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

# FORM 8-K/A

(Amendment No. 1)

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **July 17, 2026**

SPECIALTY FOOD IS OUR SPECIALTY

## HF FOODS GROUP INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **001-38180** | **81-2717873** |
|---|---|---|
| State or other Jurisdiction of incorporation ) | (Commission File No.) | (IRS Employer Identification No) |

| **6325 South Rainbow Boulevard, Suite 420**<br>**Las Vegas, Nevada**<br>(Address of principal executive offices) | **89118**<br>(Zip Code) |
|---|---|

Registrant's telephone number, including area code: **(888)-905-0998**

**Not Applicable**
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act**:**

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.0001 par value | HFFG | Nasdaq Capital Market |
| Preferred Share Purchase Rights | N/A | Nasdaq Capital Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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. ☐

**Explanatory Note**

As previously disclosed, on August 31, 2026 (the “Closing Date”), HF Foods Group Inc. (the “Company”) completed the previously announced acquisition of Searay Foods Inc., a corporation formed under the laws of British Columbia (“Searay Canada”), and Morgan Foods Inc., a corporation formed under the laws of British Columbia (“Morgan Foods” and, together with Searay Canada, the “Company Group”), pursuant to the Securities Purchase Agreement, dated as of July 17, 2026 (the “Agreement”), as amended by the Amendment to Securities Purchase Agreement, dated as of August 27, 2026 (the “Amendment”), by and among the Company, HF Acquisition Newco Inc., a Delaware corporation and wholly-owned subsidiary of the Company, HF Toro Canada Holdings Inc., a British Columbia limited company, the Company Group, the sellers named therein (the “Sellers”), and Jackie Chi Fai Chan, solely in his capacity as the Sellers Representative (as defined in the Agreement). In accordance with the terms of the Agreement, the Company acquired 100% of the issued and outstanding securities of the Company Group, for an aggregate base purchase price of CAD$47,921,740, including CAD$38,365,392 in cash and 1,701,871 shares of the Company’s common stock, priced at USD$4.00 per share, par value $0.0001 per share, which were issued into escrow at closing subject to certain earn-out conditions. In addition to the base purchase price, the Company also acquired the net working capital of the Company Group as of August 31, 2026.

The Company is filing this amendment to the Current Report on Form 8-K, as filed with the Securities and Exchange Commission on September 3, 2026 (the “Original Closing 8-K”) and the Company's Current Report on Form 8-K filed with the SEC on July 23, 2026 (the "Original Signing 8-K," together with the Original Closing 8-K, the "Original 8-Ks"), to amend and supplement the Original 8-Ks (“Amendment No. 1”) (a) to include (i) the audited combined financial statements of the Company Group and Searay Foods USA Inc. (together, "Searay Foods and Affiliates") as of and for the years ended December 31, 2025 and December 31, 2024, (ii) the unaudited condensed combined financial statements of Searay Foods and Affiliates as of June 30, 2026 and December 31, 2025 and for the six months ended June 30, 2026 and June 30, 2025, and (iii) the unaudited pro forma financial information of the Company as of June 30, 2026 and for the year ended December 31, 2025 and the six months ended June 30, 2026, as required by Items 9.01(a) and 9.01(b) of Form 8-K, and (b) to amend certain previously reported information in the Original Signing 8-K, as described in Item 8.01 below. This Amendment No. 1 should be read together with the Original 8-Ks. Except as set forth herein, no other changes have been made to information contained in the Original 8-Ks.

**Item 8.01 Other Events.**

The press release filed as Exhibit 99.1 to the Original Signing 8-K stated that the Company Group "has demonstrated a revenue compound annual growth rate of approximately 15% from FY2019 to FY2024." The Company Group's revenue compound annual growth rate for fiscal years 2019 through 2024 was actually approximately 6.6%. The approximately 15% figure corresponds to the Company Group's EBITDA compound annual growth rate for that period.

**Item 9.01. Financial Statements and Exhibits**

(a) Financial statements of businesses acquired

The financial statements of the businesses acquired required by Item 9.01(a) of Form 8-K are filed herewith as Exhibits 99.1 and 99.2 and are incorporated herein by reference.

(b) Pro forma financial information

The pro forma financial information required by Item 9.01(b) of Form 8-K is filed herewith as Exhibit 99.3 and is incorporated herein by reference.

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 23.1 | Consent of BDO USA, P.C. |
| 99.1 | Audited Combined Financial Statements of Searay Foods Inc., Searay Foods USA Inc. and Morgan Foods Inc. as of and for the years ended December 31, 2025 and December 31, 2024. |
| 99.2 | Unaudited Condensed Combined Financial Statements of Searay Foods Inc., Searay Foods USA Inc. and Morgan Foods Inc. as of June 30, 2026 and December 31, 2025 and for the six months ended June 30, 2026 and June 30, 2025. |
| 99.3 | Unaudited Pro Forma Condensed Combined Balance Sheet of HF Foods Group Inc. as of June 30, 2026 and the Unaudited Pro Forma Condensed Combined Statements of Operations of HF Foods Group Inc. for the six months ended June 30, 2026 and the year ended December 31, 2025. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

**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 hereunto duly authorized.

**HF FOODS GROUP INC.**

Date: November 6, 2026

/s/ Paul McGarry
Paul McGarry
Chief Financial Officer

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-281918 and No. 333-283937) and Form S-8 (No. 333-257100 and 333-279961) of HF Foods Group Inc. of our report dated November 6, 2026, relating to the combined financial statements of Searay Foods Inc., Searay Foods USA Inc., and Morgan Foods Inc., which appears in this Current Report on Form 8-K/A.

/s/ BDO USA, P.C.
Detroit, Michigan

November 6, 2026

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

# Searay Foods Inc.,
# Searay Foods USA Inc., and
# Morgan Foods Inc.
# (Collectively as Searay Foods Inc. and Affiliates)

Combined Financial Statements as of and for the

Years Ended December 31, 2025 and 2024, with

Independent Auditor's Report

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**Independent Auditor's Report**

Searay Foods Inc.
Searay Foods USA Inc.
Morgan Foods Inc.
6511 Graybar Road, Suite 160
Richmond, British Columbia, V6W 1H3, Canada

*Opinion*

We have audited the combined financial statements of Searay Foods Inc., Searay Foods USA Inc. and Morgan Foods Inc. (the Company or Searay Foods Inc.), which comprise the combined balance sheets as of December 31, 2025 and 2024, and the related combined statements of operations and comprehensive income, combined statements of mezzanine equity and changes in shareholders' deficit and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion based on our audits, the accompanying combined financial statements present fairly, in all material aspects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*
Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ BDO USA, P.C.

Detroit, Michigan

November 6, 2026

**SEARAY FOODS INC. AND AFFILIATES**

**COMBINED BALANCE SHEETS**
**AS OF DECEMBER 31, 2025 AND 2024**
**(in US Dollars, except share count data)**

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS:** | | |
| Cash | $ 259,732 | $ 41,430 |
| Accounts receivable, net | 5,988,706 | 5,885,560 |
| Inventories, net | 14,131,534 | 13,162,292 |
| Prepaid expenses and other current assets | 168,088 | 961,185 |
| **TOTAL CURRENT ASSETS** | **20,548,060** | **20,050,467** |
| Property and equipment, net | 450,881 | 618,578 |
| Operating lease right-of-use assets | 3,829,107 | 4,029,015 |
| Intangible assets, net | 185 | 393 |
| Deferred tax assets | 22,551 | 2,357 |
| **TOTAL ASSETS** | **$ 24,850,784** | **$ 24,700,810** |
| | | |
| **LIABILITIES, MEZZANINE EQUITY, AND SHAREHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES:** | | |
| Line of credit | $ - | $ 1,437,987 |
| Accounts payable | 898,828 | 881,859 |
| Payable for preferred stock redemption - related parties | 6,535,566 | 1,655,441 |
| Current portion of obligations under operating lease (Note 7) | 405,278 | 314,321 |
| Accrued expenses and other liabilities | 384,833 | 815,791 |
| **TOTAL CURRENT LIABILITIES** | **8,224,505** | **5,105,399** |
| Obligations under operating lease, non-current (Note 7) | 3,724,820 | 3,952,712 |
| Deferred tax liabilities | - | 20,328 |
| **TOTAL LIABILITIES** | **$ 11,949,325** | **$ 9,078,439** |
| **COMMITMENTS AND CONTINGENCIES (Note 13)** | | |
| | | |
| **MEZZANINE EQUITY:** | | |
| Class E Preferred Stock, unlimited shares authorized, 15,662 and 17,614 shares issued and outstanding as of December 31, 2025 and 2024, respectively | $ 10,404,882 | $ 11,652,432 |
| Class H Preferred Stock, unlimited shares authorized, 19,357 and 21,000 shares issued and outstanding as of December 31, 2025 and 2024, respectively | 12,836,776 | 16,059,790 |
| Class I Preferred Stock, unlimited shares authorized, 9,043 and 9,681 shares issued and outstanding as of December 31, 2025 and 2024, respectively | 5,982,971 | 6,392,532 |
| | | |
| **SHAREHOLDERS' DEFICIT:** | | |
| | | |
| Common Stock, $0.075 par value; unlimited shares authorized, 400 shares issued and outstanding as of December 31, 2025 and 2024 | 30 | 30 |
| Accumulated Deficit | (12,887,315) | (15,758,934) |
| Advances to related parties (Note 11) | (3,003,620) | (1,396,796) |
| Accumulated other comprehensive loss | (432,265) | (1,326,683) |
| **TOTAL SHAREHOLDERS' DEFICIT** | **(16,323,170)** | **(18,482,383)** |
| **TOTAL LIABILITIES, MEZZANINE EQUITY, AND SHAREHOLDERS' DEFICIT** | **$ 24,850,784** | **$ 24,700,810** |

**SEARAY FOODS INC. AND AFFILIATES**

**COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

**(in US Dollars)**

| | 2025 | 2024 |
|---|---|---|
| Net revenue | $ 49,351,978 | $ 47,288,929 |
| **TOTAL NET REVENUE** | **49,351,978** | **47,288,929** |
| | | |
| Cost of revenue | (37,819,984) | (35,767,510) |
| **TOTAL COST OF REVENUE** | **(37,819,984)** | **(35,767,510)** |
| | | |
| **GROSS PROFIT** | **11,531,994** | **11,521,419** |
| | | |
| Distribution, selling, and administrative expenses | (5,286,647) | (5,164,541) |
| **INCOME FROM OPERATIONS** | **6,245,347** | **6,356,878** |
| | | |
| Interest expense | (20,113) | (68,216) |
| Other income, net | 32,519 | 5,851 |
| **INCOME BEFORE INCOME TAXES** | **6,257,753** | **6,294,513** |
| | | |
| Income tax expense | (1,722,897) | (1,717,700) |
| **NET INCOME** | **4,534,856** | **4,576,813** |
| | | |
| Other comprehensive income (loss), net of tax | 894,418 | (1,326,683) |
| **COMPREHENSIVE INCOME** | **$ 5,429,274** | **$ 3,250,130** |

**SEARAY FOODS INC. AND AFFILIATES**

**COMBINED STATEMENTS OF MEZZANINE EQUITY AND CHANGES IN SHAREHOLDERS' DEFICIT**
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

**(in US Dollars, except share count data)**

| | Mezzanine Equity | | | | | | Changes in Shareholders' Deficit | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Class E Preferred Stock | | Class H Preferred Stock | | Class I Preferred Stock | | Common Stock | | (Advances to) Repayments from Related Parties (Note 11) | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Shareholders' Deficit |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| **Balance at January 1, 2024** | 17,614 | $ 11,652,432 | 21,000 | $ 16,059,790 | 10,000 | $ 6,588,517 | 400 | $ 30 | 1,142,077 | $ - | $ (19,640,772) | $ (18,498,665) |
| Class E Preferred Stock Redemption | | | - | - | - | - | - | - | - | - | - | - |
| Class I Preferred Stock Redemption | - | - | - | - | (319) | (195,985) | - | - | - | - | - | - |
| Preferred Stock Dividend | - | - | - | - | - | - | - | - | - | - | (694,975) | (694,975) |
| Net Income | - | - | - | - | - | - | - | - | - | - | 4,576,813 | 4,576,813 |
| Other Comprehensive Loss | - | - | - | - | - | - | - | - | - | (1,326,683) | - | (1,326,683) |
| (Advances to) Repayments from Related Parties (Note 11) | - | - | - | - | - | - | - | - | (2,538,873) | - | - | (2,538,873) |
| **Balance at December 31, 2024** | **17,614** | **$ 11,652,432** | **21,000** | **$ 16,059,790** | **9,681** | **$ 6,392,532** | **400** | **$ 30** | **$ (1,396,796)** | **$ (1,326,683)** | **$ (15,758,934)** | **$ (18,482,383)** |
| Class E Preferred Stock Redemption | (1,952) | $ (1,247,550) | - | - | - | - | - | - | - | - | - | $ - |
| Class H Preferred Stock Redemption | - | - | (1,643) | $ (3,223,014) | - | - | - | - | - | - | - | - |
| Class I Preferred Stock Redemption | - | - | - | - | (638) | $ (409,561) | - | - | - | - | - | - |
| Preferred Stock Dividend | - | - | - | - | - | - | - | - | - | - | $ (1,663,237) | (1,663,237) |
| Net Income | - | - | - | - | - | - | - | - | - | - | 4,534,856 | 4,534,856 |
| Other Comprehensive Income | - | - | - | - | - | - | - | - | - | $ 894,418 | - | 894,418 |
| (Advances to) Repayments from Related Parties (Note 11) | - | - | - | - | - | - | - | - | (1,606,824) | - | - | (1,606,824) |
| **Balance at December 31, 2025** | **15,662** | **$ 10,404,882** | **19,357** | **$ 12,836,776** | **9,043** | **$ 5,982,971** | **400** | **$ 30** | **$ (3,003,620)** | **$ (432,265)** | **$ (12,887,315)** | **$ (16,323,170)** |

