources and optimize procurement network</li><li>✓ Centralized internal supply and procurement team to facilitate direct procurement and remove the “middleman”</li></ul>
 <b>Optimizing transportation network</b>	<ul style="list-style-type: none"><li>✓ Network optimization study for improved routing, decreased delivery costs and quicker distribution to clients</li><li>✓ National fuel and maintenance programs</li><li>✓ Improved transportation management system, warehouse management system, and DC warehouse optimization to facilitate faster output and leaner operations</li></ul>
 <b>Centralizing informational technology</b>	<ul style="list-style-type: none"><li>✓ Workday HR and FIN implementation</li><li>✓ Key Business Application implementation</li></ul>
 <b>Upgrading facilities</b>	<ul style="list-style-type: none"><li>✓ Enable cross-selling opportunities to increase wallet share</li><li>✓ New facilities to capitalize on significant white space for growth</li></ul>

### 3 Opportunity to cross-sell products across business units

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#### Cross-sell products across full HF Foods customer base

- **Significant cross-sell opportunity, especially in seafood**
  - Expand newly established seafood offerings from Great Wall and Sealand through other DCs
  - Robust geographic cross-sell opportunities
- **Increase wallet share** with customers
- Deeper integration within key aspects of the customer's business – **deeper customer relationships**
- **Increase customer lifetime value (CLV)**
- **Increased revenue capture** with only some expansion in capacity required



# 4 Proven M&A Playbook

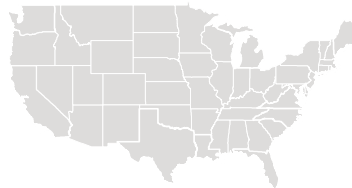
*HF Foods' thoughtful acquisition strategies identify M&A opportunities with significant and attainable synergies*

## Acquisition strategy

## What this means

## Why this matters

**Geographic expansion**



*Management aims to penetrate peripheral geographies through strategic M&A*

- Expanding presence in select regions will allow HF Foods to implement its playbook in untapped markets
- Increased route density in these regions will compound profitability

**Increasing distribution capabilities**



- Increase number of distribution centers
- Improve vehicle fleet
- Increase route optimization and delivery capabilities

*Management has identified several potential assets with attractive distribution scaling opportunities*

- Allows HF Foods to capture market share in previously underserved areas
- Efficient distribution capabilities facilitate cost reduction as the business scales

**Adding New Products**



**1,000+**  
# of products in 2018 → **2,000+**  
# of products in 2022

*HF has identified several high-growth categories to enter through strategic M&A*

- Targeted offering in high-value, high-growth categories is a key differentiator that sets HF Foods apart from competitors
- Capitalize on key secular growth trends

**Tuck-In Acquisitions**



*Tuck-in acquisitions deepen presence within an existing geography in a highly accretive way*

- Opportunity to gain new customers and suppliers and drive costs and sales synergies
- The power of the HF platform significantly enhances the value of acquisitions through cross-selling
- Unparalleled industry relationships drive touch points with tangible targets throughout the sector

**HF Foods is the acquirer of choice for most targets – most M&A targets initiate a conversation with HF**



# HF Foods is one of the only scaled, nationwide operators serving the Asian Foodservice market

1

## **STRONG VALUE PROPOSITION AS A LEADER IN ASIAN FOOD DISTRIBUTION**

National reach with a regional feel gives HF Foods an edge to serve single restaurant and small chain owners

2

## **ROBUST UNDERLYING MARKET TRENDS WITH FAVORABLE DEMOGRAPHICS**

Low barriers to entry for new restaurants and increasing demand for Asian food will continue to drive growth

3

## **DIFFERENTIATED, CUSTOMER-CENTRIC BUSINESS MODEL**

One-stop-shop solution and flexibility to respond to customer needs gives HF Foods an edge vs. larger players

4

## **POSITIONING AND SCALE IN A NICHE SECTOR DIFFICULT TO REPLICATE**

Language and cultural background represent high barriers to entry making it hard for large national players to enter the space

5

## **ATTRACTIVE FINANCIAL PROFILE WITH A DEFINED GROWTH AND MARGIN EXPANSION STRATEGY**

Tangible avenues for growth and margin enhancement supported by robust management plans already being implemented

6

## **SEASONED MANAGEMENT TEAM POSITIONING THE BUSINESS FOR SUCCESS**

Professionalized, highly experienced, motivated, and culturally connected management team with a clear plan for the next phase