



HF Foods Reports First Quarter 2022 Financial Results

May 16, 2022

LAS VEGAS, May 16, 2022 (GLOBE NEWSWIRE) — HF Foods Group Inc. (NASDAQ: HFFG), a leading food distributor to Asian restaurants across the United States (“HF Foods”, “HF Group” or the “Company”), reported first quarter unaudited financial results for the quarter ended March 31, 2022.

The Company is unable to file its unaudited financial results on Form 10-Q due to unresolved comments contained in a Securities Exchange Commission (“SEC”) comment letter relating to the Company’s merger with B&R Global which was consummated on November 4, 2019. The Company intends to file the Form 10-Q as promptly as possible. Accordingly, the Company’s financial results are not yet available. This press release contains certain unaudited financial information relating to first quarter financial results for the quarter ended March 31, 2022, and such information could potentially change depending on the outcome of the SEC comment letter.

First Quarter 2022 Financial Summary

- Net revenue increased 75% to \$278.2 million compared to \$159.4 million in the year-ago quarter.
- Gross profit increased 74% to \$51.3 million, or 18.4% of total revenue compared to \$29.4 million, or 18.5% of total revenue in the year-ago quarter.

Management Commentary

“HF Foods delivered record first quarter results, highlighted by a 75% year over year increase in revenues, as overall foot traffic to dine-in business for our restaurant clients has significantly recovered to above pre-pandemic levels,” said Peter Zhang, CEO of HF Foods. “We continued our integration of the Great Wall Group, aligning management and operations with our nationwide distribution footprint. I am very pleased with the progress we’ve made with the Great Wall Group and I want to thank all of our associates for their dedication and commitment to our success.

“Our recent acquisition of Sealand Food takes our extensive distribution network to 46 states covering well over 90% of the contiguous United States. With the completion of the acquisition, we now serve approximately 15,000 restaurants. We will continue to solidify our market leader position to deliver long-term shareholder value through organic growth and accretive acquisitions.”

First Quarter 2022 Results

Net revenue was \$278.2 million for the first quarter of 2022 compared to \$159.4 million in the prior year, an increase of \$118.8 million, or 75%. This increase was primarily attributable to the robust recovery of restaurant demand from the COVID-19 pandemic, the additional revenue generated due to the Great Wall Acquisition, and food cost inflation.

Gross profit was \$51.3 million for the first quarter of 2022 compared to \$29.4 million in the prior year, an increase of \$21.9 million, or 74%. The increase was mainly due to net revenue growth and our ability to maintain margin position despite an inflationary environment in the first quarter of 2022.

Liquidity

As of March 31, 2022, the Company had access to approximately \$31.6 million in additional funds available through our \$100.0 million line of credit. On March 31, 2022, the Company amended the Credit Agreement with J.P. Morgan extending our line of credit for 5 years. The amendment provides for a \$100.0 million asset-secured revolving credit facility with a 1-month SOFR plus a credit adjustment of 0.1% plus 1.375% per annum.

About HF Foods Group Inc.

HF Foods Group Inc., headquartered in Las Vegas, Nevada, is a leading marketer and distributor of fresh produce, frozen and dry food, and non-food products to primarily Asian/Chinese restaurants and other foodservice customers throughout the United States. With 17 distribution centers strategically located throughout the nation, HF Foods aims to supply the increasing demand for Asian American restaurant cuisine. With an in-house proprietary ordering and inventory control network, more than 15,000 established customers in 46 states, and strong relations with growers and suppliers of food products in the US, South America and China, HF Foods Group is able to offer fresh, high-quality specialty restaurant foods and supplies at economical prices to its large and growing base of customers. For more information, please visit www.wordpress-839355-3377400.cloudwaysapps.com.

Forward-Looking Statements

All statements in this news release other than statements of historical facts are forward-looking statements which contain our current expectations about our future results. We have attempted to identify any forward-looking statements by using words such as “anticipates,” “believes,” “could,” “continue,” “estimates,” “expects,” “intends,” “may,” “should” and other similar expressions. Although we believe that the expectations reflected in all of our forward-looking statements are reasonable, we 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 HF Group’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, the effects of the COVID-19 pandemic or other pandemics, the outcome of the SEC comment letter, low margins in the foodservice distribution industry and periods of significant or prolonged inflation, qualified labor shortages, unfavorable macroeconomic conditions in the United States, competition in the food service distribution industry, particularly the entry of new competitors into the Chinese/Asian restaurant market niche, increases in fuel costs or commodity prices, disruption of relationships with vendors and increases in product prices, U.S. government tariffs on products imported into the United States, particularly from China, changes in consumer eating and dining out habits, related party transactions and possible conflicts of interests, related parties and variable interest entities consolidation, disruption of relationships with or loss of customers, our ability to execute our acquisition strategy, availability of financing to execute our acquisition strategy, failure to retain our senior management and other key personnel, our ability to attract, train and retain employees, changes in and enforcement of immigration laws, failure to comply with various federal, state and local rules and regulations regarding food safety, sanitation, transportation, minimum wage, overtime and other health and safety laws,

product recalls, voluntary recalls or withdrawals if any of the products we distribute are alleged to have caused illness, been mislabeled, misbranded or adulterated or to otherwise have violated applicable government regulations, severe weather, natural disasters and adverse climate change, unfavorable geopolitical conditions, failure to protect our intellectual property rights, any cyber security incident, other technology disruption, or delay in implementing our information technology systems, statements of assumption underlying any of the foregoing, and other factors disclosed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 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.

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