**SEARAY FOODS INC. AND AFFILIATES**

**COMBINED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

**(in US Dollars)**

| | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Net Income** | $ 4,534,856 | $ 4,576,813 |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | |
| Depreciation and amortization expense | 170,619 | 272,316 |
| Loss (gain) from disposal of property and equipment | (5,900) | 2,541 |
| Deferred tax benefit | (40,522) | (84,586) |
| Non-cash lease expense | 376,587 | 360,998 |
| Write-offs of inventories | 10,736 | 20,063 |
| **Changes in operating assets and liabilities:** | | |
| Accounts receivable | 158,197 | 151,182 |
| Inventories | 505,606 | 203,377 |
| Prepaid expenses and other current assets | (426,186) | (1,100,639) |
| Accounts payable | (922,112) | (807,996) |
| Obligations under operating lease | (324,863) | (232,223) |
| Accrued expenses and other liabilities | 62,666 | (1,400,334) |
| **Net cash provided by operating activities** | **4,099,684** | **1,961,512** |
| **Cash flows from investing activities:** | | |
| Purchase of property and equipment | (24,176) | (218,320) |
| Proceeds from sale of property and equipment | 53,010 | 1,816 |
| **Net cash provided by (used in) investing activities** | **28,834** | **(216,504)** |
| **Cash flows from financing activities:** | | |
| Proceeds from line of credit | 49,690,150 | 38,216,044 |
| Repayments of line of credit | (51,176,170) | (36,713,973) |
| Repayments of Canada emergency business account loan | - | (43,557) |
| Dividends paid - preferred stock | (1,663,237) | (694,975) |
| Repayments from related parties (Note 11) | - | 5,502,686 |
| Advances to related parties (Note 11) | (548,531) | (8,087,250) |
| **Net cash used in financing activities** | **(3,697,788)** | **(1,821,025)** |
| Effect of Foreign Exchange Rate on Cash | (212,428) | 117,447 |
| **Net increase in cash** | **218,302** | **41,430** |
| **Cash at beginning of the period** | 41,430 | - |
| **Cash at end of the period** | **$ 259,732** | **$ 41,430** |
| **Supplemental disclosure of cash flow data:** | | |
| Cash paid for interest | $ 6,969 | $ 25,034 |
| Cash paid for income taxes | 2,229,477 | 1,100,874 |
| **Supplemental disclosure of non-cash investing and financing activities:** | | |
| Redemption of preferred stock not paid and accrued | $ 4,880,125 | $ 195,985 |

## ORGANIZATION AND NATURE OF ACTIVITIES

Searay Foods Inc. (“Searay CA”) was incorporated under the Business Corporations Act of British Columbia on May 7, 1996. Morgan Foods Inc. (“Morgan”) was incorporated under the same Act on September 15, 2006. Searay Foods USA Inc. (“Searay USA”) was incorporated on December 15, 2023 under Washington Business Corporation Act. These three entities (collectively, the “Group”) are under common ownership by the same group of owners. The Group operates as an importer, wholesaler, and distributor of ethnic and specialty frozen seafood products.

The functional currencies of Searay CA and Morgan, whose primary operations are in Canada, are the Canadian dollar. The functional currency of Searay USA, whose operations are in the United States, is the U.S. dollar. For financial reporting purposes, the Group determined its reporting currency to be U.S. dollar; accordingly, the financial statements of the combined entities are translated into U.S. dollars. Refer to the Comprehensive Income section of Note 2 for the Group’s foreign currency translation policy and its effect on the combined financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation and Principles of Combination-**The combined financial statements and accompanying notes of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The accompanying combined financial statements include the accounts of Searay CA, Morgan, and Searay USA. The financial statements are presented on a combined basis in accordance with *ASC 810 - Consolidation*. All significant inter-Group balances and transactions have been eliminated in combination.

**Use of Estimates-**The preparation of the accompanying combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results and outcomes could differ significantly from the Group's estimates, judgments, and assumptions. The areas where management made significant estimates requiring judgment include, but are not limited to, collectability of accounts receivable, estimating the carrying amount of inventories at the lower of cost or net realizable value, the useful life of property and equipment, and provision for income taxes.

**Revenue Recognition-**Revenue is recognized when performance obligations under the terms of the contracts with the Group's customers are satisfied. Shipping and handling activities are considered part of the fulfillment of our promise to provide products and not a separate performance obligation.

Revenue and costs of revenue are recognized when control of each product transfers to the customer, which occurs upon shipment with the carrier or upon delivery, depending on the shipping terms. All revenue is recognized from goods transferred at a point in time. Revenues are recognized net of any discounts, returns, and allowances of approximately $514,588 and $372,460 for the years ended December 31, 2025 and 2024, respectively.

The Group's revenues are primarily made up of frozen seafood and related products sales. Payment terms vary by customer and are established in the contracts or purchase orders with customers and generally require payment within 30 days. Therefore, the Group's contracts do not include a significant financing component.

In addition to fixed consideration, certain customer arrangements include variable consideration in the form of sales incentives, including price discounts and volume rebates. Sales incentives for which the customer does not receive a distinct good or service are accounted for as a reduction of revenue. The amount of accrued sales incentives and returns, as of January 1, 2024, December 31, 2024, and December 31, 2025, is not material to the combined financial statements.

The Group's policy is to present taxes collected from customers and remitted to governmental authorities on a net basis. The Group records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

**Cost of Revenue-**Cost of revenue primarily includes inventory costs (net of vendor consideration, primarily in the form of rebates), inbound freight, customs clearance fees, tariffs and other miscellaneous expenses.

**Cash-**The Group considers all highly liquid investments purchased with an original maturity of three months or shorter as cash equivalents. As of December 31, 2025 and 2024, the Group had no cash equivalents.

**Accounts Receivable, net-**Accounts receivable consists of trade receivables and is stated at the amount management expects to collect on outstanding balances. The allowance for expected credit loss is based on the Group's assessment of the collectability of accounts. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher-risk amounts are reviewed individually for collectability. Historically, the Group has not incurred material trade accounts receivable write-offs.

Accounts receivable from contracts with customers was $5,988,706 and $5,885,560 as of December 31, 2025 and 2024, respectively. The opening balance of accounts receivable as of January 1, 2024 was $6,543,310. The Group does not have any allowance for expected credit losses as of December 31, 2025 and 2024. If the financial condition of the Group's customers were to deteriorate, adversely affecting their ability to make payments, the recognition of an allowance for expected credit losses may be required.

**Inventories, net-**Inventories consist of finished goods and are stated at the lower of cost or net realizable value. Cost is determined using the first-in-first-out (“FIFO”) method and includes direct and

indirect costs incurred to bring the inventories to their present location and condition, including freight, repackaging costs, and other directly attributable costs.

The Group evaluates inventories for slow-moving, excess, and obsolete items and records provisions, as necessary, to reduce the carrying value of inventories to their estimated net realizable value based on historical usage and forecasted demand.

**Property and Equipment, net-**Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated over the estimated useful lives of the respective assets as follows:

Computer equipment: 2-3 years

Equipment: 7-8 years

Furniture and fixtures: 6-7 years

Leasehold improvements: lesser of the associated lease term or 5 years

Motor vehicles: 8-9 years

The Group regularly reviews its property and equipment and removes obsolete items from service. Property and equipment acquired but not yet placed in service are not depreciated or amortized until they are placed in service.

**Intangible Assets, net-**Intangible assets are carried at cost less accumulated amortization and are amortized over their estimated useful life as follows:

Computer software: 3-4 years

The Group regularly reviews its intangible assets to eliminate obsolete items from service.

**Impairment of Long-Lived Assets-**The Group assesses its long-lived assets such as property and equipment and intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. Factors which may indicate potential impairment include a significant underperformance related to the historical or projected future operating results or a significant negative industry or economic trend. Recoverability of an asset or asset group is measured by comparison of its carrying amount to future undiscounted cash flows the asset or asset group is expected to generate. If property and equipment, and intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset or asset group exceeds its fair value. The Group assessed whether the carrying amounts of the Group’s long-lived assets were impaired and determined no events or changes in circumstances indicated that the carrying amounts may not be recoverable.

The Group did not record any impairment loss on its long-lived assets during the years ended December 31, 2025 and 2024.

**Distribution, Selling, and Administrative Expenses-**Distribution, selling and administrative expenses consist primarily of salaries and benefits for employees and contract laborers, trucking and fuel expenses, utilities, maintenance and repair expenses, insurance expenses, depreciation and

amortization expenses, selling and marketing expenses, professional fees, and other operating expenses.

**Advertising Costs** – The Group expenses advertising cost as incurred. For the years ended December 31, 2025, and 2024, total advertising and promotion cost was approximately $24,988 and $35,202, respectively, and is included within the distribution, selling and administrative expenses in the combined statements of operations and comprehensive income.

**Employee Benefit Plan-**The Group contributes to an Employee Benefit Plan Program for the benefit of the employees meeting certain eligibility requirements and electing participation into the plan. Contributions are discretionary. For the years ended December 31, 2025 and 2024, the Group's contribution amounted to approximately $82,688 and $74,012, respectively.

**Income Taxes-**The Group accounts for income taxes pursuant to the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Group determines deferred tax assets and liabilities based on the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount that the Group believes is more-likely-than-not to be realized.

Searay Foods Inc., Morgan Foods Inc. and Searay Foods USA Inc. each file separate income tax returns, and the income tax provision reflects the taxes of each entity. Deferred tax assets and liabilities are offset only within the same taxpaying entity and jurisdiction and are classified as non-current.

The Group records uncertain tax positions in accordance with ASC Topic 740, Income Taxes (“ASC 740”), on the basis of a two-step process in which (1) the Group determines whether it is more-likely-than-not that the tax positions will be sustained upon examination on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Group recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Group classifies interest and penalties related to income taxes as a component of income tax expense. See Note 9 - Income Taxes for additional information.

**Fair Value-**Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The authoritative guidance for fair value measurements established a framework for measuring fair value and established a three-level valuation hierarchy for disclosure of fair value measurements as follows:

**Level 1-**Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

**Level 2-**Observable quoted prices for similar assets or liabilities in active markets and observable quoted prices for identical assets or liabilities in markets that are not active.

**Level 3-**Unobservable inputs that are not corroborated by market data.

The carrying amounts reported in the combined balance sheets for cash, accounts receivable, prepaid expenses and other current assets, accounts payable, line of credit, and accrued expenses and other liabilities approximate their fair value based on the short-term maturity of these instruments.

**Leases-**The Group applies ASC Topic 842, Leases (ASC 842) to its lease arrangements. The Group determines if an agreement is or contains a lease at inception by evaluating if it contains the right to control the use of an identified asset for a period of time. The Group has elected not to record leases with a term of 12 months or less in the combined balance sheets.

Lessee arrangements: The Group determines whether an arrangement contains a lease at inception. For leases with a term greater than 12 months, the Group recognizes a right-of-use ("ROU") asset and a corresponding obligation under operating lease on the combined balance sheets. ROU assets represent the Group's right to use an underlying asset over the lease term, while obligation under operating lease represent the Group's obligation to make lease payments over that term.

The Group's lease arrangements may include options to extend or terminate the lease. Such options are included in the determination of the lease term when the Group is reasonably certain to exercise an extension option or not exercise a termination option.

Obligations under operating lease are initially measured at the present value of fixed lease payments over the lease term. ROU assets are initially measured based on the corresponding obligations under operating lease, adjusted for lease payments made at or before commencement, lease incentives received, and initial direct costs, as applicable. The Group determines the discount rate using its incremental borrowing rate for a term comparable to the lease term, based on the interest rate applicable to its line of credit.

