



HF FOODS GROUP INC.
(NASDAQ: HFFG)

January 2024
Investor Presentation

DISCLAIMER

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.





25+ years of helping local and regional Asian business owners fulfill their American dream...



...while partnering with domestic and international suppliers to bring the most varied assortment of Asian ingredients our clients need



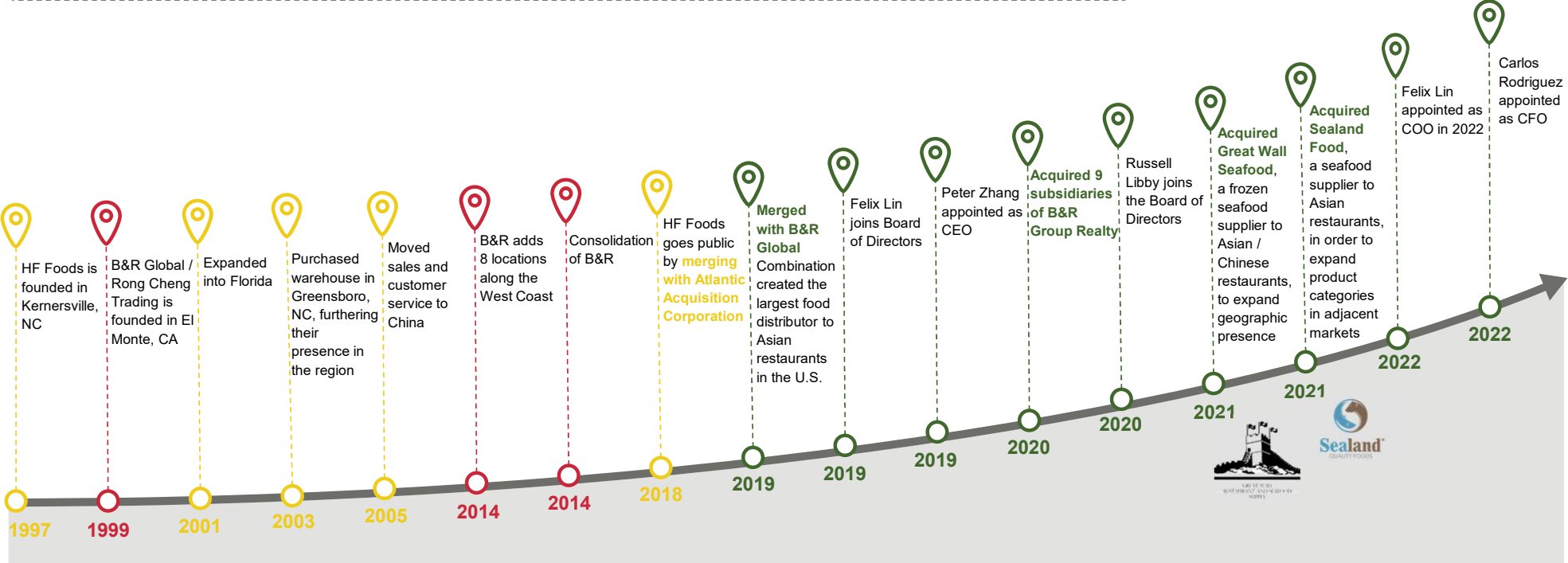
Who we are



HF Foods' solid foundation has been fortified with people, acquisitions, and an operational focus...

