



Global Innovation Institute

GII INITIAL COVERAGE | ADJACENT FOODSERVICE INFRASTRUCTURE

HF Foods Group Inc. (NASDAQ: HFFG)

A differentiated national Asian-foodservice network—but not yet a durable cash-economics story

Publication Date: August 5, 2026

Figure 1. Research Call and Market Data Summary

Research Call	Value	Market Data	Value
Rating	HOLD / NEUTRAL	Reference Price (8/3/26)	\$1.49
12-Month Price Target	\$1.60	Implied Upside / (Downside)	+7.4%
Market Capitalization	\$80.0M	Enterprise Value	\$292.0M
52-Week Range	\$1.38-\$3.87	Diluted Shares	53.475M

Source: HFFG Model-Aug 3, 2026.xlsx, Valuation Summary and Comps tabs.

The headline figures anchor this report's conclusion in verifiable numbers rather than narrative alone. A **HOLD/NEUTRAL** rating paired with a 12-month price target of \$1.60 implies roughly +7.4% upside from the \$1.49 reference price, a gap too narrow to support a directional call given the uncertainty documented later in this report. Market capitalization of approximately \$80.0M against an enterprise value of \$292.0M reflects meaningful leverage relative to the company's small equity base, a theme this report returns to throughout its discussion of working capital and cash conversion. The 52-week range of \$1.38-\$3.87 shows the stock has already re-rated substantially lower over the past year, which should temper any assumption that downside is inherently limited simply because the price is already depressed.

Investment view. HF Foods has assembled a differentiated national distribution network with potentially meaningful replication barriers in Asian foodservice. However, working-capital intensity, elevated leverage, incomplete internal-control remediation and unproven margin execution leave risk/reward balanced at the August 3, 2026 reference price.

Figure 2. Financial Summary, FY2023A-FY2028E

\$mm, except per share	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Net Revenue	\$1,148.6	\$1,201.8	\$1,228.2	\$1,289.6	\$1,392.8	\$1,504.2
YoY Growth	-1.9%	4.6%	2.2%	5.0%	8.0%	8.0%
Gross Margin	17.8%	17.1%	16.9%	17.1%	17.4%	17.6%
GII-Reconstructed Adj. EBITDA	\$38.1	\$36.0	\$36.0	\$45.1	\$57.7	\$70.5
GII-Reconstructed EBITDA Margin	3.3%	3.0%	2.9%	3.5%	4.1%	4.7%
Diluted EPS	\$(0.04)	\$(1.12)	\$(0.73)	\$0.04	\$0.19	\$0.35
Free Cash Flow	\$(5.2)	\$(1.1)	\$6.6	\$(6.4)	\$(11.0)	\$(3.3)
Net Debt / Adj. EBITDA	4.8x	5.3x	5.9x	4.9x	4.0x	3.3x

Note: Adjusted EBITDA figures in this report are GII reconstructions based on publicly disclosed components and may not reconcile precisely to management's complete non-GAAP calculation. For readability, some charts abbreviate the measure as "Adjusted EBITDA."

Source: HFFG Model-Aug 3, 2026.xlsx, Income Statement, Cash Flow Statement and Balance Sheet tabs.

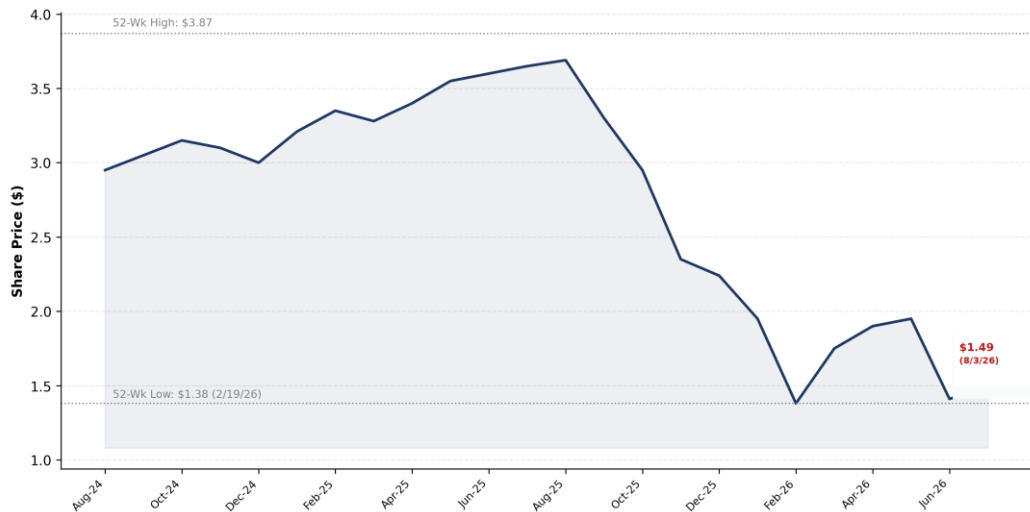
Revenue growth reaccelerates from a FY23A contraction to an assumed 8% annual pace by FY27E-28E, a trajectory that depends on both organic volume and the durability of the margin gains embedded in the model. GII-Reconstructed Adjusted EBITDA nearly doubles over the period even as the margin remains structurally thin, moving from 3.3% in FY23A to a still-modest 4.7% by FY28E. Free cash flow is negative in five of the six years shown, including all three projected years, which is the central tension this report returns to throughout: reported profitability improves while cash generation lags behind it. Leverage, measured as Net Debt / GII-Reconstructed Adjusted EBITDA, declines steadily from 4.8x to 3.3x, but that improvement depends on the EBITDA growth materializing as modeled rather than on debt repayment from free cash flow, which remains negative through FY28E.

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Investment Summary

Figure 3. Illustrative HFFG Share-Price History, 24 Months



Source: Macrotrends and TradingView observations compiled by GII; illustrative month-end series through July 2026, not a complete adjusted-close record. Reference research price: \$1.49 observed on August 3, 2026.

HFFG's share-price decline reflects reduced market confidence despite the company's national footprint. Investors appear focused on leverage, control remediation, margin compression and limited free-cash-flow visibility. A durable re-rating therefore requires operating evidence, especially cash conversion and balance-sheet repair.