The Group has elected the practical expedient to account for lease and associated non-lease components as a single lease component for all classes of underlying assets. Variable lease payments that are not dependent on an index or rate are excluded from the measurement of the ROU assets and obligations under operating lease and are recognized as expense in the period in which the obligation for those payments is incurred.

Operating lease expense is recognized on a straight-line basis over the lease term and is included within distribution, selling, and administrative expenses in the combined statements of operations and comprehensive income. Cash payments for operating leases are presented within operating activities in the combined statements of cash flows.

Lessor arrangements: Searay CA subleases a portion of its leased office and warehouse space to Morgan. Related sublease income and expenses have been eliminated in the preparation of the combined financial statements.

**Comprehensive Income**-Comprehensive income consists of net income and other comprehensive income (loss). The functional currencies of Searay CA and Morgan are the Canadian dollar, while the functional currency of Searay USA and the Group's reporting currency are the U.S. dollar. Accordingly, the financial statements of the combined entities are translated into U.S. dollars for reporting purposes. Assets and liabilities are translated using exchange rates in effect at the balance sheet date, revenues and expenses are translated using average exchange rates for the reporting period, and equity accounts are translated using historical exchange rates. Resulting foreign currency translation adjustments are

recognized in other comprehensive income (loss) in the combined statements of operations and comprehensive income and accumulated within accumulated other comprehensive loss in the combined balance sheets.

For the years ended December 31, 2025 and 2024, comprehensive income differed from net income by foreign currency translation adjustments of $894,418 and ($1,326,683), respectively.

**Recently Issued Accounting Pronouncements-**In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU No. 2023-09 requires all entities disclose on an annual basis the following information about income taxes paid: (1) The amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes; (2) The amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than 5% of total income taxes paid. In addition, ASU No. 2023-09 requires all entities to disclose the following information: (1) Income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; (2) Income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. ASU No. 2023-09 is effective for fiscal years beginning after December 15, 2024. The Group adopted ASU No. 2023-09 retrospectively for all periods presented in these combined financial statements. See Note 9 – Income Taxes.

**ACCOUNTS RECEIVABLE, NET**

The Group's accounts receivable, net consists of the following:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Accounts receivable | $ 5,988,706 | $ 5,885,560 |
| Allowance for credit losses | - | - |
| Total | $ 5,988,706 | $ 5,885,560 |

For the years ended December 31, 2025 and 2024, the Group incurred $2,884 and $34,934 of bad debt expense, respectively.

**INVENTORIES, NET**

The Group’s inventories primarily consist of frozen seafood and related products. For the years ended December 31, 2025 and 2024, inventory write off amount is $10,736 and $20,063, respectively, to adjust the carrying value of the inventory to its net realizable value. Inventory write-downs are presented in cost

of revenue in the combined statements of operations and comprehensive income. As of December 31, 2025 and 2024, no allowance for obsolete or slow-moving inventory was recorded.

**PROPERTY AND EQUIPMENT, NET**

The Group's property and equipment, net is as follows at December 31, 2025 and 2024:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Computer Equipment | $ 40,755 | $ 36,067 |
| Equipment | 1,406,604 | 1,393,781 |
| Furniture and Fixtures | 85,631 | 77,594 |
| Leaseholds and improvements | 359,923 | 344,465 |
| Motor Vehicles | 1,126,242 | 1,241,112 |
| Less Accumulated Depreciation | (2,568,274) | (2,474,441) |
| Total | $ 450,881 | $ 618,578 |

Total depreciation on property and equipment for the years ended December 31, 2025 and 2024 was $168,703 and $271,814 respectively, and is recorded in distribution, selling and administrative expenses within the combined statements of operations and comprehensive income.

**INTANGIBLE ASSETS, NET**

The Group's intangible assets, net is as follows at December 31, 2025 and 2024:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Computer Software | $ 39,771 | $ 38,063 |
| Less Accumulated Amortization | (39,586) | (37,670) |
| Total | $ 185 | $ 393 |

Amortization of intangible assets was $1,916 and $502 for the year ended December 31, 2025 and 2024, respectively, and is recorded in distribution, selling and administrative expenses within the combined statements of operations and comprehensive income.

**LEASES**

**Lessee arrangements**—Searay CA leases office and warehouse space under an operating lease with a related-party entity under common ownership with Searay CA. The lease commenced in May 2023 and is currently set to expire in April 2028. The lease has an initial five-year term and provides options to extend the lease for additional five-year periods at fair market rental rates. Management is reasonably certain to exercise the extension option and, accordingly, has included the related extension period in the lease term used to calculate the amounts and balances of lease related accounts. Under the lease agreement, Searay CA is also responsible for certain additional occupancy costs, including utilities, property taxes, and easement area expenses.

The components of lease costs, which are recorded in distribution, selling, and administrative expenses within the combined statements of operations and comprehensive income, were as follows:

| | Year Ended December 31, 2025 | Year Ended December 31, 2024 |
|---|---|---|
| Operating lease cost | $669,881 | $677,027 |
| Variable lease cost | 141,096 | 186,151 |
| Total | $810,977 | $863,178 |

Weighted-average remaining lease terms and discount rates were as follows:

| | Operating Lease | |
|---|---|---|
| | December 31, 2025 | December 31, 2024 |
| Weighted-average remaining term (in years) | 7.33 | 8.33 |
| Weighted-average discount rate | 6.95% | 6.95% |

Future minimum lease payments, including payments related to lease extension periods that management is reasonably certain to exercise, as of December 31, 2025, are as follows:

| Years ending | Operating Lease |
|---|---|
| 2026 | $675,954 |
| 2027 | 714,216 |
| 2028 | 726,967 |
| 2029 | 726,967 |
| 2030 | 726,967 |
| Thereafter | 1,696,263 |
| Total future undiscounted lease payments | 5,267,334 |
| Less: imputed interest | (1,137,236) |
| Total obligations under operating lease | 4,130,098 |
| Less: Current portion | (405,278) |
| Noncurrent portion of obligations under operating lease | $3,724,820 |

During the years ended December 31, 2025 and 2024, no adjustments to ROU assets and obligations under operating lease were made as a result of lease remeasurements, modifications, or terminations.

**DEBT**

**Revolving Credit Facility-**The Group maintains revolving demand credit facilities with Royal Bank of Canada (“RBC”). On November 21, 2025, Searay CA and Morgan entered into amended and restated credit agreements with RBC, which amended and restated their respective existing credit agreements without novation. Under the amended agreements, Searay CA and Morgan may borrow under separate revolving facilities, subject to an aggregate borrowing limit of $9.0 million Canadian dollars (approximately $6.5 million U.S. dollars based on the applicable exchange rate as of December 31, 2025). The facilities provide for borrowings in Canadian and U.S. dollars, including revolving loans and overdrafts, as well as letters of credit and letters of guarantee. Canadian-dollar borrowings bear interest at the RBC prime rate plus 0.25% per annum, and U.S.-dollar borrowings bear interest at the RBC U.S. base rate plus 0.25% per annum. Borrowings under the facilities are repayable on demand, and RBC may cancel or restrict the availability of any unutilized portion of the facilities at its discretion.

The facilities are secured by general security agreements covering the personal property of Searay CA and Morgan, together with unlimited guarantees and postponements of claim provided by certain affiliated entities, including 1407706 B.C. Ltd. and JP Searay Holdings Ltd., which are under common ownership

with the Group, and certain shareholders. The security arrangements also include mortgages and assignments of rents over certain properties owned by JP Searay Holdings Ltd.

The original and amended credit facility contains certain financial and nonfinancial covenants. Under the original facility agreement, for the year ended December 31, 2024, Searay CA is required to maintain a debt-to-tangible-net-worth ratio not exceeding 3.00 to 1.00 and a debt service coverage ratio of not less than 1.25 to 1.00. The amended credit agreements require the Group to maintain, on a combined basis with JP Searay Holdings Ltd., a debt service coverage ratio of not less than 1.25:1, measured at the end of year 2025. The agreements also contain other customary covenants and reporting requirements. As of December 31, 2025 and 2024, Searay CA and the Group were in compliance with the covenant.

As of December 31, 2025 and 2024, the outstanding balance under the revolving credit facilities was $- and $1,437,987, respectively.

**INCOME TAXES**

Searay Foods Inc. and Morgan Foods Inc. are subject to Canadian federal and British Columbia income taxes at a combined statutory rate of 27%. Searay Foods USA Inc. is subject to United States federal and California income taxes. Each entity files separate income tax returns. The Group adopted ASU 2023-09 retrospectively for all periods presented.

| | Year Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Canada (domestic) | 6,315,763 | 6,294,513 |
| United States (foreign) | (58,010) | - |
| **Income before income taxes** | **6,257,753** | **6,294,513** |

The provision for income taxes consisted of the following:

| | Year Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Current:** | | |
| Canada - federal | 980,506 | 1,002,017 |
| Canada - provincial | 782,113 | 800,269 |
| Foreign - United States | 800 | - |
| **Total Current** | **1,763,419** | **1,802,286** |
| **Deferred:** | | |
| Canada - federal | (22,512) | (46,992) |
| Canada - provincial | (18,010) | (37,594) |
| Foreign - United States | - | - |
| **Total Deferred** | **(40,522)** | **(84,586)** |
| **Income tax expense** | **1,722,897** | **1,717,700** |

Income taxes paid, net of refunds received, were as follows:

| | Year Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Canada - federal | 1,240,216 | 610,906 |
| British Columbia | 989,261 | 489,968 |
| **Total income taxes paid, net of refunds** | 2,229,477 | 1,100,874 |

The reconciliation of income tax expense at the Canadian federal statutory income tax rate to the actual income tax expense is as follows:

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Amount | Percent | Amount | Percent |
| Canadian federal statutory income tax rate [1] | 938,663 | 15.0% | $ 944,177 | 15.0% |
| Provincial income taxes, net of federal (national) income tax effect [2] | 757,892 | 12.1% | 755,341 | 12.0% |
| Foreign tax effects | 9,502 | 0.2% | - | 0.0% |
| Nontaxable or nondeductible items | 4,945 | 0.1% | 6,345 | 0.1% |
| Other adjustments | 11,895 | 0.1% | 11,837 | 0.2% |
| **Income tax expense** | 1,722,897 | 27.5% | $ 1,717,700 | 27.3% |

(1) Canada is the jurisdiction of domicile, and the 15% is the basic rate of 38% less the 10% abatement and the 13% general rate reduction.

(2) The provincial jurisdiction that makes up the majority of the tax effect in this category is British Columbia.

(3) Includes the increase in the valuation allowance for Searay Foods USA Inc. of $17,838.

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities are as follows:

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Deferred tax assets:** | | |
| Operating lease liabilities | 1,115,126 | 1,152,099 |
| Eligible capital property | 12,273 | 12,364 |
| Net operating loss carryforwards | 18,011 | - |
| Other | 852 | 717 |
| **Total deferred tax assets** | **1,146,262** | **1,165,180** |
| Less: valuation allowance | (17,838) | - |
| **Deferred tax assets, net of valuation allowance** | **1,128,424** | **1,165,180** |
| **Deferred tax liabilities:** | | |
| Property and equipment | (72,014) | (94,223) |
| Operating lease right-of-use assets | (1,033,859) | (1,087,834) |
| Other | - | (1,094) |
| **Total deferred tax liabilities** | **(1,105,873)** | **(1,183,151)** |
| **Net deferred tax assets (liabilities)** | **22,551** | **(17,971)** |

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Deferred income tax assets | 22,551 | 2,357 |
| Deferred income tax liabilities | - | (20,328) |
| **Net deferred tax assets (liabilities)** | **22,551** | **(17,971)** |

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management has concluded that the deferred tax assets of the Canadian entities are more likely than not to be realized, and no valuation allowance has been recorded against them. Searay Foods USA Inc. has a history of cumulative losses, and a full valuation allowance has been recorded against its net deferred tax assets.

As of December 31, 2025, Searay Foods USA Inc. had US federal net operating loss carryforwards of $64,768, which do not expire, and California net operating loss carryforwards of $63,145, which expire in 2045. The related valuation allowance was $17,838 at December 31, 2025.

The Group has not recorded any liability for unrecognized tax benefits as of December 31, 2025 and 2024, and does not expect the amount of unrecognized tax benefits to change significantly within the next 12 months. The Group's policy is to classify interest and penalties related to income taxes as income tax expense. No interest or penalties were recognized in 2025 or 2024. The Canadian entities remain subject to examination by the Canada Revenue Agency for the taxation years ended December 31, 2022 through 2025 (Searay) and August 31, 2023 through 2025 (Morgan). Searay Foods USA Inc. remains subject to examination for the 2024 and 2025 tax years.