East and West coast consolidators merged to form a leading national player in Asian foodservice distribution

-  HF Foods
-  B&R Global
-  Post-merger



HF Foods today has a widespread distribution network spanning 45+ states and covers 95% of the US



... and is led by a management team with decades of industry experience



Peter Zhang

Chief Executive Officer

- 20+ years of experience in food distribution
- Co-founder & former CEO of Best Foods Group
- Founder & former CEO and Chairman of B&R Group
- Vice Chairman of US-China Restaurant Alliance since 2018
- Joined HF Foods in 2019 with the B&R Group merger



Carlos Rodriguez

Chief Financial Officer

- 25+ years of finance and accounting experience across various industries, including technology, entertainment, restaurants and life science
- Joined HF Foods in 2022



Felix Lin

Chief Operating Officer

- 10+ years experience in manufacturing operations, supply chain, finance and accounting
- Global business development in China and Middle East
- Joined HF Foods' Board of Directors in 2019, appointed as COO in 2022



Christine Chang

General Counsel & Chief Compliance Officer

- 15+ years legal experience across commercial and strategic litigation, employment and compliance
- Former VP & Chief Counsel at Caesars Entertainment
- Joined HF Foods in 2021



Russell Libby

Chairman of the Board of Directors

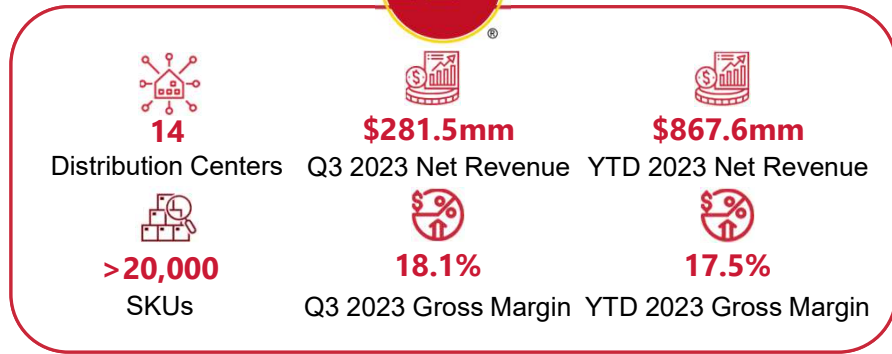
- 30+ years experience in food distribution
- Former Executive Vice President of Administration and Corporate Secretary at Sysco
- Joined HF Foods' Board of Directors in 2020

Supported by a deep bench of management executing HF Foods' strategy

Previous experience



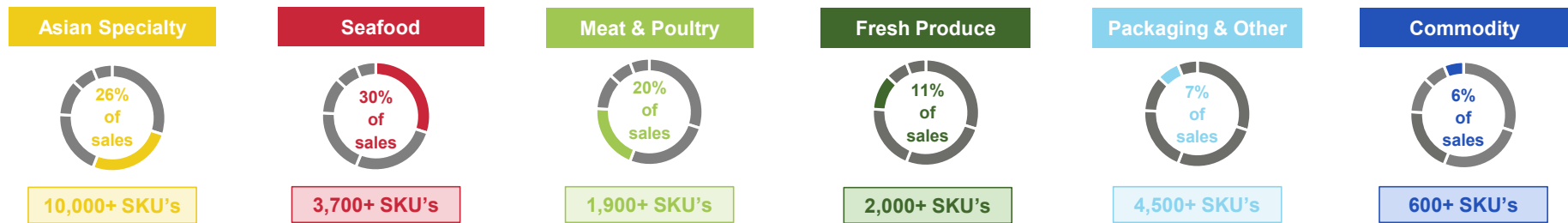
HF Foods is a leading food distributor for the Asian restaurant market in the U.S.



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



A wide variety of Asian restaurants rely on HF Foods to create their cuisine



HF Foods is a critical partner in providing high-quality specialty products necessary to delivering authentic experiences



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.**¹, and HF Foods has the ability to service 95%+ of these restaurants

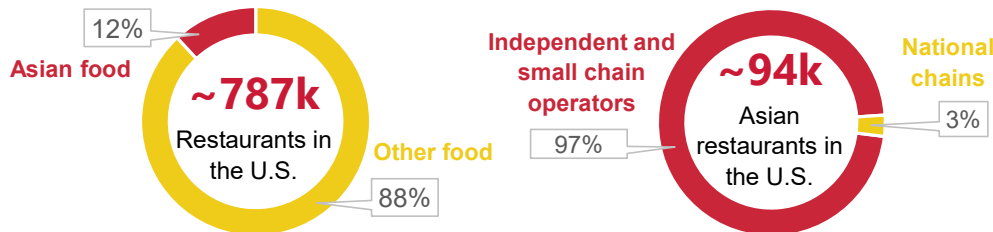
These **small businesses** rely on HF Foods' **scale and distribution** capabilities to provide affordable, high quality food to their communities