- **Why the asset matters.** HF Foods appears to be one of the few nationally scaled distributors built primarily around the U.S. Asian-restaurant market. Its network includes 19 facilities, 46-state service, roughly 15,000 customer locations, a broad culturally specific assortment and over 1,100 vendors.
- **Why the equity remains constrained.** FY2025A leverage reached 5.9x Net Debt / GII-Reconstructed Adjusted EBITDA, gross margin declined to 16.9%, and the company disclosed a material ICFR weakness. Scale has not yet produced consistent cash conversion.
- **What the market appears to price.** HFFG trades at approximately 6.5x EV / GII-Reconstructed Adjusted EBITDA (on a forward, FY2026E-EBITDA basis; on a trailing FY2025A basis the multiple is approximately 8.1x) and 0.24x EV / Revenue. GII views much of the discount as compensation for scale, leverage, liquidity, governance and reporting risk.
- **What must change.** A durable re-rating requires ICFR remediation, sustained margin expansion, better working-capital conversion, deleveraging and stable finance leadership. Revenue growth alone is insufficient.

For a rigorous, evidence-scored view of where HFFG sits relative to Sysco, US Foods and Performance Food Group on the China Restaurant Empire™ REEF™ and TCM™ frameworks—including views from five stakeholder perspectives—see Appendix E, GII View from the Top.

Investment Debate

Figure 4. Investment Debate: Constructive View, GII Assessment and Downside Framings

Topic	Constructive View	GIJ Assessment	Downside Framings
National footprint	One of the few nationally scaled Asian-specialty platforms	Distinctive, but not yet proven as a high-return moat	Large broadliners possess the capital to enter if economics become attractive
Growth	Revenue opportunity from customer penetration and cross-selling	Growth creates value only if margin and cash conversion improve	Growth can consume cash through receivables, inventory and network investment
Margin	ERP, procurement and route optimization can expand margins	Terminal margin is the dominant valuation variable	Structural low margins may persist
Valuation	Peer multiples imply substantial upside	55-60% discount is warranted today	The current multiple may already reflect the company's risk profile
Governance	Professional management and independent board are improving	Remediation evidence remains incomplete	Turnover and related-party history impair confidence

Source: GII Research.

This table structures the report's central debate across the five dimensions that matter most to the investment case: **footprint, growth, margin, valuation and governance**. In each row, GII's own assessment sits deliberately between the bull and bear framings rather than adopting either wholesale, reflecting the report's balanced **HOLD/NEUTRAL** conclusion. The margin and valuation rows carry the most weight for the rating: GII treats terminal margin as the dominant valuation variable and views the current 55-60% peer discount as warranted rather than as an anomaly waiting to close. Governance is treated as unresolved rather than settled in either direction, since remediation evidence remains incomplete at the time of this report.

Earnings, Valuation and Rating Framework

Figure 5. Key Operating and Credit Metrics, FY2025A-FY2030E

Metric	FY2025A	FY2026E	FY2027E	FY2028E	FY2030E
Revenue	\$1,228.2	\$1,289.6	\$1,392.8	\$1,504.2	\$1,754.5
Revenue Growth	2.2%	5.0%	8.0%	8.0%	8.0%
Gross Margin	16.9%	17.1%	17.4%	17.6%	18.0%
GII-Reconstructed Adj. EBITDA	\$36.0	\$45.1	\$57.7	\$70.5	\$99.7
GII-Reconstructed EBITDA Margin	2.9%	3.5%	4.1%	4.7%	5.7%
EPS	\$(0.73)	\$0.04	\$0.19	\$0.35	\$0.72
FCF	\$6.6	\$(6.4)	\$(11.0)	\$(3.3)	\$12.6
Net Debt / GII-Reconstructed Adjusted EBITDA	5.9x	4.9x	4.0x	3.3x	2.2x

Source: HFFG Model-Aug 3, 2026.xlsx, Income Statement, Cash Flow Statement and Balance Sheet tabs.

This summary condenses the model's full projection period into the metrics that most directly inform the valuation reconciliation that follows. Revenue growth steps up from 2.2% in FY2025A to a sustained 8.0% pace by FY2027E onward, while GII-Reconstructed Adjusted EBITDA margin expands more gradually, from 2.9% to 5.7% by FY2030E—an improvement that is real but leaves the business well below headline-distributor margin norms even at the end of the forecast. Free cash flow is negative from FY2026E through FY2028E, as working-capital investment and capital expenditure outpace operating cash generation, before turning positive in FY2029E and improving further in FY2030E. Leverage declines from 5.9x to 2.2x Net Debt / GII-Reconstructed Adjusted EBITDA over the period, which is the single largest driver of equity-value improvement in the Cash-Conversion / Strategic Optionality Case explored later in this report.

Valuation Reconciliation

Figure 6. Valuation by Method: DCF and Trading Comps

Method	Low	Integrated Operating	High	Weight	Weighted Base
DCF	\$0.000	\$0.000	\$0.47	20%	\$0.000
Discount-adjusted comps	\$1.20	\$1.90	\$2.80	80%	\$1.52
Weighted target	\$0.96	\$1.52	\$2.33	-	\$1.52
GII 12-month target	-	\$1.60	-	-	\$1.60

Source: HFFG Model-Aug 3, 2026.xlsx, Valuation Summary tab.

GII assigns 80% weight to discount-adjusted trading comps and 20% to DCF because the DCF is unusually sensitive to financing and terminal assumptions. At the Integrated Operating Case inputs, enterprise value does not fully cover net debt, so residual common-equity value is floored at zero for decision purposes rather than interpreted as economically negative. Greater reliance on relative valuation makes the \$1.60 target more dependent on the reasonableness of the company-specific peer discount and should be interpreted with appropriate caution. GII sets the 12-month target at \$1.60, modestly above the \$1.52 weighted spot-value output; this is a judgmental target convention, not mathematical rounding.

What Changes Our View

Figure 7. Rating-Change Framework: Evidence Required by Direction

Rating Direction	Evidence Required	Investment Implication
Upgrade	ICFR (Internal Control over Financial Reporting) remediation; sustained margin progress; better cash conversion; Net Debt / GII-Reconstructed Adjusted EBITDA moving toward 3x; stable leadership	Evidence supports a higher confidence multiple
Maintain	Gradual operating improvement but incomplete remediation and constrained FCF	Balanced risk/reward near current valuation
Downgrade	Control failures recur; leverage rises; growth consumes cash without margin gains; refinancing risk increases	Lower earnings confidence and lower justified multiple

Source: GII Research.