. **MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT**

As of December 31, 2025 and 2024, Searay CA's authorized share capital consists of an unlimited number of Class A, B, C, and D common shares and Class E, F, G, H, I, and J preferred shares. Class A common shares are voting and participating with par value of $0.075 per share, while Class B, C, and D common shares are non-voting and participating with a par value of $1.00 per share. Class E through Class J preferred shares have varying voting, participation, par value, redemption, and retraction provisions.

As of December 31, 2025 and 2024, Morgan was authorized to issue an unlimited number of Class A voting common shares with a par value of $0.075 per share, as well as an unlimited number of Class B voting common shares and Class C and Class D non-voting common shares, each without par value. Morgan is also authorized to issue an unlimited number of Class E non-voting and Class F non-voting, retractable and redeemable preferred shares without par value.

As of December 31, 2025, the Group's capitalization related to different classes of common and preferred stock issued consisted of the following:

| | Par Value | Shares Authorized | Shares Issued & Outstanding | Liquidation Preference | Current Conversion Rate to Common Stock |
|---|---|---|---|---|---|
| Searay CA - Class A Common | $ 0.075 | Unlimited | 200 | $15 | 1.0 |
| Searay CA - Class H Preferred | 0.01 | Unlimited | 19,357 | 12,836,776 | 1.0 |
| Searay CA - Class I Preferred | 0.01 | Unlimited | 9,043 | 5,982,971 | 1.0 |
| Morgan – Class A Common | 0.075 | Unlimited | 200 | 15 | 1.0 |
| Morgan – Class E Preferred | $0.00 | Unlimited | 15,662 | 10,404,882 | 1.0 |
| | | Unlimited | 44,462 | $29,224,659 | |

As of December 31, 2024, the Group's capitalization related to different classes of common and preferred stock consisted of the following:

| | Par Value | Shares Authorized | Shares Issued & Outstanding | Liquidation Preference | Current Conversion Rate to Common Stock |
|---|---|---|---|---|---|
| Searay CA - Class A Common | $ 0.075 | Unlimited | 200 | $15 | 1.0 |
| Searay CA - Class H Preferred | 0.01 | Unlimited | 21,000 | 16,059,790 | 1.0 |
| Searay CA - Class I Preferred | 0.01 | Unlimited | 9,681 | 6,392,532 | 1.0 |
| Morgan – Class A Common | 0.075 | Unlimited | 200 | 15 | 1.0 |
| Morgan – Class E Preferred | $0.00 | Unlimited | 17,614 | 11,652,432 | 1.0 |
| | | Unlimited | 48,695 | $34,104,784 | |

**Common Stock-**The holders of Class A common shares are entitled to receive notice of, attend and vote at all meetings of shareholders, other than meetings at which only holders of a specified class are entitled to vote, with each Class A share entitled to one vote. Dividends on Classes A through D may be declared in such amounts and at such times as determined by the Group's Board of Directors, subject to the rights of the redeemable shares and applicable restrictions on distributions. Upon liquidation, dissolution or winding up of the Group, Classes C and D are entitled to their respective amounts paid up, plus declared and unpaid dividends, before Classes A and B, which participate pari passu in the remaining profits and assets of the Group.

**Preferred Stock-**The Group's Classes E through J shares (collectively, the "Preferred Stock" or "Redeemable Shares") have various rights and preferences with respect to redemption, dividends, voting and liquidation.

Redemption - The Preferred Stock is redeemable at the option of the Group and, upon demand, at the option of the holder, at the applicable redemption amount plus any declared and unpaid dividends. Redemption generally requires 21 days' prior written notice, which may be waived. The Group may not redeem or purchase shares, pay dividends or make certain capital distributions if, after giving effect to such action, the value of the Group's net assets would be less than the aggregate redemption amounts of all outstanding Redeemable Shares.

Dividends - The holders of Preferred Stock are entitled to annual non-cumulative dividends, when and if declared by the Board of Directors, subject to the distribution restrictions described above. Dividends for each class may not exceed the aggregate redemption amount of the outstanding shares of that class multiplied by the applicable prescribed rate under the Income Tax Act (Canada), or such other rate established by the Board of Directors at the time of issuance of the first share of the

applicable class. The Board is not required to declare dividends on one class when dividends are declared on another class.

Liquidation Rights - Upon liquidation, dissolution or winding up of the Group, or certain distributions or returns of capital, holders of the Redeemable Shares are entitled to receive their respective redemption amounts plus declared and unpaid dividends in the following order of priority: Class J, Class I, Class H, Class G, Class F and Class E. Thereafter, Classes D and C are entitled to their respective amounts paid up plus declared and unpaid dividends, and Classes A and B participate pari passu in the remaining profits and assets of the Group.

Voting - Class E shares are entitled to one vote per share and may receive notice of, attend and vote at shareholder meetings, except meetings limited to another specified class. Classes F through J are generally non-voting, except with respect to class meetings applicable to the respective class.

Preferred Stock can be redeemed at the option of either the holder or the Group. Because a holder can require redemption, the redemption is not solely within the Group's control. Accordingly, the Group considered Accounting Standard Codification 480-10-S99, as well as the applicable SEC guidance on temporary equity, and classified the Preferred Stock as mezzanine equity, outside of permanent stockholders' deficit, in the combined balance sheets. The Preferred Stock is carried at its redemption value.

As of January 1, 2024, the Group had 17,614 shares of Class E, 21,000 shares of Class H, and 10,000 shares of Class I Preferred Stock outstanding, with aggregated redemption values of $11,652,432, $16,059,790, and $6,588,517. During the years ended December 31, 2025 and 2024, the Group declared dividends on the Preferred Stock of $1,663,237 and $694,975, respectively. These dividends were recorded as a reduction of accumulated deficit and did not change the carrying amount of the Preferred Stock.

During the year ended December 31, 2024, the Group redeemed 319 shares of Class I Preferred Stock ($195,985). No Class E or H Preferred Stock was redeemed in 2024. As of December 31, 2024, 17,614 shares of Class E, 21,000 shares of Class H, and 9,681 shares of Class I Preferred Stock were outstanding, with aggregated redemption values of $11,652,432, $16,059,790, and $6,392,532, respectively.

During the year ended December 31, 2025, the Group redeemed 1,952 shares of Class E ($1,247,550), 1,643 shares of Class H ($3,223,014), and 638 shares of Class I Preferred Stock ($409,561). As of December 31, 2025, 15,662 shares of Class E, 19,357 shares of Class H, and 9,043 shares of Class I Preferred Stock were outstanding, with aggregated redemption values of $10,404,882, $12,836,776, and $5,982,971, respectively.

## RELATED-PARTY TRANSACTIONS

**Warehouse and Office Space Lease -** Searay CA leases office and warehouse space under an operating lease ("Searay lease") with a related-party entity, JP Searay Holdings, under common control with Searay CA. The lease commenced in May 2023 and has a lease term through April 2028. Management performed a variable interest entity analysis of JP Searay Holdings and concluded that

the Group is not the primary beneficiary. Accordingly, the Group does not consolidate the financial results of JP Searay Holdings in its combined financial statements. Refer to Footnote 7 for more information. During the years ended December 31, 2025 and 2024, Searay CA made lease payments of $810,977 and $863,178 related to the Searay lease.

**Related Party Guarantees and Security -** The Group's credit facilities with RBC are secured by general security agreements over the personal property of Searay CA and Morgan. The facilities are also supported by unlimited guarantees and postponements of claim provided by certain entities under common ownership with the Group, including 1407706 B.C. Ltd. and JP Searay Holdings Ltd., as well as certain shareholders. The security arrangements further include mortgages and assignments of rents over certain properties owned by JP Searay Holdings Ltd. Refer to Footnote 8 for details.

**Advances To and Repayments From Shareholders and Their Affiliated Entities -** From time to time, certain shareholders and entities controlled by those shareholders provide financing to the Group to support its operations. The Group also makes payments to or on behalf of, and receives advances from, certain shareholders and entities controlled by those shareholders. These arrangements are unsecured, non-interest-bearing, and due on demand.

During the years ended December 31, 2025 and 2024, the Group advanced $548,531 and $8,087,250, respectively, to shareholders and their affiliated entities and received repayments of $- and $5,502,686, respectively. As of December 31, 2025 and 2024, amounts due from shareholders and their affiliated entities were $3,003,620 and $1,396,796, respectively. These amounts were translated using the weighted-average U.S. dollar-to-Canadian dollar exchange rates for the respective years. The use of exchange rates in effect on the dates of the underlying transactions would not have resulted in a material difference. Based on the nature of the arrangements, including the related-party relationships and the absence of customary lending terms, amounts due from shareholders and their affiliated entities are presented as a reduction of shareholders' deficit in the combined balance sheets.

**Redemption of Preferred Stock**- During the years ended December 31, 2025 and 2024, the Group redeemed certain classes of preferred stock held by its shareholders. As of December 31, 2025 and 2024, amounts payable to shareholders in connection with these redemptions were $6,535,566 and $1,655,441, respectively, and are included in payable for preferred stock redemption - related parties in the combined balance sheets. All preferred stock redemptions during the years ended December 31, 2025 and 2024 were non-cash transactions, with the redemption amounts recorded as payables. See Note 10 for additional information.

. **CONCENTRATION OF RISK**

The Group maintains its cash balances with high-credit-quality financial institutions in Canada and the United States. Canadian dollar-denominated bank accounts are insured by the Canada Deposit Insurance Corporation ("CDIC") up to CAD $100,000 per insured category at each member institution. From time to time, the Group's cash balances may exceed these insured limits. As of December 31, 2025, cash balances in excess of CDIC-insured limits were approximately USD $118,670 (CAD $163,420). As of December 31, 2024, the Group had no cash balances in excess of CDIC-insured limits.

U.S. dollar-denominated bank accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to US $250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2025 and 2024, the Group's cash balances held with U.S. financial institutions did not exceed applicable FDIC insurance limits.

The following table summarizes the Group's concentrations with significant customers and vendors that individually accounted for more than 10% of the Group's revenues, inventory purchases, or accounts receivable for the years ended and as of December 31, 2025 and 2024, as applicable:

| **Accounts Receivable, as of December 31, 2025** | |
|---|---|
| Customer A | 19% |
| Customer B | 19% |

| **Revenue for the Year ended December 31, 2025** | |
|---|---|
| Customer A | 19% |

| **Accounts Receivable, as of December 31, 2024** | |
|---|---|
| Customer B | 18% |
| Customer A | 15% |

| **Revenue for the Year ended December 31, 2024** | |
|---|---|
| Customer A | 18% |

| **Inventories Purchases for the Year ended December 31, 2025** |
|---|

| **Inventories Purchases for the Year ended December 31, 2024** |
|---|

| | | | |
|---|---|---|---|
| Vendor C | 12% | Vendor C | 11% |

. **COMMITMENTS AND CONTINGENCIES**

**Litigation-From** time to time, the Group is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. While management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Group, we cannot predict with reasonable assurance the outcome of these legal actions brought against us, as they are subject to uncertainties.

. **SUBSEQUENT EVENT**

The Group has evaluated subsequent events through November 6, 2026, the date that the financial statements were available to be issued.

Acquisition

On August 31, 2026, HF Foods Group Inc. (“HF Foods”), through its subsidiaries, completed the acquisition of 100% of the issued and outstanding equity interests of Searay CA and Morgan and certain assets Searay USA pursuant to a Securities Purchase Agreement dated July 17, 2026, as amended on August 27, 2026.

Per the terms of the agreement, the aggregate base purchase price was approximately CAD$47.9 million, consisting of approximately CAD$38.4 million in cash and 1,701,871 shares of HF Foods common stock, valued at USD$4.00 per share at closing. The former shareholders of the Group are also eligible to receive additional contingent consideration based on the achievement of specified EBITDA targets during the two- to three-year period following the acquisition.