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

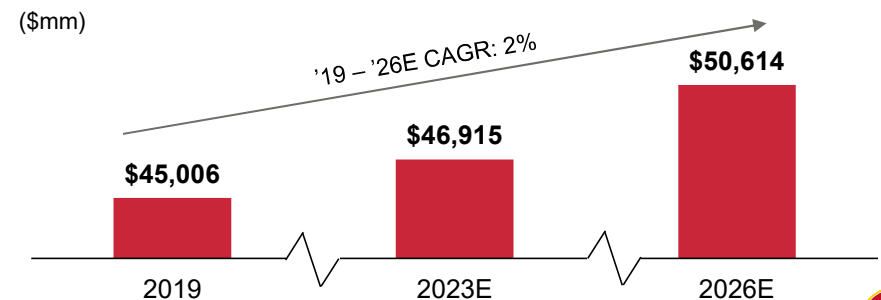
... AND ITS POSITION IS DIFFICULT TO REPLICATE

- ✓ 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 market²



Source: 1) Yelp data 2) Euromonitor



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

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

Why HF Foods wins

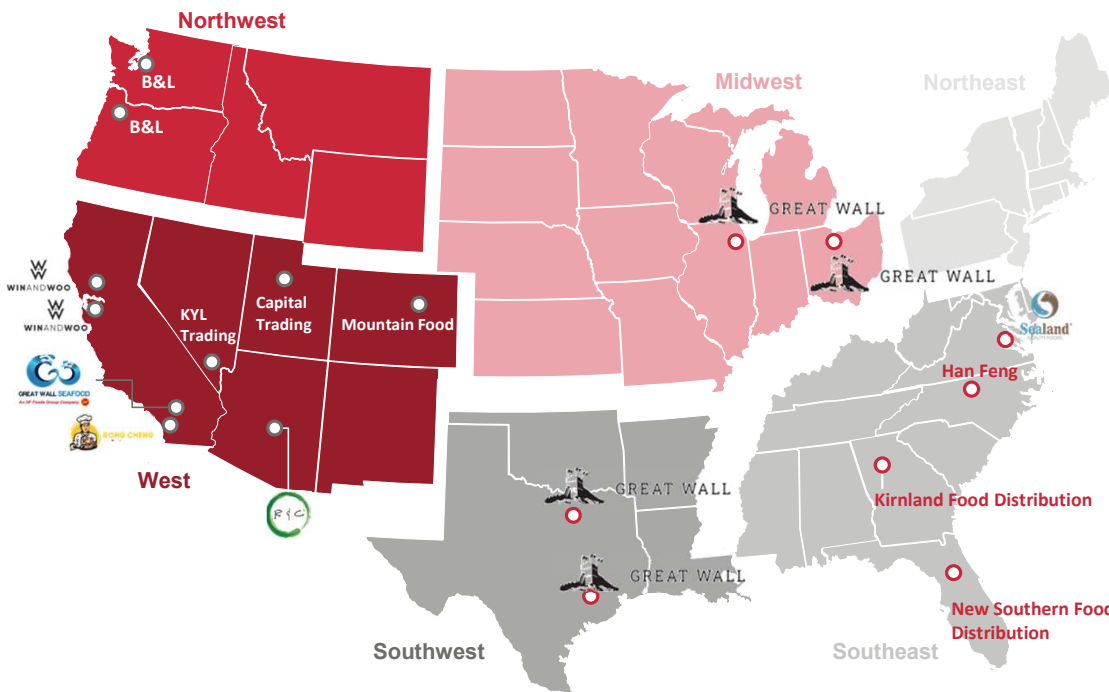
- ✓ **Customer focus** drives high-quality service
- ✓ **Distribution centers are their own engine** – providing tailored product and menu decisions and driving customer engagement
- ✓ **Foodservice experts** with dynamic industry expertise providing value-added insights in a niche and targeted market
- ✓ **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