This framework makes explicit what would move the rating in either direction, rather than leaving the **HOLD/NEUTRAL** conclusion as a static endpoint. An upgrade requires simultaneous progress on several fronts—ICFR remediation, sustained margin improvement, better cash conversion and deleveraging toward 3x Net Debt / GII-Reconstructed Adjusted EBITDA—not improvement on any single dimension in isolation. A downgrade path is equally explicit: recurring control failures, rising leverage, or growth that consumes cash without margin gains would each independently justify a lower confidence multiple. The current rating sits on the maintain path because operating improvement is visible but incomplete against these thresholds. HOLD / NEUTRAL means GII does not identify sufficient risk-adjusted return over the stated 12-month horizon to support a directional positive or negative recommendation; the classification considers expected return, valuation uncertainty, balance-sheet risk, and evidentiary confidence rather than a mechanical upside threshold alone.

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1. The Long View: Investment Thesis and Variant View

GII approaches HFFG through the same research discipline used in China Restaurant Empire Quarterly and the CRE Model Portfolio™. The first question is economic architecture: what the company controls, how revenue is recorded, which operating cycle it can compress, and why headline sales cannot be compared mechanically across restaurants, distributors, franchisors and consumer platforms. A company advances from strategic relevance to portfolio relevance only when operating power, architecture, valuation and falsification conditions can be evaluated together.

Applied to HF Foods, that framework identifies a strategically relevant infrastructure asset but does not, by itself, support a positive rating. HFFG is close to the restaurant operator's procurement decision yet distant from the consumer's dining decision, creating operating-system relevance without high consumer decision proximity. The current HOLD / NEUTRAL conclusion reflects that distinction between industry importance and equity investability.

Pillar 1—A differentiated adjacent restaurant-infrastructure position with potentially meaningful replication barriers. HF Foods combines national reach with local route density, culturally specific assortment, supplier relationships and multilingual service. These assets support independent restaurants that may be costly for mainstream broadliners to serve efficiently. Under REEF™, this is evidence of operating-system relevance, but route profitability, retention and sustainable excess returns remain unproven.

Pillar 2—Operating differentiation has not yet translated into durable cash economics. Revenue grew materially through acquisitions, but gross margin compressed and leverage increased. The Integrated Operating Case requires substantial working-capital investment, making free cash flow negative or near zero in three of five forecast years. The CRE Model Portfolio™ treats this as a central guardrail: operating relevance does not become an investable equity story until network scale converts into repeatable cash generation and a credible balance-sheet trajectory.

Pillar 3—The valuation discount is partly justified. Mechanical peer multiples overstate fair value because HFFG is far smaller, more levered and less liquid, with additional governance and control risk. Discount-adjusted comps converge near the current trading multiple. This is consistent with the CRE Model Portfolio™ approach, which distinguishes a strategically useful business from a security that is attractive on risk-adjusted portfolio terms.

Pillar 4—Re-rating conditions are observable. The thesis can improve through ICFR remediation, margin execution, working-capital discipline, deleveraging and stable finance leadership. These are testable operating conditions rather than narrative catalysts. GII therefore treats HFFG as an evidence-dependent investment case that should become more constructive only when the operating-system advantage appears in cash conversion, balance-sheet repair and stronger valuation support.

Variant View

Figure 8. Common Interpretation vs. GII Interpretation

Common Interpretation	GII Interpretation	Investment Implication
HF Foods is simply a cheap distributor	The network is strategically differentiated, but the equity is not automatically mispriced	Current discount reflects genuine execution and governance risk
Revenue acceleration drives value	Margin and cash conversion drive value more than revenue growth	Higher growth at fixed margins can destroy value
Peer multiples reveal hidden upside	Peer multiples require a large company-specific discount	Undiscounted peer-derived values do not provide a credible decision range
M&A is a catalyst	M&A is optionality, not a core catalyst	Control remediation and leverage should come first

Source: GII Research.

This table addresses four interpretations of HF Foods that GII considers common but insufficiently examined. The most consequential reframing is the second row: revenue acceleration is often treated as the primary value driver for distributors, but this report's modeling shows margin and cash conversion matter more, since growth at fixed margins can consume cash rather than create value—exactly the dynamic visible in the FY2026E-FY2027E free cash flow trough shown

elsewhere in this report. Peer multiples are similarly reframed: rather than reading them as revealing hidden upside, GII treats them as requiring a large company-specific discount before they provide a credible valuation range. The through-line across all four rows is that the current discount to peers most likely reflects genuine, quantifiable risk rather than market inefficiency.

2. Why Distribution Belongs in the China Restaurant Empire™ Thesis

China Restaurant Empire™ examines how restaurant power increasingly depends on the operating systems beneath the customer-facing brand. CRE Quarterly compares businesses by economic architecture, REEF™ tests the sources of restaurant-system power, TCM™ examines which operating cycles are compressed, and the CRE Model Portfolio™ asks whether those structural advantages are investable at the prevailing price. HFFG is not a restaurant operator, but it belongs in the research universe because it **can influence procurement continuity, menu execution, delivery reliability and restaurant replication**.

HF Foods does not own the restaurant brand, consumer traffic or final dining decision. Its relevance lies in the infrastructure beneath restaurant replication: culturally specific assortment, supplier coordination, inventory availability, temperature-controlled fulfillment and multilingual ordering support. Under REEF™, those capabilities may strengthen the Restaurant and Restaurant Operating System layers of customers, while decision proximity remains indirect. Under TCM™, the strongest supported application is fulfillment-time compression; decision, replication, response and management-time benefits are plausible but not yet quantified, while capital amplification remains constrained by HFFG's own working-capital intensity.

How HFFG Maps to REEF™ and TCM™: An Adjacent Infrastructure Application

REEF™ explains the direction of restaurant-system evolution through Power Layer, System Flywheel and Decision Proximity, while TCM™ evaluates the speed and quality with which multiple operating cycles are compressed. HFFG is assessed through these frameworks as an adjacent infrastructure provider rather than as a restaurant operator. The complete framework diagrams and formal definitions are reproduced in **Appendix D**.