# Searay Foods Inc.,
# Searay Foods USA Inc., and
# Morgan Foods Inc.
# (Collectively as Searay Foods Inc. and Affiliates)

Unaudited Condensed Combined Financial Statements
as of June 30, 2026 and December 31, 2025
and for the Six Months Ended June 30, 2026 and 2025

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**SEARAY FOODS INC. AND AFFILIATES**
**CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)**
**AS OF JUNE 30, 2026 AND DECEMBER 31, 2025**
**(in US Dollars, except share count data)**

| | 2026 | 2025 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash | $ 2,875,680 | $ 259,732 |
| Accounts receivable, net | 5,624,230 | 5,988,706 |
| Inventories, net | 12,068,187 | 14,131,534 |
| Prepaid expenses and other current assets | 431,412 | 168,088 |
| **TOTAL CURRENT ASSETS** | **20,999,509** | **20,548,060** |
| Property and equipment, net | 382,179 | 450,881 |
| Operating lease right-of-use assets | 3,561,380 | 3,829,107 |
| Intangible assets, net | 135 | 185 |
| Deferred tax assets | 33,075 | 22,551 |
| **TOTAL ASSETS** | **$ 24,976,278** | **$ 24,850,784** |
| | | |
| **LIABILITIES, MEZZANINE EQUITY, AND SHAREHOLDERS' DEFICIT** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 467,726 | $ 898,828 |
| Payable for preferred stock redemption - related parties | 6,535,566 | 6,535,566 |
| Current portion of obligations under operating leases | 430,861 | 405,278 |
| Accrued expenses and other liabilities | 537,387 | 361,894 |
| **TOTAL CURRENT LIABILITIES** | **7,971,540** | **8,201,566** |
| Obligations under operating leases, non-current | 3,432,752 | 3,724,820 |
| **TOTAL LIABILITIES** | **$ 11,404,292** | **$ 11,926,386** |
| **COMMITMENTS AND CONTINGENCIES (Note 13)** | | |
| | | |
| MEZZANINE EQUITY: | | |
| Class E Preferred Stock, unlimited shares authorized, 15,662 shares issued and outstanding as of June 30, 2026 and December 31, 2025 | $ 10,404,882 | $ 10,404,882 |
| Class H Preferred Stock, unlimited shares authorized, 19,357 shares issued and outstanding as of June 30, 2026 and December 31, 2025 | 12,836,776 | 12,836,776 |
| Class I Preferred Stock, unlimited shares authorized, 9,043 shares issued and outstanding as of June 30, 2026 and December 31, 2025 | 5,982,971 | 5,982,971 |
| | | |
| SHAREHOLDERS' DEFICIT: | | |
| Common Stock, $0.075 par value; unlimited shares authorized, 400 shares issued and outstanding as of June 30, 2026 and December 31, 2025 | 30 | 30 |
| Accumulated Deficit | (10,501,548) | (12,887,315) |
| Advances to related parties (Note 11) | (4,822,322) | (3,003,620) |
| Accumulated other comprehensive loss | (328,803) | (409,326) |
| **TOTAL SHAREHOLDERS' DEFICIT** | **(15,652,643)** | **(16,300,231)** |
| **TOTAL LIABILITIES, MEZZANINE EQUITY, AND SHAREHOLDERS' DEFICIT** | **$ 24,976,278** | **$ 24,850,784** |

**SEARAY FOODS INC. AND AFFILIATES**
**CONDENSED COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)**
**FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**
**(in US Dollars)**

| | 2026 | 2025 |
|---|---|---|
| Net revenue | $ 24,664,951 | $ 23,693,309 |
| **TOTAL NET REVENUE** | **24,664,951** | **23,693,309** |
| | | |
| Cost of revenue | (18,952,061) | (17,959,487) |
| **TOTAL COST OF REVENUE** | **(18,952,061)** | **(17,959,487)** |
| | | |
| **GROSS PROFIT** | **5,712,890** | **5,733,822** |
| | | |
| Distribution, selling, and administrative expenses | (2,477,017) | (2,306,573) |
| **INCOME FROM OPERATIONS** | **3,235,873** | **3,427,249** |
| | | |
| Interest expense | (6,288) | (13,286) |
| Other income, net | 8,475 | 19,545 |
| **INCOME BEFORE INCOME TAXES** | **3,238,060** | **3,433,508** |
| | | |
| Income tax expense | (852,293) | (955,464) |
| **NET INCOME** | **2,385,767** | **2,478,044** |
| | | |
| Other comprehensive income, net of tax | 80,523 | 1,073,258 |
| **COMPREHENSIVE INCOME** | **$ 2,466,290** | **$ 3,551,302** |

**SEARAY FOODS INC. AND AFFILIATES**
**CONDENSED COMBINED STATEMENTS OF MEZZANINE EQUITY AND CHANGES IN SHAREHOLDERS' DEFICIT (UNAUDITED)**
**FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**
**(in US Dollars, except share count data)**

| | Mezzanine Equity | | | | | | Changes in Shareholders' Deficit | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Class E Preferred Stock | | Class H Preferred Stock | | Class I Preferred Stock | | Common Stock | | Advances to Related Parties - Note 11 | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Shareholders' Deficit |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| **Balance at January 1, 2025** | 17,614 | $ 11,652,432 | 21,000 | $ 16,059,790 | 9,681 | $ 6,392,532 | 400 | $ 30 | (1,396,796) | $ (1,326,683) | $ (15,758,934) | $ (18,482,383) |
| Preferred Stock Dividend | - | - | - | - | - | - | - | - | - | - | (1,452,327) | (1,452,327) |
| Net Income | - | - | - | - | - | - | - | - | - | - | 2,478,044 | 2,478,044 |
| Other Comprehensive Income | - | - | - | - | - | - | - | - | - | 1,073,258 | - | 1,073,258 |
| Advances to related parties (Note 11) | - | - | - | - | - | - | - | - | (1,202,328) | - | - | (1,202,328) |
| **Balance at June 30, 2025** | **17,614** | **$ 11,652,432** | **21,000** | **$ 16,059,790** | **9,681** | **$ 6,392,532** | **400** | **$ 30** | **(2,599,124)** | **$ (253,425)** | **$ (14,733,217)** | **$ (17,585,736)** |

| | Mezzanine Equity | | | | | | Changes in Shareholders' Deficit | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Class E Preferred Stock | | Class H Preferred Stock | | Class I Preferred Stock | | Common Stock | | Advances to Related Parties - Note 11 | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Shareholders' Deficit |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | | |
| **Balance at January 1, 2026** | 15,662 | $ 10,404,882 | 19,357 | $ 12,836,776 | 9,043 | $ 5,982,971 | 400 | $ 30 | (3,003,620) | $ (409,326) | $ (12,887,315) | $ (16,300,231) |
| Net Income | - | - | - | - | - | - | - | - | - | - | 2,385,767 | 2,385,767 |
| Other Comprehensive Income | - | - | - | - | - | - | - | - | - | 80,523 | - | 80,523 |
| Advances to related parties (Note 11) | - | - | - | - | - | - | - | - | (1,818,702) | - | - | (1,818,702) |
| **Balance at June 30, 2026** | **15,662** | **$ 10,404,882** | **19,357** | **$ 12,836,776** | **9,043** | **$ 5,982,971** | **400** | **$ 30** | **(4,822,322)** | **$ (328,803)** | **$ (10,501,548)** | **$ (15,652,643)** |

**SEARAY FOODS INC. AND AFFILIATES**
**CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)**
**FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**
**(in US Dollars)**

| | 2026 | 2025 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Net Income** | $ 2,385,767 | $ 2,478,044 |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | |
| Depreciation and amortization expense | 61,981 | 84,886 |
| Gain from disposal of property and equipment | - | (2,350) |
| Deferred tax benefit | (11,169) | (19,947) |
| Non-cash lease expense | 199,684 | 184,711 |
| Write-offs of inventories | 29,638 | 1,685 |
| **Changes in operating assets and liabilities:** | | |
| Accounts receivable | 261,414 | 643,945 |
| Inventories | 1,796,610 | (650,442) |
| Prepaid expenses and other current assets | (293,002) | 48,076 |
| Accounts payable | (337,852) | 112,006 |
| Obligations under operating lease | (192,670) | (146,371) |
| Accrued expenses and other liabilities | 185,666 | (577,724) |
| **Net cash provided by operating activities** | **4,086,067** | **2,156,519** |
| **Cash flows from investing activities:** | | |
| Purchase of property and equipment | (1,702) | (4,326) |
| Proceeds from sale of property and equipment | - | 4,867 |
| **Net cash provided by (used in) investing activities** | **(1,702)** | **541** |
| **Cash flows from financing activities:** | | |
| Proceeds from line of credit | 24,786,007 | 24,548,053 |
| Repayments of line of credit | (24,786,025) | (25,180,156) |
| Dividends paid - preferred stock | - | (1,452,327) |
| Repayments from related parties - Note 11 | 414,371 | - |
| Advances to related parties - Note 11 | (1,824,454) | - |
| **Net cash used in financing activities** | **(1,410,101)** | **(2,084,430)** |
| Effect of Foreign Exchange Rate on Cash | (58,316) | 22,217 |
| **Net increase in cash** | **2,615,948** | **94,847** |
| **Cash at beginning of the period** | 259,732 | 41,430 |
| **Cash at end of the period** | **$ 2,875,680** | **$ 136,277** |
| **Supplemental disclosure of cash flow data:** | | |
| Cash paid for interest | $ 308 | $ 6,622 |
| Cash paid for income taxes | $ 1,167,114 | $ 1,314,949 |

**SEARAY FOODS INC. AND AFFILIATES**
**NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS (UNAUDITED)**
**AS OF JUNE 30, 2026 AND DECEMBER 31, 2025**
**AND FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**

## ORGANIZATION AND NATURE OF ACTIVITIES

Searay Foods Inc. ("Searay CA") was incorporated under the Business Corporations Act of British Columbia on May 7, 1996. Morgan Foods Inc. ("Morgan") was incorporated under the same Act on September 15, 2006. Searay Foods USA Inc. ("Searay USA") was incorporated on December 15, 2023 under Washington Business Corporation Act. These three entities (collectively, the "Group") are under common ownership by the same group of owners. The Group operates as an importer, wholesaler, and distributor of ethnic and specialty frozen seafood products.

The functional currencies of Searay CA and Morgan, whose primary operations are in Canada, are the Canadian dollar. The functional currency of Searay USA, whose operations are in the United States, is the U.S. dollar. For financial reporting purposes, the Group determined its reporting currency to be U.S. dollar; accordingly, the financial statements of the combined entities are translated into U.S. dollars. Refer to the Comprehensive Income section of Note 2 for the Group's foreign currency translation policy and its effect on the condensed combined financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation and Principles of Combination -** The condensed combined financial statements and accompanying notes of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying condensed combined financial statements include the accounts of Searay CA, Morgan, and Searay USA. The financial statements are presented on a combined basis in accordance with *Accounting Standards Codification ("ASC") 810 –Consolidation.* All significant inter-Group balances and transactions have been eliminated in combination.

Certain information and footnote disclosures normally included in the annual combined financial statements have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Because the unaudited interim combined financial statements do not include all of the information and notes required by U.S. GAAP for a complete set of combined financial statements, they should be read in conjunction with the audited combined financial statements and notes included in the Group's financial statements for the year ended December 31, 2025.

**Revenue Recognition -** Revenue is recognized when the Group satisfies its performance obligations and control of the products transfers to the customer, which occurs upon shipment or delivery depending on the applicable shipping terms. Shipping and handling activities are considered fulfillment activities rather than separate performance obligations, and all revenue is recognized at a point in time. Revenue is recognized net of discounts, returns, allowances, and other sales incentives, which totaled approximately $157,513 and $262,899 for the six months ended June 30, 2026 and 2025, respectively. Customer payment terms generally require payment within 30 days and therefore do not include a significant financing component. Taxes collected from customers and remitted to governmental authorities are presented on a net basis.

**Income Taxes**-For interim periods, the provision for income taxes is determined using an estimate of the annual effective tax rate for each taxing jurisdiction, applied to year-to-date ordinary income before income taxes, adjusted for discrete items, if any, that are recognized in the period in which they occur. Jurisdictions with losses for which no tax benefit can be recognized are excluded from the estimated annual effective tax rate. See Note 9 – Income Taxes for additional information.

**Comprehensive Income** - Comprehensive income consists of net income and other comprehensive income. The functional currencies of Searay CA and Morgan are the Canadian dollar, while the functional currency of Searay USA and the Group's reporting currency are the U.S. dollar. Accordingly, the financial statements of the combined entities are translated into U.S. dollars for reporting purposes. Assets and liabilities are translated using exchange rates in effect at the balance sheet date, revenues and expenses are translated using average exchange rates for the reporting period, and equity accounts are translated using historical exchange rates. Resulting foreign currency translation adjustments are recognized in other comprehensive income in the condensed combined statements of operations and comprehensive income and accumulated within accumulated other comprehensive loss in the condensed combined balance sheets.

**ACCOUNTS RECEIVABLE, NET**

The Group's accounts receivable, net consists of the following:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Accounts receivable | $ 5,624,230 | $ 5,988,707 |
| Allowance for credit losses | - | - |
| Total | $ 5,624,230 | $ 5,988,707 |

For the six months ended June 30, 2026 and 2025, the Group incurred $449 and $2,874 of bad debt expense, respectively.

**INVENTORIES, NET**

The Group's inventories primarily consist of frozen seafood and related products. For the six months ended June 30, 2026 and 2025, inventory write off amount is $29,638 and $1,685, respectively, to adjust the carrying value of the inventory to its net realizable value. Inventory write-offs are presented in cost of revenue in the condensed combined statements of operations and comprehensive income.