How we are built



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



Key metrics

45+ U.S. States covered
~95% Of the contiguous U.S. covered
18 Distribution centers and cross docks

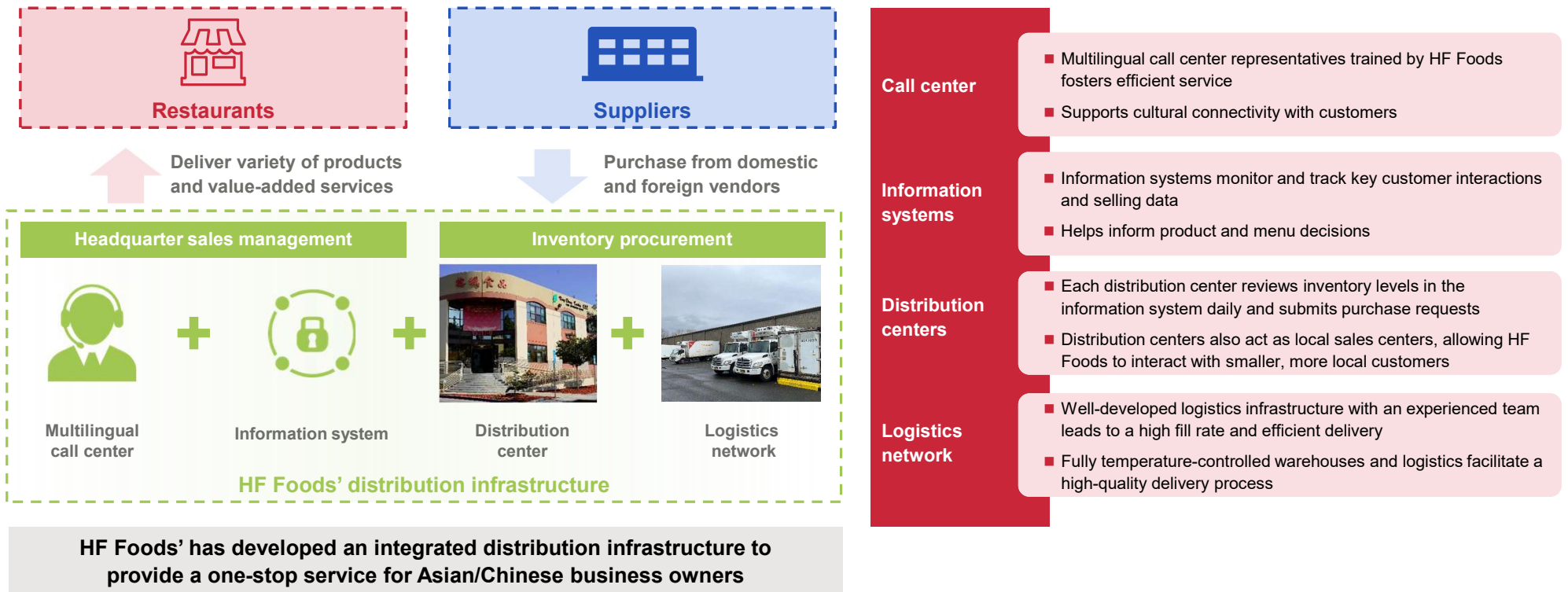
Brands in each region drive regional customer loyalty

- 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



Integrated sales and distribution network supports robust customer relationships and stickiness