Figure 9. REEF™ and TCM™ Framework Application to HF Foods

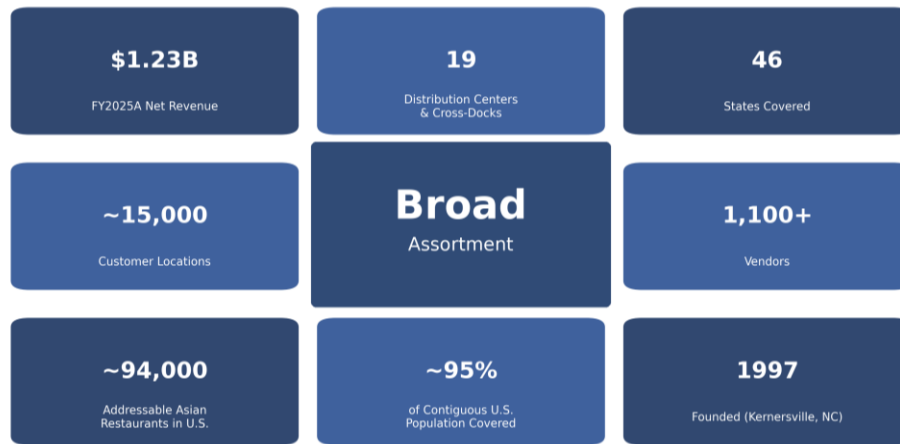
Framework / Cycle	Application to HFFG	Supporting Evidence	Limitation / Test
REEF™—Power Layer	Supports restaurant and operating-system capabilities through assortment, inventory, ordering and fulfillment	19 facilities; Broad assortment; 46-state reach	HFFG does not own the restaurant brand, traffic or consumer relationship
REEF™—System Flywheel	Potential flywheel: customer density → route efficiency → assortment breadth → supplier purchasing power → service reliability	National footprint, vendor base and customer network	Route economics, retention and purchasing benefits are not disclosed
REEF™—Decision Proximity	Close to the operator's procurement decision but distant from the consumer's dining decision	Specialty availability and multilingual ordering support	Low consumer decision proximity limits direct REEF™ power
TCM™—Decision Time & Fulfillment Time	Can reduce product-search, ordering and delivery time for restaurant operators	Information systems, call center, route network and cold-chain capability	Order-cycle and service-level data are not quantified
TCM™—Replication & Response	May reduce sourcing friction for openings and improve response to shortages or demand shifts	National footprint and broad vendor base	No direct evidence linking HFFG to customer opening speed or response time
TCM™—Management Time	ERP centralization may improve procurement, reporting and network coordination	ERP implementation and operating integration	ICFR weakness shows management-time compression remains incomplete
TCM™—Capital-Amplification Time	The network may enable customer expansion, but HFFG itself requires substantial working capital	Negative forecast FCF and elevated leverage	Currently a constraint rather than a demonstrated advantage

Source: GII Research.

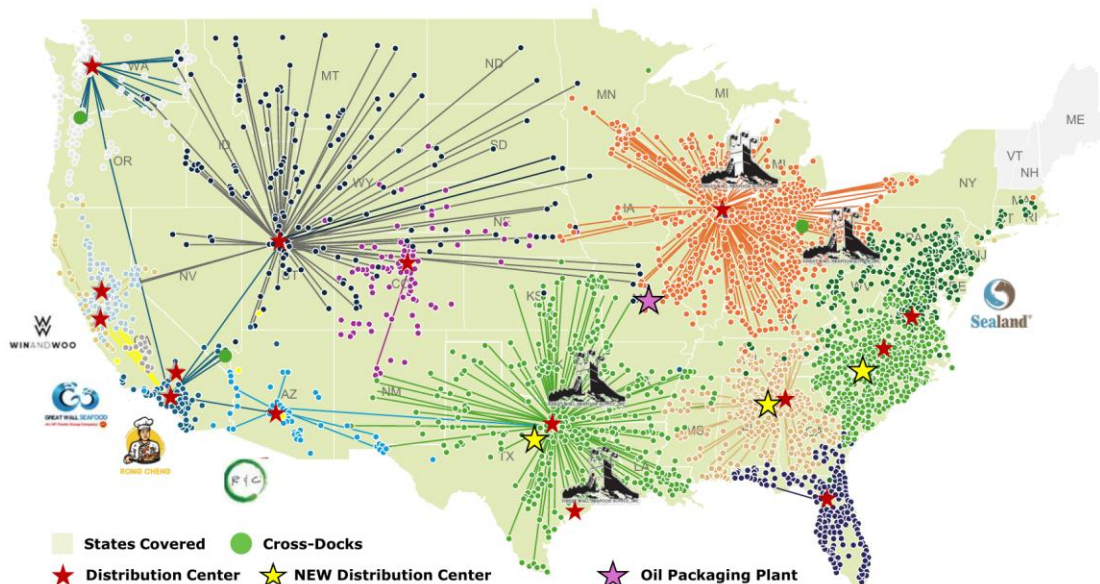
The REEF™ analysis indicates that HFFG may enable elements of the Restaurant and Restaurant Operating System layers for customers because its scale, assortment, and geographic reach are real and disclosed. Its consumer decision proximity is nevertheless low: HF Foods sits close to the operator's procurement decision but far from the diner's choice of where to eat. TCM™ is most supportive on Decision Time and Fulfillment Time, where information systems and cold-chain capability may compress order-to-delivery cycles, and weakest on Capital-Amplification Time, where negative forecast free cash flow and elevated leverage remain constraints. Each conclusion is paired with a named limitation so the frameworks test evidence rather than confirm a preferred narrative.

Core GII finding: HF Foods may compress operating time for restaurant customers while failing to compress capital time for its own shareholders. That tension links the China Restaurant Empire™ operating thesis directly to the HOLD / NEUTRAL equity conclusion.

Figure 10. HF Foods Group at a Glance, FY2025A



19 Distribution Centers & Cross-Docks Strategically Located Across the U.S.



- National footprint spans 46 states and reaches approximately 95% of the contiguous U.S. population.
- 19 distribution centers and cross-docks support an average route time of 3–5 hours to customers.
- Management expects ambient and cold-storage capacity to increase by approximately 25% in 2026, supporting further network densification.

Source: HF Foods FY2025 Form 10-K and March 2026 Investor Presentation. The assortment box is shown qualitatively because public materials use count conventions that are not directly reconcilable across exhibits.

The operating snapshot shows that HF Foods has assembled meaningful scale across facilities, customers, products and suppliers. Those assets support adjacent foodservice-infrastructure coverage because they may compress procurement and fulfillment time beyond the restaurant's four walls. The unresolved investment question is whether that footprint can produce route economics, returns on incremental capital and free-cash-flow conversion sufficient to justify a stronger rating.