**PROPERTY AND EQUIPMENT, NET**

The Group's property and equipment, net is as follows at June 30, 2026 and December 31, 2025:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Computer Equipment | $ 40,234 | $ 40,755 |
| Equipment | 1,381,671 | 1,406,604 |
| Furniture and Fixtures | 84,037 | 85,631 |
| Leaseholds and improvements | 353,178 | 359,923 |
| Motor Vehicles | 1,105,136 | 1,126,242 |
| Less Accumulated Depreciation | (2,582,077) | (2,568,274) |
| Total | $ 382,179 | $ 450,881 |

Total depreciation on property and equipment for the six months ended June 30, 2026 and 2025 was $61,934 and $84,775, respectively, and is recorded in distribution, selling and administrative expenses within the condensed combined statements of operations and comprehensive income.

**INTANGIBLE ASSETS, NET**

The Group's intangible assets, net are as follows at June 30, 2026 and December 31, 2025:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Computer Software | $ 39,025 | $ 39,771 |
| Less Accumulated Amortization | (38,890) | (39,586) |
| Total | $ 135 | $ 185 |

Amortization of intangible assets was $47 and $111 for the six months ended June 30, 2026 and 2025, respectively, and is recorded in distribution, selling and administrative expenses within the condensed combined statements of operations and comprehensive income.

**LEASES**

**Lessee arrangements**—Searay CA leases office and warehouse space under an operating lease with a related-party entity under common ownership with Searay CA. The components of lease costs, which are recorded in distribution, selling, and administrative expenses within the condensed combined statements of operations and comprehensive income, were as follows:

| | Six Months Ended June 30, 2026 | Six Months Ended June 30, 2025 |
|---|---|---|
| Operating lease cost | $ 338,568 | $ 333,748 |
| Variable lease cost | 2,546 | 112,506 |
| Total | $ 341,114 | $ 446,254 |

**DEBT**

**Revolving Credit Facility-**The Group maintains revolving demand credit facilities with Royal Bank of Canada (“RBC”). Under the agreements, Searay CA and Morgan may borrow under separate revolving facilities, subject to an aggregate borrowing limit of $9 million Canadian dollars. As of June 30, 2026 and December 31, 2025, there were no outstanding balances under the revolving credit facilities.

**INCOME TAXES**

Searay CA and Morgan are subject to Canadian federal and British Columbia income taxes at a combined statutory rate of 27%. Searay USA is subject to United States federal and California income taxes.

The effective tax rate was 26.3% and 27.8% for the six months ended June 30, 2026 and 2025, respectively. The effective tax rate for 2026 is lower than the combined Canadian federal and British Columbia statutory rate of 27% primarily due to income of Searay USA for which no tax expense is recognized due to the utilization of net operating loss carryforwards subject to a full valuation allowance, and intercompany profit eliminations for which no tax effect is recorded. The effective tax rate for 2025 is higher than the statutory rate primarily due to intercompany profit eliminations for which no tax effect is recorded and non-deductible expenses.

There were no discrete tax items recognized in the six months ended June 30, 2026 or 2025, and no significant changes to the Group’s unrecognized tax benefits during the six months ended June 30, 2026.

## . MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT

As of June 30, 2026 and December 31, 2025, Searay CA's authorized share capital consists of an unlimited number of Class A, B, C, and D common shares and Class E, F, G, H, I, and J preferred shares. Class A common shares are voting and participating with par value of $0.075 per share, while Class B, C, and D common shares are non-voting and participating with a par value of $1.00 per share. Class E through Class J preferred shares have varying voting, participation, par value, redemption, and retraction provisions.

As of June 30, 2026 and December 31, 2025, Morgan was authorized to issue an unlimited number of Class A voting common shares with a par value of $0.075 per share, as well as an unlimited number of Class B voting common shares and Class C and Class D non-voting common shares, each without par value. Morgan is also authorized to issue an unlimited number of Class E non-voting and Class F non-voting, retractable and redeemable preferred shares without par value.

As of June 30, 2026 and December 31, 2025, the Group's capitalization consisted of the following:

| | Original Issue Price | Shares Authorized | Shares Issued & Outstanding | Liquidation Preference | Current Conversion Rate to Common Stock |
|---|---|---|---|---|---|
| Searay CA - Class A Common | $ 0.075 | Unlimited | 200 | $15 | 1.0 |
| Searay CA - Class H Preferred | 0.01 | Unlimited | 19,357 | 12,836,776 | 1.0 |
| Searay CA - Class I Preferred | 0.01 | Unlimited | 9,043 | 5,982,971 | 1.0 |
| Morgan – Class A Common | 0.075 | Unlimited | 200 | 15 | 1.0 |
| Morgan – Class E Preferred | $0.00 | Unlimited | 15,662 | 10,404,882 | 1.0 |
| | | Unlimited | 44,462 | $29,224,659 | |

Preferred Stock can be redeemed at the option of either the holder or the Group. Because a holder can require redemption, the redemption isn't solely within the Group's control. The Preferred Stock is therefore classified as mezzanine equity, outside of permanent shareholders' deficit, in the condensed combined balance sheets in accordance with U.S. GAAP, and is carried at its redemption value. During the six months ended June 30, 2026 and 2025, the Group declared dividends on the Preferred Stock of $- and $1,452,327, respectively. These dividends were recorded as a reduction of accumulated deficit and did not change the carrying amount of the Preferred Stock.

During the six months ended June 30, 2026 and 2025, the Group did not redeem any shares of Class E, H, and I Preferred Stock. As of June 30, 2026 and December 31, 2025, 15,662 shares of Class E, 19,357 shares of Class H, and 9,043 shares of Class I Preferred Stock were outstanding, with aggregated redemption values of $10,404,882, $12,836,776, and $5,982,971, respectively. As of June 30, 2026 and December 31, 2025, unpaid preferred stock redemption liability amounted to $6,535,566 and is recorded within the payable for preferred stock redemption – related parties in the condensed combined balance sheets.

## RELATED-PARTY TRANSACTIONS

**Warehouse and Office Space Lease -** Searay CA leases office and warehouse space under an operating lease ("Searay lease") with a related-party entity under common ownership with Searay CA. The lease commenced in May 2023 and is currently set to expire in April 2028. Refer to Footnote 7 for more information. During the six months ended June 30, 2026 and 2025, Searay CA made lease payments of $341,114 and $446,254 related to the Searay lease.

**Advances To and Repayments From Shareholders and Their Affiliated Entities -** From time to time, certain shareholders and entities controlled by those shareholders provide financing to the Group to support its operations. The Group also makes payments to or on behalf of, and receives advances from, certain shareholders and entities controlled by those shareholders. These arrangements are unsecured, non-interest-bearing, and due on demand.

During the six months ended June 30, 2026 and 2025, the Group advanced $1,824,454 and $- to shareholders and their affiliated entities and received repayments of $414,371 and $-, respectively. As of June 30, 2026 and December 31, 2025, amounts due from shareholders and their affiliated entities were $4,822,322 and $3,003,620, respectively. Based on the nature of the arrangements, including the related-party relationship and the absence of customary lending terms, amounts due from shareholders and their affiliated entities are presented as a reduction of shareholders' deficit in the condensed combined balance sheets.

**. CONCENTRATION OF RISK**

The Group maintains its cash balances with high-credit-quality financial institutions in Canada and the United States. Canadian dollar-denominated bank accounts are insured by the Canada Deposit Insurance Corporation ("CDIC") up to CAD $100,000 per insured category at each member institution. The Group's cash balances may exceed these insured limits. As of June 30, 2026, cash balances in excess of CDIC-insured limits were approximately USD $2,494,723 (CAD $3,501,094). As of December 31, 2025, cash balances in excess of CDIC-insured limits were approximately USD $118,670 (CAD $163,420).

U.S. dollar-denominated bank accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to US $250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2026 and December 31, 2025, the Group's cash balances held with U.S. financial institutions did not exceed applicable FDIC insurance limits.

The composition of the significant customers and vendors are included in the table below:

| **Accounts Receivable, as of June 30, 2026** | |
|---|---|
| Customer B | 25% |
| Customer A | 10% |

| **Revenue for Six Months ended June 30, 2026** | |
|---|---|
| Customer A | 17% |

| **Accounts Receivable, as of June 30, 2025** | |
|---|---|
| Customer B | 18% |
| Customer A | 11% |

| **Revenue for Six Months ended June 30, 2025** | |
|---|---|
| Customer A | 17% |

| **Inventories Purchases for Six Months ended June 30, 2026** | **Inventories Purchases for Six Months ended June 30, 2025** |
|---|---|

| | | | |
|---|---|---|---|
| Vendor C | 17% | Vendor C | 15% |
| Vendor D | 11% | Vendor D | 11% |

. **COMMITMENTS AND CONTINGENCIES**

**Litigation-** From time to time, the Group is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. While management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Group, we cannot predict with reasonable assurance the outcome of these legal actions. brought against us, as they are subject to uncertainties.

. **SUBSEQUENT EVENT**

The Group has evaluated subsequent events through November 6, 2026, the date that the unaudited condensed financial statements were available to be issued.

Acquisition

On August 31, 2026, HF Foods Group Inc. (“HF Foods”), through its subsidiaries, completed the acquisition of 100% of the issued and outstanding equity interests of Searay CA and Morgan and certain assets Searay USA pursuant to a Securities Purchase Agreement dated July 17, 2026, as amended on August 27, 2026.

Per the terms of the agreement, the aggregate base purchase price was approximately CAD$47.9 million, consisting of approximately CAD$38.4 million in cash and 1,701,871 shares of HF Foods common stock, valued at USD$4.00 per share at closing. The former shareholders of the Group are also eligible to receive additional contingent consideration based on the achievement of specified EBITDA targets during the two- to three-year period following the acquisition.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

**Introduction**

On August 31, 2026, HF Foods Group Inc. (the "Company" or "HF Foods") completed the previously announced acquisition of Searay Foods Inc., a corporation formed under the laws of British Columbia ("Searay Canada"), Morgan Foods Inc., a corporation formed under the laws of British Columbia ("Morgan Foods"), and certain assets of Searay Foods USA Inc., a corporation formed under Washington Business Corporation Act ("Searay USA", and together with Searay Canada and Morgan Foods, the "Searay Group"), pursuant to the Securities Purchase Agreement, dated as of July 17, 2026 (the "Agreement"), as amended by the Amendment to Securities Purchase Agreement, dated as of August 27, 2026 (the "Amendment"), by and among the Company, HF Acquisition Newco Inc., a Delaware corporation and wholly-owned subsidiary of the Company (the "Buyer"), HF Toro Canada Holdings Inc., a British Columbia limited company ("Searay Acquisition Co" and, together with the Company and the Buyer, the "Buyer Entities"), the Searay Group; the sellers named therein (the "Sellers"), and Jackie Chi Fai Chan, solely in his capacity as the representative of the Sellers, pursuant to which the Buyer Entities acquired 100% of the issued and outstanding securities of Searay Canada and Morgan Foods, as well as certain assets of Searay USA, from the Sellers (the "Acquisition"). The Acquisition closed on August 31, 2026 (the "Closing Date").

In accordance with the terms of the Agreement, the Company acquired 100% of the issued and outstanding equity interests of Searay Canada and Morgan Foods, as well as certain assets of Searay USA, from the Sellers, for an aggregated purchase price of CAD$71.1 million (approximately USD$51.3 million based on the applicable exchange rate as of August 31, 2026). The purchase price was paid as (i) cash of approximately CAD$62.2 million (approximately USD$44.9 million based on the applicable exchange rate as of August 31, 2026), (ii) cash-settled earnout instruments payable upon the achievement of specified future performance conditions, with an estimated fair value of approximately USD$0.8 million, and (iii) 1,701,871 shares of the Company's common stock that were placed in escrow, with a fair value of approximately USD$5.6 million, subject to certain earn-out conditions at closing (the "Shares"). Subject to the achievement of certain earn-out thresholds, a portion or all of the Shares will be released from escrow to the Sellers following the completion of the two-year earn-out period after the closing of the Acquisition. Upon release of the Shares, if the market price of the Company's common stock is below $4.00 per share, the Company is required to purchase the released Shares at $4.00 per share. In addition, the Sellers are eligible to receive contingent earnout payments based on achievement of specified EBITDA targets over a two- to three-year period following the closing of the Acquisition (the "Closing").

In connection with the Closing, the parties entered into the Amendment, which, among other things, (i) subordinates the earnout payments to the credit facilities of the Buyer Entities, (ii) provides for simple interest at SOFR plus 2% per annum on any deferred earnout payments, (iii) waives, solely as a closing condition, the requirement to obtain certain third-party consents at or prior to the Closing, (iv) provides for uncapped indemnification by the Sellers for losses arising from the failure to obtain such consents, and (v) permits the Buyer Entities to assign their rights under the Agreement to affiliates and as collateral security to lenders.