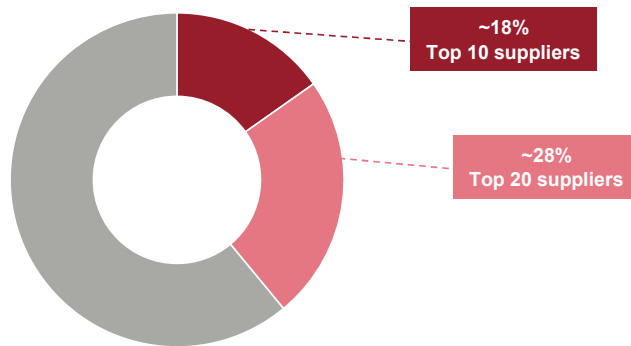


HF's closely developed and long-standing sourcing partners are key to its operations

- ✓ 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



Transformation Plan



Ongoing operational transformation

Centralized Purchasing

- ❑ Centralized purchase order management and global strategic sourcing
- ❑ Improved spend analysis to optimize procurement network
- ❑ Centralized internal supply and procurement team to facilitate direct procurement and remove the “middleman”
- ❑ Initial focus on key categories such as seafood, meat and poultry and fresh produce

Fleet and Transportation

- ❑ Establishing national fleet maintenance program
- ❑ Implementing national fuel savings program
- ❑ Defining and finalizing new truck specifications and initiating replacement program of 50% of our existing fleet over the next several years
- ❑ Consolidating our domestic inbound freight management to establish a unified approach

Digital Transformation

- ❑ Continued build out of recently implemented accounting and finance applications
- ❑ Piloting modern ERP solution to complement
- ❑ Upgrades to enhance operational efficiency for streamlined processes and greater data driven decision-making

Facility Upgrades

- ❑ Ongoing network and facility study to optimize our distribution network
- ❑ Converting certain distribution centers to maximize usage, enable them to serve as full broadline facilities and capitalize on cross-selling opportunities to increase wallet share
- ❑ Geographic expansion opportunities to capitalize on significant white space for growth

Growth opportunities



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

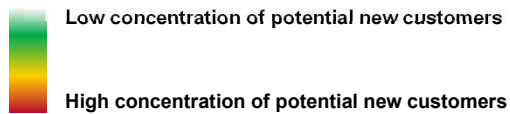
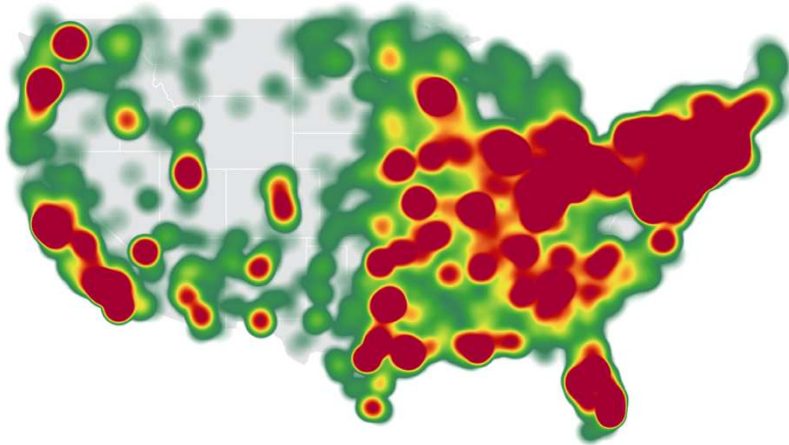
4 ACCRETIVE M&A

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

3 Opportunity to cross-sell products across business units

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

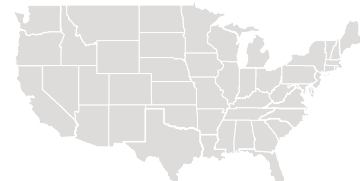
HF Foods' thoughtful acquisition strategies identify M&A opportunities with significant and attainable synergies

Acquisition strategy

What this means

Why this matters

Geographic expansion

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

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



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


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



New products & categories





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



New customers & suppliers

Deeper penetration in existing geography

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