3. Infrastructure Advantage Test

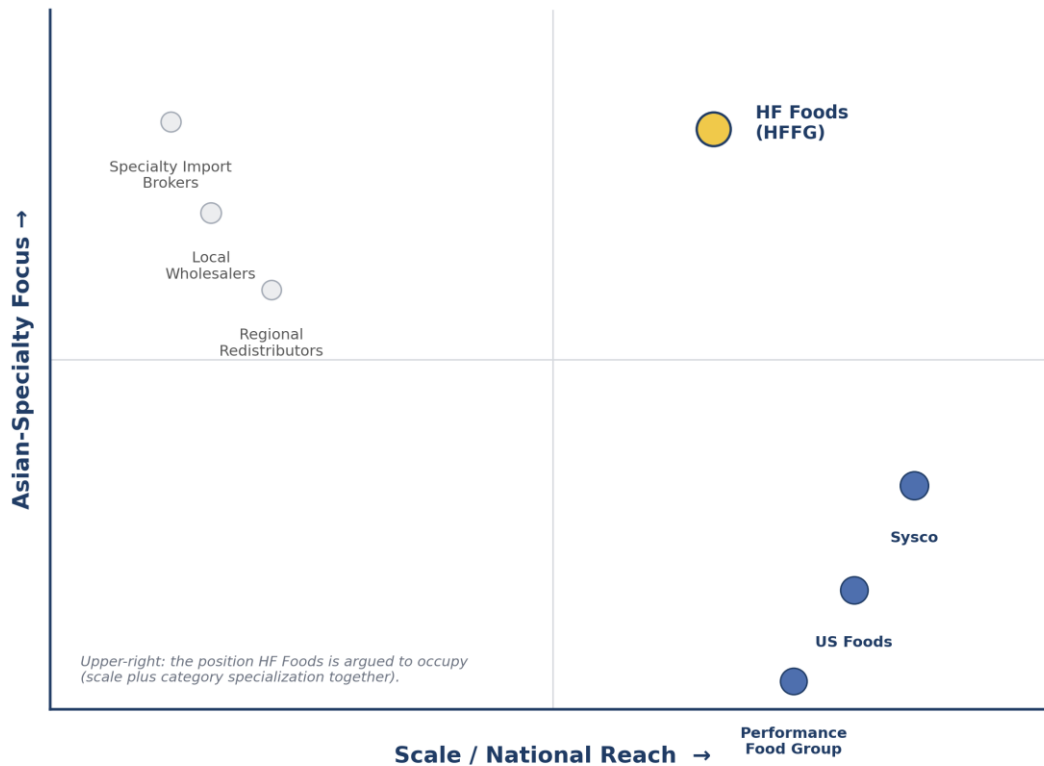
Figure 11. Infrastructure Advantage Assessment by Dimension

Advantage Dimension	Assessment	Evidence / Qualification
Scale and reach	Strong	19 facilities; 46 states; approximately 95% of contiguous U.S. population
Local density	Moderate / unproven	High-frequency routes and approximately 15,000 customers, but route profitability is not disclosed
Assortment	Strong	Broad culturally specific assortment across six categories
Supplier relationships	Strong	1,100+ vendors; 6.2-year average vendor tenure
Cultural and linguistic service	Strong	Multilingual order-taking and customer support
Technology	Improving	ERP centralization completed; e-commerce initiative requires evidence
Switching costs	Moderate	One-stop-shop breadth and service continuity, but customers can multi-source
Capital required to replicate	Meaningful	Cold storage, warehouses, vehicles, vendor relationships and local density
Resilience against broadline entry	Conditional	Large broadline competitors currently appear less specialized in this segment, but possess the capital and scale to enter

Source: GII Research, based on company disclosures.

Scale, assortment and supplier relationships score as genuine strengths, each backed by specific disclosed figures: 19 facilities across 46 states, a broad culturally specific assortment, and more than 1,100 vendor relationships averaging 6.2 years in tenure. Local density and switching costs, by contrast, are qualified as moderate or unproven because the underlying route-level profitability and multi-sourcing behavior that would confirm a durable moat are not disclosed. The most important row for the investment case is the last one: broadline competitors currently appear less specialized in this segment, but they possess the capital and scale to enter if the economics become attractive, which is why this advantage is labeled conditional rather than structural.

Figure 12. Competitive Positioning: Scale vs. Asian-Specialty Focus



Source: GII Research, based on company disclosures and named competitors.

The positioning map illustrates HFFG's claimed combination of Asian-specialty focus and national reach. In REEF™ terms, a potential System Flywheel could connect customer density, route efficiency, assortment breadth, supplier purchasing power and service reliability, but the chart is a strategic interpretation rather than proof of superior economics or a durable moat. Investors should require **evidence on route profitability, customer retention, switching behavior and cash conversion** before assigning high-return moat status.

4. Company, Network and Governance

HF Foods was built through the combination of regional Asian-foodservice distributors. The 2019 merger with B&R Global created a **coast-to-coast platform**; the Great Wall Seafood and Sealand Food acquisitions expanded seafood capability; and recent investment has focused on ERP centralization and additional distribution capacity. This history explains both the strategic opportunity and the current constraints: management has assembled a broader infrastructure network, but it is still proving that the network can be integrated, controlled and financed at a quality threshold consistent with a stronger equity recommendation.

Figure 13. Key Milestones, 1997-2026



Source: HF Foods FY2025 Form 10-K and company merger filings.

The timeline shows that HF Foods' national network was created through mergers, acquisitions and subsequent operating integration. This history explains both the strategic breadth of the platform and the complexity of controls, systems and capital allocation that management must now normalize. The investment implication is that integration quality matters more than the number of transactions completed.