To finance the Acquisition, HF Foods drew down its outstanding availability on its Asset Backed Loans ("ABL"), as well as its Third Amended and Restated Credit Agreement, dated as of March 31, 2022 (as amended, the "Credit Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"). Additionally, in connection with the Closing, the Company and the Borrowers under the Credit Agreement entered into a Consent (the "Consent"), pursuant to which the Administrative Agent and the required lenders consented to the joinder of Searay Canada, Morgan Foods and any subsidiary formed or acquired in connection with the Acquisition as parties to the Credit Agreement and related loan documents within five business days following the closing of the Acquisition (or such later date as agreed by the Administrative Agent), rather than immediately upon consummation of the Acquisition.

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X and should be read in conjunction with the accompanying notes. We refer to the transaction

accounting adjustments related to the Acquisition as the "Acquisition Adjustments" and refer to the transaction accounting adjustments related to draw down on our ABL and Credit Agreement to fund the cash portion of consideration for the acquisition as the "Financing Adjustments."

The unaudited pro forma condensed combined balance sheet as of June 30, 2026 combines the unaudited condensed consolidated balance sheet of HF Foods as of June 30, 2026 with the unaudited condensed combined balance sheet of the Searay Group as of June 30, 2026, giving effect to the Acquisition and the Financing as if it had been consummated on June 30, 2026.

The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2026 combines the unaudited condensed consolidated statement of operations of HF Foods for the six months ended June 30, 2026 with the unaudited condensed combined statement of operations of the Searay Group for the six months ended June 30, 2026, giving effect to the Acquisition and the Financing as if it had been consummated on January 1, 2025.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025 combines the audited consolidated statement of operations of HF Foods for the year ended December 31, 2025 with the audited combined statement of operations of the Searay Group for the year ended December 31, 2025, giving effect to the Acquisition and the Financing as if it had been consummated on January 1, 2025.

The unaudited pro forma condensed combined financial information was derived from, and should be read in conjunction with, the following:

- The historical audited consolidated financial statements of HF Foods as of and for the year ended December 31, 2025, as included in the Company's Annual Report on Form 10-K filed with the SEC on March 16, 2026;
- The historical unaudited consolidated financial statements of HF Foods as of and for the six months ended June 30, 2026, as included in the Company's Quarterly Report on Form 10-Q filed with the SEC on August 10, 2026;
- The historical audited combined financial statements of the Searay Group as of and for the year ended December 31, 2025, included as an exhibit to the Form 8-K/A to which this unaudited pro forma condensed combined financial information is attached; and
- The historical unaudited combined financial statements of the Searay Group as of and for the six months ended June 30, 2026, included as an exhibit to the Form 8-K/A to which this unaudited pro forma condensed combined financial information is attached.

**Accounting for the Acquisition**

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with accounting principles generally accepted in the United States ("GAAP"). A newly formed subsidiary of HF Foods has been treated as the acquirer for accounting purposes, and thus accounts for the acquisition as a business combination in accordance with Accounting Standards Codification Topic 805, Business Combinations ("ASC 805"). The total purchase price will be allocated to the tangible and intangible assets acquired and liabilities assumed based on their respective fair values. The assets and liabilities of the Searay Group have been measured based on various preliminary estimates using assumptions that the Company's management believes are reasonable and based on currently available information. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing this unaudited pro forma condensed combined financial information.

Differences between these preliminary estimates and the final purchase accounting may occur, and the final purchase accounting could be materially different from the preliminary estimates used to prepare the accompanying unaudited pro forma condensed combined financial information and could have a material impact on the combined company's future results of operations and financial position.

**Basis of Pro Forma Presentation**

The unaudited pro forma condensed combined financial information appearing below does not consider any potential effects of changes in market conditions on revenues or expense efficiencies, among other factors. In addition, as explained in more detail in the accompanying notes, the preliminary acquisition accounting of the pro forma purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary significantly from what will be recorded upon completion of the final acquisition accounting.

The unaudited pro forma condensed combined financial information has been prepared based on the aforementioned historical financial statements and the assumptions and adjustments as described in the notes to the unaudited pro forma condensed combined financial information. The pro forma adjustments reflect transaction accounting adjustments related to the Acquisition and the Financing, which are discussed in further detail below. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not purport to represent the combined company's consolidated results of operations or the consolidated financial position that would actually have occurred had the acquisition been consummated on the dates assumed or to project the combined company's consolidated results of operations or consolidated financial position for any future date or period.

The accounting policies followed in preparing the unaudited pro forma condensed combined financial statements are those used by HF Foods as set forth in the audited historical financial statements. HF Foods has performed a preliminary review to identify any accounting policy differences between the accounting policies used in the Searay Group's financial statements and those of the Company, where the impact was potentially material and could be reasonably estimated, with the Company identifying no such differences. A more comprehensive comparison and assessment will occur, which may result in additional differences being identified. Additionally, HF Foods has not included any presentation adjustments as the line items are consistent in nature and presentation.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not reflect the costs of any integration activities or cost savings or synergies that may be achieved because of the acquisition.
HF Foods and the Searay Group have not had any historical material relationship prior to the acquisition. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

**Unaudited Pro Forma Condensed Combined Balance Sheet**
**As of June 30, 2026**
**(In thousands, except share data)**

| | HF Foods Historical | Searay Group Historical | Acquisition Adjustments | Financing Adjustments | Pro Forma Combined |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current Assets**: | | | | | |
| Cash | $ 18,104 | $ 2,876 | (44,916) (A)<br>(616) (B) | $ 44,916 (C) | $ 20,364 |
| Accounts receivable, net of allowances | 63,963 | 5,624 | | | 69,587 |
| Accounts receivable - related parties | 995 | - | | | 995 |
| Inventories | 114,922 | 12,068 | (1,464) (A) | | 125,526 |
| Prepaid expenses and other current assets | 7,224 | 432 | | | 7,656 |
| **Total current assets** | 205,208 | 21,000 | (46,996) | 44,916 | 224,128 |
| Property, plant and equipment, net | 178,889 | 382 | | | 179,271 |
| Operating lease right-of-use assets | 22,509 | 3,561 | (3,561) (A) | | 22,509 |
| Long-term investments | 2,048 | - | | | 2,048 |
| Goodwill | - | - | 13,584 (A) | | 13,584 |
| Customer relationships, net | 120,765 | - | 20,129 (A) | | 140,894 |
| Trademarks, trade names and other intangibles, net | 22,832 | - | 3,010 (A) | | 25,842 |
| Other long-term assets | 4,345 | - | | | 4,345 |
| Deferred tax assets | - | 33 | | | 33 |
| **Total assets** | $ 556,596 | $ 24,976 | $ (13,834) | $ 44,916 | $ 612,654 |
| **Liabilities and Equity** | | | | | |
| **Current Liabilities**: | | | | | |
| Checks issued not presented for payment | $ 5,585 | $ - | | | $ 5,585 |
| Line of credit | 77,128 | - | | $ 44,916 (C) | 122,044 |
| Accounts payable | 70,776 | 467 | | | 71,243 |
| Accounts payable - related parties | 298 | - | | | 298 |
| Payable for preferred stock redemption - related parties | - | 6,536 | (6,536) (A) | | - |
| Current portion of long term debt, net | 5,211 | - | | | 5,211 |
| Current portion of obligation under finance leases | 6,733 | - | | | 6,733 |
| Current portion of obligation under operating leases | 2,957 | 431 | (431) (A) | | 2,957 |
| Accrued expenses and other liabilities | 15,790 | 537 | (208) (B) | | 16,119 |
| **Total current liabilities** | 184,478 | 7,971 | (7,175) | 44,916 | 230,190 |
| Long term debt, net of current portion | 95,344 | - | | | 95,344 |
| Obligation under finance leases, non-current | 23,534 | - | | | 23,534 |
| Obligation under operating leases, non-current | 23,058 | 3,433 | (3,433) (A) | | 23,058 |
| Deferred tax liabilities | 22,118 | - | 6,248 (A) | | 28,366 |
| Other long-term liabilities | 246 | - | 6,424 (A) | | 6,670 |
| **Total liabilities** | 348,778 | 11,404 | 2,064 | 44,916 | 407,162 |
| **MEZZANINE EQUITY**: | | | | | |
| Class E Preferred Stock, unlimited shares authorized, 15,662 shares issued and outstanding | - | 10,405 | (10,405) (A) | | - |
| Class H Preferred Stock, unlimited shares authorized, 19,357 shares issued and outstanding | - | 12,837 | (12,837) (A) | | - |
| Class I Preferred Stock, unlimited shares authorized, 9,043 shares issued and outstanding | - | 5,983 | (5,983) (A) | | - |
| **Shareholders' Equity**: | | | | | |
| Common Stock | 5 | - | (0) (A) | | 5 |
| Treasury stock (included in common stock issued above), at cost, 1,571,895 shares as of June 30, 2026 | (6,099) | - | | | (6,099) |
| Additional paid-in capital | 605,102 | - | | | 605,102 |
| Accumulated deficit | (392,237) | (10,502) | 8,584 (A)<br>(408) (B) | | (394,563) |
| Advances to related parties | - | (4,822) | 4,822 (A) | | - |
| Accumulated other comprehensive income (loss) | - | (329) | 329 (A) | | - |
| **Total Shareholders' Equity Attributable To HF Foods Group Inc.** | 206,771 | (15,653) | 13,327 | - | 204,445 |
| Noncontrolling interests | 1,047 | - | | | 1,047 |
| **Total Shareholders' Equity** | 207,818 | (15,653) | 13,327 | - | 205,492 |
| **Total Liabilities, Mezzanine Equity and Shareholders' Equity** | $ 556,596 | $ 24,976 | $ (13,834) | $ 44,916 | $ 612,654 |

*Please refer to the notes to the unaudited pro forma condensed combined financial information.*

Unaudited Pro Forma Condensed Combined Statement of Operations
Six Months Ended June 30, 2026
(In thousands, except share and per share data)

| | HF Foods Historical | Searay Group Historical | Acquisition Adjustments | | Financing Adjustments | | Pro Forma Combined |
|---|---|---|---|---|---|---|---|
| Net revenue - third parties | $ 633,273 | $ 24,665 | | | | | $ 657,938 |
| Net revenue - related parties | 2,510 | - | | | | | 2,510 |
| **Total net revenue** | 635,783 | 24,665 | - | | - | | 660,448 |
| Cost of revenue - third parties | 527,918 | 18,952 | | | | | 546,870 |
| Cost of revenue - related parties | 2,291 | - | | | | | 2,291 |
| **Total cost of revenue** | 530,209 | 18,952 | - | | - | | 549,161 |
| **Gross profit** | 105,574 | 5,713 | - | | - | | 111,287 |
| Distribution, selling and administrative expenses | 101,720 | 2,477 | 1,210 | (AA) | | | 105,407 |
| **Income (loss) from operations** | 3,854 | 3,236 | (1,210) | | - | | 5,880 |
| Interest expense | 5,728 | 6 | | | 1,150 | (DD) | 6,884 |
| Other income, net | (4,100) | (8) | | | | | (4,108) |
| Change in fair value of interest rate swap contracts | (1,572) | - | | | | | (1,572) |
| **Income before income taxes** | 3,798 | 3,238 | (1,210) | | (1,150) | | 4,676 |
| Income tax expense (benefit) | (179) | 852 | (327) | (CC) | (276) | (EE) | 70 |
| **Net income** | 3,977 | 2,386 | (883) | | (874) | | 4,606 |
| Less: net income attributable to noncontrolling interests | 172 | - | | | | | 172 |
| **Net income (loss) attributable to HF Foods Group Inc.** | $ 3,805 | $ 2,386 | $ (883) | | $ (874) | | $ 4,434 |
| Earnings attributable to HF Foods Group Inc. per common share: | | | | | | | |
| Basic | $ 0.07 | | | | | | $ 0.08 |
| Diluted | $ 0.07 | | | | | | $ 0.08 |
| Weighted average number of common shares outstanding: | | | | | | | |
| Basic | 53,242,757 | | | | | | 53,242,757 |
| Diluted | 53,710,401 | | | | | | 53,710,401 |

*Please refer to the notes to the unaudited pro forma condensed combined financial information.*

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2025
(In thousands, except share and per share data)

| | HF Foods Historical | Searay Group Historical | Acquisition Adjustments | | Financing Adjustments | | Pro Forma Combined |
|---|---|---|---|---|---|---|---|
| Net revenue - third parties | $ 1,223,793 | $ 49,352 | | | | | $ 1,273,145 |
| Net revenue - related parties | 4,489 | - | | | | | 4,489 |
| **Total net revenue** | 1,228,282 | 49,352 | | | | | 1,277,634 |
| Cost of revenue - third parties | 1,016,716 | 37,820 | - | - | | | 1,054,536 |
| Cost of revenue - related parties | 3,990 | - | | | | | 3,990 |
| **Total cost of revenue** | 1,020,706 | 37,820 | - | | - | | 1,058,526 |
| **Gross profit** | 207,576 | 11,532 | - | | - | | 219,108 |
| Distribution, selling and administrative expenses | 201,762 | 5,287 | 408 | (BB) | | | 207,457 |
| Goodwill impairment charges | 38,815 | - | | | | | 38,815 |
| Amortization of intangible assets | - | - | 2,419 | (AA) | | | 2,419 |
| **Income (loss) from operations** | (33,001) | 6,245 | (2,827) | | - | | (29,583) |
| Interest expense | 11,467 | 20 | | | 2,571 | (DD) | 14,058 |
| Other income, net | (1,057) | (33) | | | | | (1,090) |
| Change in fair value of interest rate swap contracts | 1,870 | - | | | | | 1,870 |
| **Income (loss) before income taxes** | (45,281) | 6,258 | (2,827) | | (2,571) | | (44,421) |
| Income tax expense (benefit) | (5,970) | 1,723 | (653) | (CC) | (617) | (EE) | (5,517) |
| **Net income (loss)** | (39,311) | 4,535 | (2,174) | | (1,954) | | (38,904) |
| Less: net income attributable to noncontrolling interests | (468) | - | | | | | (468) |
| **Net income (loss) attributable to HF Foods Group Inc.** | $ (38,843) | $ 4,535 | $ (2,174) | | $ (1,954) | | $ (38,436) |
| Earnings attributable to HF Foods Group Inc. per common share: | | | | | | | |
| Basic | $ (0.73) | | | | | | $ (0.73) |
| Diluted | $ (0.73) | | | | | | $ (0.73) |
| Weighted average number of common shares outstanding: | | | | | | | |
| Basic | 52,946,655 | | | | | | 52,946,655 |
| Diluted | 52,946,655 | | | | | | 52,946,655 |

*Please refer to the notes to the unaudited pro forma condensed combined financial information.*

**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**1. Basis of Presentation**

The pro forma adjustments have been prepared as if the Acquisition and the Financing had been consummated on June 30, 2026, in the case of the unaudited pro forma condensed combined balance sheet, and, in the case of the unaudited pro forma condensed combined statements of operations, as if the Acquisition and the Financing had been consummated on January 1, 2025, the beginning of the earliest period presented in the unaudited pro forma condensed combined statements of income.

The unaudited pro forma condensed combined financial information has been prepared assuming the acquisition method of accounting in accordance with GAAP. Under this method, the Searay Group's assets and liabilities will be recorded at their respective fair values. Any difference between the purchase price for the Searay Group and the fair value of the identifiable net assets acquired (including intangibles) will be recorded as goodwill. The pro forma adjustments are based on preliminary accounting conclusions and are subject to potential revisions upon further analysis.

The unaudited pro forma condensed consolidated financial information does not reflect any management adjustments for expected effects of the pro forma events.

The pro forma adjustments represent management's estimates based on information available as of the date of this Form 8-K/A and are subject to change as additional information becomes available and additional analyses are performed.

**2. Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2026**

The adjustments included in the unaudited pro forma condensed combined balance sheet as of June 30, 2026 are as follows:

(A) Reflects the acquisition accounting adjustments to record the Searay Group's assets and liabilities at estimated fair value based on the consideration transferred. The accounting adjustments also include adjustments to certain pre-Acquisition related-party balances of the Searay Group, including shareholder advances, amounts payable to related parties for preferred stock redemptions, and outstanding preferred stock, as these balances were not assumed by HF Foods as part of the Acquisition. Additionally, this adjustment reflects the recording of the preliminary estimate of goodwill and the elimination of the historical equity balances of the Searay Group.

The preliminary purchase price was allocated among the identified assets to be acquired, based on a preliminary analysis. Goodwill is expected to be recognized as a result of the acquisition, which represents the excess fair value of consideration over the fair value of the underlying net assets of the Searay Group. In accordance with Rule 11-02 of SEC Regulation S-X, the pro forma adjustments have been calculated as of the measurement date, August 31, 2026, the date the Acquisition was completed, using the measurement methodology prescribed by the applicable accounting standards.

The deferred income taxes represent the deferred tax impact associated with the incremental differences in book and tax basis created from the preliminary acquisition accounting. Deferred taxes associated with estimated fair value adjustments were calculated using the estimated Canadian statutory tax rate of 27%. No deferred taxes have been recorded for goodwill, which is not deductible for tax purposes. The income tax balances included in the preliminary purchase price allocation are provisional and may be adjusted during the measurement period.

The estimates of fair value are based upon preliminary valuation assumptions, and are believed to be reasonable, but are inherently uncertain and unpredictable. As a result, actual results may differ from estimates, and the difference may be material.

The following is a preliminary estimate of the assets acquired, and the liabilities assumed by HF Foods in the acquisition as of August 31, 2026, reconciled to the estimated purchase consideration (in thousands):

| Assets Acquired and Liabilities Assumed | Preliminary Estimate of Fair Value |
|---|---|
| Cash | 3,299 |
| Account receivable | 5,691 |
| Inventories | 11,567 |
| Prepaid expenses and other current assets | 816 |
| Property, plant and equipment | 369 |
| Other long-term assets | 50 |
| Customer relationships[1] | 20,129 |
| Trademarks, trade names and other intangibles[1] | 3,010 |
| Goodwill | 13,584 |
| Accounts payable | (605) |
| Accrued expenses and other liabilities | (322) |
| Deferred tax liabilities | (6,248) |
| **Total Fair Value** | **51,340** |

The following is a preliminary estimate of the fair value of the total purchase consideration on the Closing Date of the Acquisition the acquisition:

| Value of Purchase Consideration | |
|---|---|
| Cash Consideration [2] | 44,916 |
| Escrow share consideration [3] | 5,648 |
| Contingent consideration[4] | 776 |
| **Total Purchase Consideration** | **$ 51,340** |

(1) Intangible assets were comprised of the following:

| Asset type | Fair value | Useful Life and Depreciating Method | Valuation methodology |
|---|---|---|---|
| Customer relationships | 20,129 | 10 years, straight line | Multi-period excess earnings |
| Trade names | 2,560 | 10 years, straight line | Relief from royalty |
| Non-Competition agreements | 450 | 3 years, straight line | Provisional |
| **Total intangible assets** | $ 23,139 | | |

(2) This represents cash paid to the Sellers.

(3) Represents approximately 1.7 million shares of HF Foods common stock placed and deposited with an escrow agent. The release of the escrowed shares is subject to the achievement of certain specified financial performance earnout conditions during the two-year period following the acquisition. The number of shares ultimately released to the Sellers may be less than the full amount, depending on the extent to which the applicable earnout conditions are satisfied. Further, if the price of HF Foods' stock falls below $4 per share as of the end of the two-year earnout period, the provisions of the Agreement would require that HF Foods settle such shares for cash consideration of $4 per share or approximately $6.8 million. The fair value of the escrow share contingent consideration was determined by using a Monte Carlo simulation based on Level 3 Inputs (unobservable inputs which reflect the reporting entity's own assumptions about what assumptions market participants would use in pricing the asset or liability based on the best available information). The obligation associated

with the escrowed shares is classified as a liability pursuant to ASC 480 and is remeasured each reporting period, with changes in fair value recognized in earnings. For purposes of the pro forma Balance Sheet, the escrow share consideration is included in adjustment (A) together with the contingent consideration referenced in (4) below and presented as "other long-term liabilities".

(4) The consideration included contingent consideration of $776 thousand, representing the estimated fair value of the Growth and Customer earnouts. The Growth Earnout provides for cash payments based on Adjusted EBITDA exceeding specified thresholds during the two-year post-closing period, while the Customer Earnout provides for cash payments based on EBITDA generated from qualifying Customer locations during the three-year post-closing period, each subject to contractual caps. The fair value of the Growth and Customer earnouts was estimated using by using a Monte Carlo simulation based on Level 3 Inputs. The contingent consideration, together with the separate escrowed-share arrangement, is included in adjustment (A) and presented as "other long-term liabilities".

(B) Reflects the acquisition related costs, primarily comprised of investment banking fees, legal fees, issuance costs of escrowed shares, and other related advisory costs. These costs are not expected to recur beyond 12 months after the Acquisition. The related income statement adjustment is reflected at adjustment (BB).

(C) Reflects incremental borrowing in the amount of $44.9 million utilizing the Company's existing revolving credit facility. The related income statement adjustment is reflected at adjustment (DD).

**3. Adjustments to the Unaudited Pro Forma Condensed Combined Statement of Income for the Six Months ended June 30, 2026 and for the Year ended December 31, 2025**

(AA) Reflects the pro forma impacts related to the acquisition accounting discussed at adjustment (A). This includes the following impact:

- *Amortization expense on intangible assets* - Reflects an increase in amortization expense in the amount of $1.2 million for the six months ended June 30, 2026 and an increase of $2.4 million for the year ended December 31, 2025. This change related to customer relationships, trade names and non-competition agreements was calculated using the estimated weighted average remaining useful life of 10 years, 10 years, and 3 years, respectively.

(BB) Reflects the recognition of nonrecurring expenses related to estimated transaction costs in the amount of $408 thousand, which are primarily comprised of investment banking fees, legal fees, issuance costs of escrowed shares, and other related advisory costs. These costs are not expected to recur beyond 12 months after the Acquisition. The related balance sheet adjustment is reflected at adjustment (B).

(CC) Reflects the income tax effect of the pro forma adjustments for the six months ended June 30, 2026 and for the year ended December 31, 2025, calculated using the statutory rates in effect for the relevant jurisdictions: 27% (Canadian federal and British Columbia) for adjustments related to the Searay Group, including amortization of acquired intangible assets. Transaction costs are assumed not to be deductible for income tax purposes. The pro forma income tax adjustments do not reflect the effects of any post-acquisition tax planning, and the effective tax rate of the combined company could differ significantly from the pro forma amounts presented.

(DD) Reflects estimated interest expense related to incremental borrowing on the revolving credit facility, as presented at adjustment (C). The revolving credit facility borrowing has a variable interest rate based on Secured Overnight Financing Rate ("SOFR"). The effective interest rate was determined using the one-month SOFR plus a credit adjustment of 0.1% plus 1.375% per annum, which is 5.60% and 5.85%, respectively, as of June 30, 2026 and December 31, 2025. A change in SOFR of 1/8 of a percent would result in an increase or decrease in interest expense for the six months ended June 30, 2026 and for the year ended December 31, 2025, of approximately $28 thousand and $56 thousand, respectively.

(EE) Reflects the income tax effect of the financing adjustment at (DD) for the six months ended June 30, 2026 and for the year ended December 31, 2025, calculated using an estimated U.S. combined federal and blended state statutory rate of 24%, as the borrowing was incurred by HF Foods.

**4. Unaudited Pro Forma Earnings Per Share**

The pro forma net income (loss) per share calculations have been performed for the six months ended June 30, 2026 and for the year ended December 31, 2025, assuming the acquisition occurred on January 1, 2025.

| | For the Six Months Ended June 30, 2026 | For the Year Ended December 31, 2025 |
|---|---|---|
| | (in thousands, except per share data) | |
| **Numerator** | | |
| Pro forma net income attributable to HF Foods | $ 4,434 | $ (38,436) |
| **Denominator** | | |
| Pro forma weighted average number of common shares outstanding-basic | 53,243 | 52,947 |
| **Pro forma earnings per share-basic** | **$ 0.08** | **$ (0.73)** |
| Add: effect of dilutive securities | 467 | - |
| Add: effect of dilutive escrow shares/contingent consideration securities [(1)] | - | - |
| Pro forma weighted average number of shares-diluted | 53,710 | 52,947 |
| **Pro forma earnings per share-diluted** | **$ 0.08** | **$ (0.73)** |

[(1)] The contingent shares held in escrow are subject to certain performance-based vesting conditions. For purposes of diluted earnings per share, contingently issuable shares are included based on the number of shares, if any, that would be issuable assuming the end of the reporting period were the end of the contingency period. Because HF Foods' share price was below the applicable settlement price as of the balance sheet date, any contingent shares otherwise issuable would have been subject to cash repurchase. Accordingly, no contingent shares were included in the weighted-average shares outstanding for purposes of calculating pro forma diluted earnings per share.

The actual earnout period extends from September 2026 through August 2028. If HF Foods' share price exceeds $4.00 at the end of the applicable contingency period, up to approximately 1.7 million additional shares could become issuable. If such shares were included in diluted earnings per share, the maximum potential incremental dilution is estimated to be approximately $0.0025 per share.

The 1,701,871 escrow shares were excluded from pro forma diluted loss per share for the year ended December 31, 2025 because including the escrow shares would have been anti-dilutive. Potential common shares are included in diluted earnings (loss) per share only when their effect is dilutive.