Management and Governance Priorities

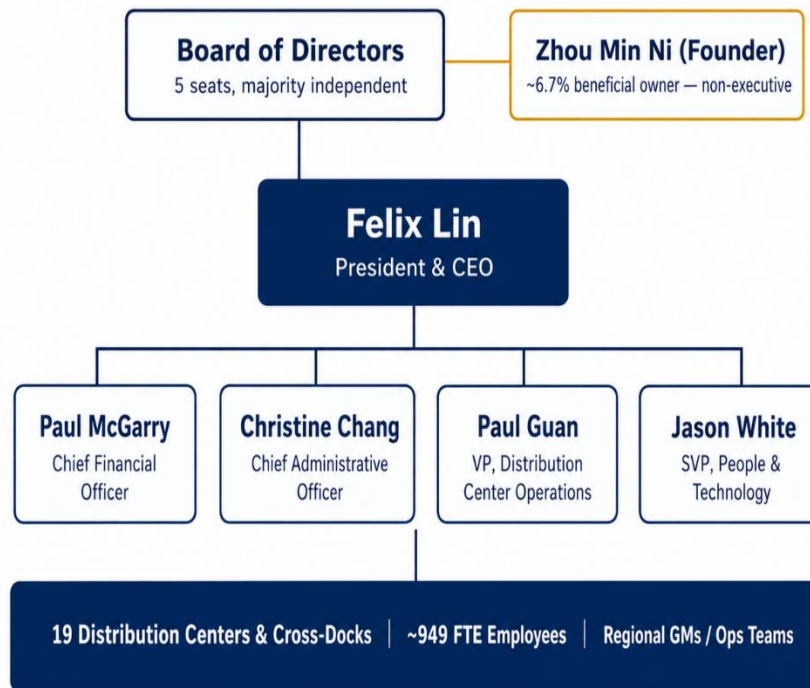
Figure 14. Leadership and Governance Assessment

Leadership / Governance	Relevant Experience	Investment Relevance
Felix Lin, CEO	Progressed from board service to Chief Operating Officer and then Chief Executive Officer; operations, compliance and supply-chain background	Execute transformation plan and demonstrate margin improvement
Paul McGarry, CFO	Controller and remediation experience at smaller public companies	Remediate controls; stabilize reporting; improve cash discipline
Christine Chang, CAO	Longer-tenured legal and compliance executive	Institutional continuity and governance normalization
Board and founder transition	Majority-independent board; founder retains approximately 6.7%	Related-party oversight and continued institutionalization of governance remain important

Source: HF Foods FY2025 Form 10-K, proxy materials and GII Research.

Leadership continuity is mixed: CEO Felix Lin's progression from board service through COO to CEO provides operational familiarity, while CFO Paul McGarry's remediation background at smaller public companies is directly relevant to the ICFR weakness this report treats as a central catalyst. The board is majority-independent with the founder retaining approximately 6.7% ownership, a structure that supports institutional governance without eliminating founder influence entirely. Investment relevance throughout this table centers on execution and remediation rather than strategic vision, consistent with the report's broader view that governance normalization, not a new strategic direction, is the primary near-term catalyst.

Figure 15. Organizational and Governance Structure



Source: HF Foods FY2025 Form 10-K, proxy materials and March 2026 Investor Presentation.

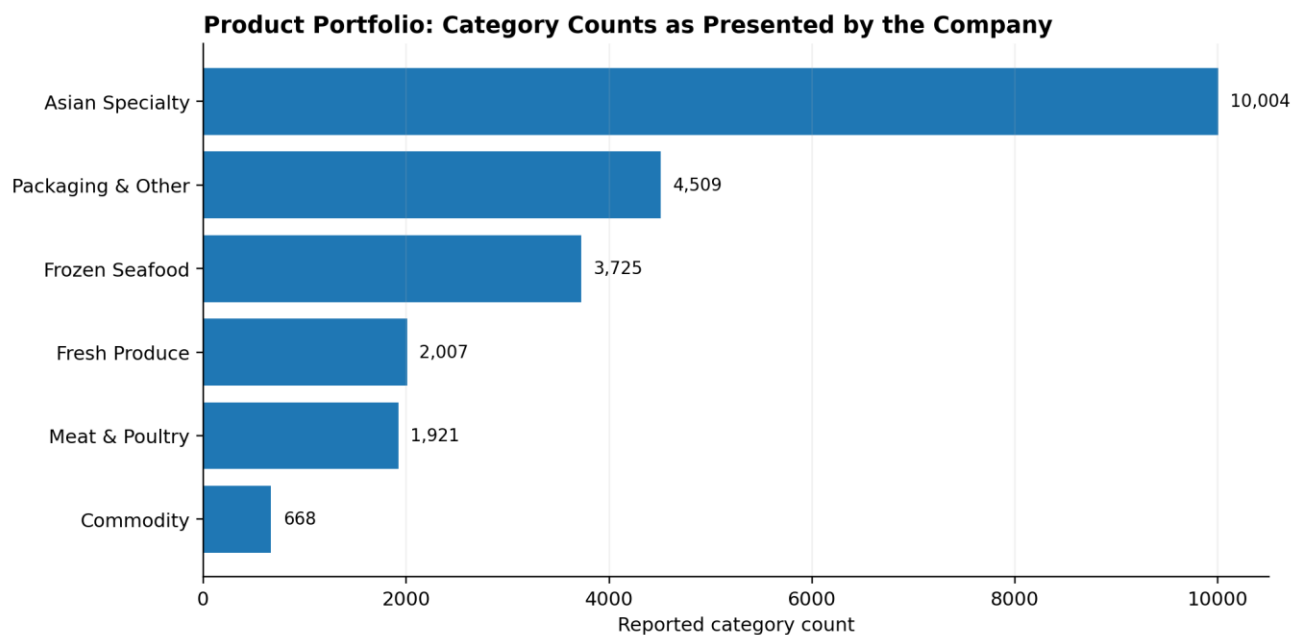
The governance diagram highlights a **majority-independent board**, a professional management team and an operating organization distributed across regional facilities. The structure is directionally stronger than a founder-dominated model, but internal-control remediation and finance-leadership stability remain necessary tests of institutional maturity. A higher valuation multiple would require evidence that this structure produces reliable reporting, disciplined capital allocation and repeatable execution.

5. Revenue and Operating Economics

Revenue and operating economics are where the GII framework becomes most useful. CRE Quarterly distinguishes accounting revenue from system economics, and that distinction is especially important because a distributor's reported revenue captures gross merchandise flows rather than the asset-light royalty economics of a franchised system. Scale alone therefore says little about quality unless gross profit, route economics, working capital and cash conversion are examined alongside the top line.

HF Foods recognizes gross distribution revenue because it purchases and resells products. That architecture differs from a royalty-led restaurant system that records a fee on system sales, so headline sales multiples are not directly comparable. This report therefore emphasizes category mix, gross-margin structure, route density, customer-service capability and working-capital requirements rather than relying on superficial size comparisons with restaurant operators or large broadline distributors.

Figure 16. Product Portfolio: Category Counts as Presented by the Company



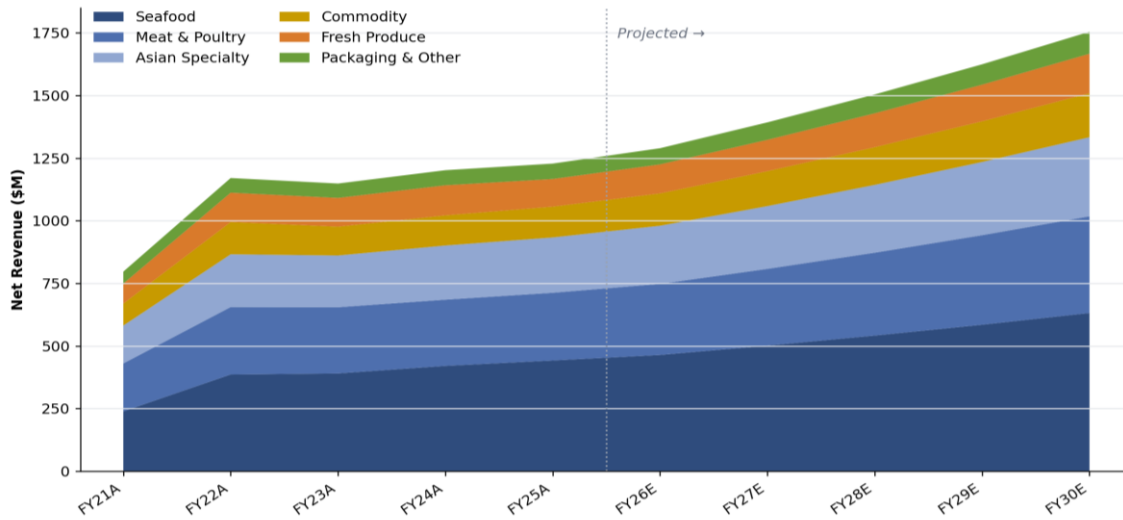
Source: March 2026 Investor Presentation. The presentation does not define whether the category counts represent unique active SKUs, product records, or another item convention; GII therefore does not reconcile them to a separate company-wide SKU count or use the totals in valuation.

The company presentation shows Asian-specialty products as the largest reported category, followed by packaging and other products, frozen seafood, fresh produce, meat and poultry, and commodities. Because the presentation does not define the count convention, this exhibit is used only to demonstrate assortment breadth and category emphasis—not to establish a verified total number of unique active SKUs. The investment relevance lies in whether assortment breadth reduces procurement friction while preserving inventory turns, purchasing discipline, and gross-margin realization.

Product and Geography Assumptions

FY2025A product mix is company-disclosed. Historical category splits and the full regional time series are analyst estimates because the company does not publish sufficient multi-year detail. The Integrated Operating Case holds FY2025A mix constant through FY2030E and applies consolidated revenue growth uniformly across categories and regions. This assumption is intentionally transparent and should be read as a modeling simplification rather than a claim that category behavior is truly constant. GII includes it because the educational value of a clearly stated bridge often outweighs the false precision of unsupported historical detail.

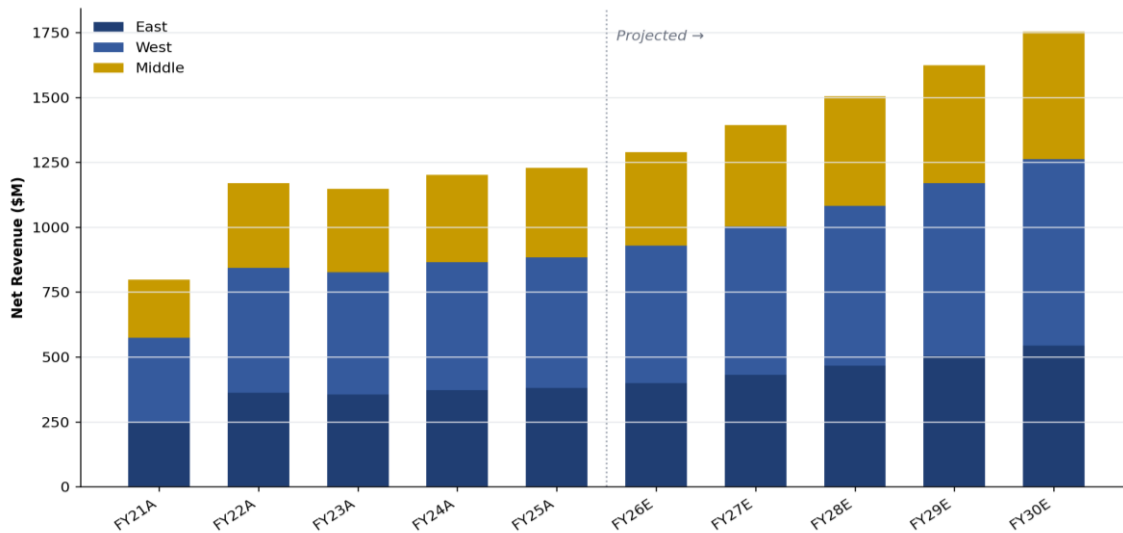
Figure 17. Revenue by Product Category, FY2021A-FY2030E



Source: HFFG Model-Aug 3, 2026.xlsx, Revenue Model tab. Historical category splits before FY2025A are GII estimates.

The category forecast shows revenue growth distributed across the existing product mix rather than driven by a single category change. Because historical category detail before FY2025A is estimated, the exhibit should be read as a transparent model bridge rather than a precise reconstruction of past mix. The key investment variable is whether category growth produces higher gross profit and cash conversion rather than only a larger reported top line.

Figure 18. Revenue by Geography, FY2021A-FY2030E



Source: HFFG Model-Aug 3, 2026.xlsx, Revenue Model tab. FY2025A regional mix is company-disclosed; other periods are GII estimates.

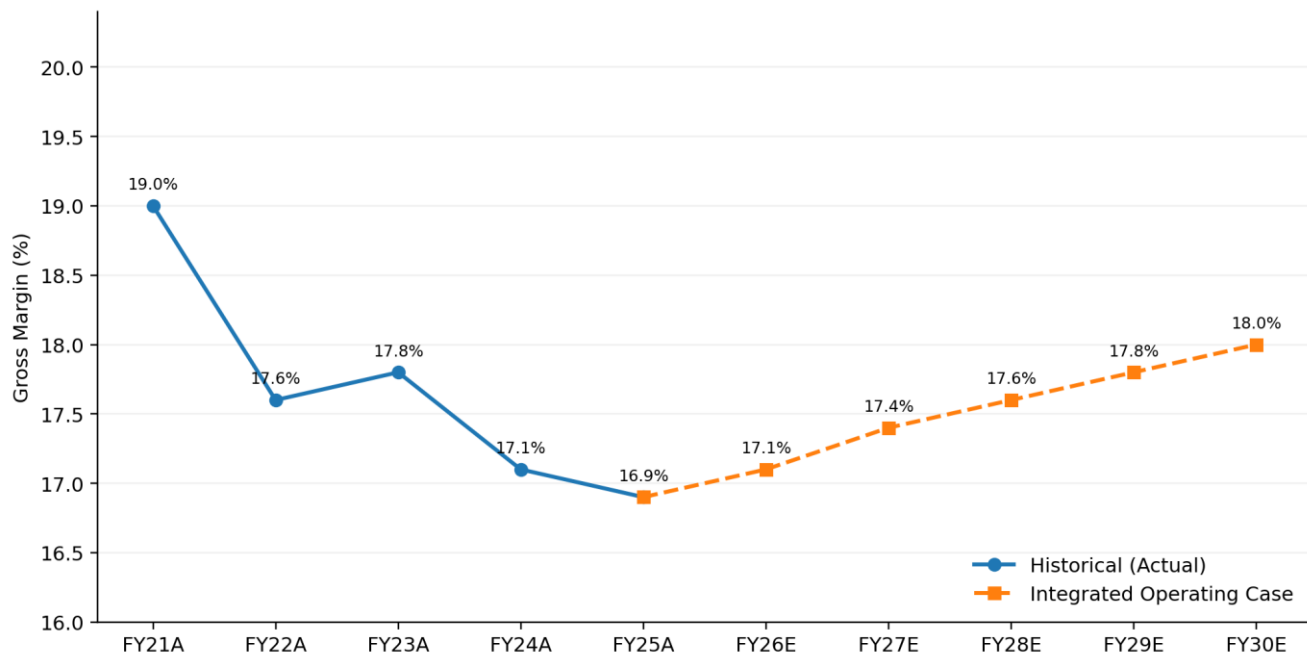
The geography exhibit applies the disclosed FY2025A regional mix across the modeled period. It illustrates the scale of revenue supported by the national network, but **it does not prove that regional route economics, customer density or margins are uniform**. Investors should treat geography as a capacity and penetration framework while awaiting more detailed disclosure on regional profitability.

6. Margin and Working-Capital Architecture

The CRE Model Portfolio™ places unusual emphasis on what breaks a thesis, and HFFG's key vulnerability is working-capital architecture. A distributor can report rising revenue and still weaken equity value if receivables, inventory and network investment absorb too much of the incremental gross profit. Margin and cash conversion are therefore the bridge between strategically relevant infrastructure and an investable security.

The central financial issue is not whether HF Foods can grow, but whether incremental revenue produces enough gross profit and operating leverage to fund the receivables, inventory and distribution capacity required to support that growth. This is where the report connects most directly to TCM™: HFFG may compress fulfillment time for restaurant customers while lengthening the capital-recovery cycle for its own shareholders. Faster growth is not automatically better when the architecture of growth consumes cash, sustains leverage or creates an unmodeled financing requirement before shareholders receive the benefit.

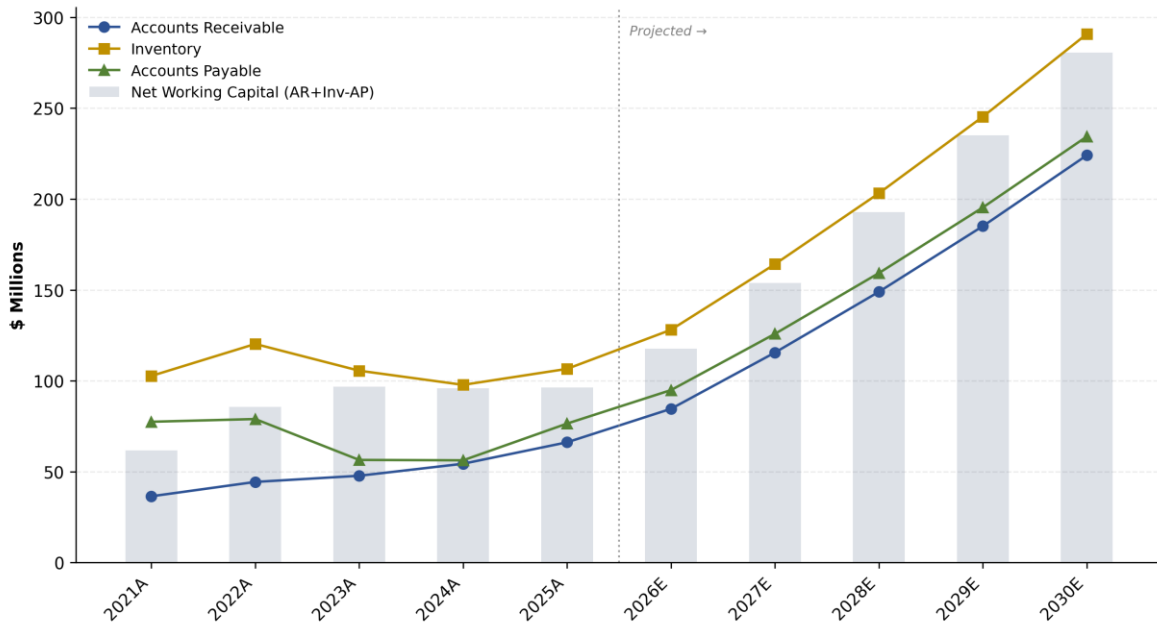
Figure 19. Gross Margin Evolution, FY2021A-FY2030E



Source: Company filings and HFFG Model-Aug 3, 2026.xlsx, Income Statement tab.

Gross margin declined from FY2021A through FY2025A before the Integrated Operating Case assumes a gradual recovery. The trajectory makes margin execution the central bridge between network scale and shareholder value because small percentage changes have a large effect on EBITDA and valuation. A failure to achieve sustained improvement would weaken both the forecast and the justification for multiple expansion.

Figure 20. Working-Capital Trends, FY2021A-FY2030E



Source: HFFG Model-Aug 3, 2026.xlsx, Balance Sheet and Cash Flow Statement tabs.

Working-capital balances rise materially as the model expands revenue, particularly in receivables and inventory. The exhibit explains why faster growth can consume cash even when EBITDA improves, creating a financing burden before equity holders receive the benefit. For the platform to produce institutionally investable cash economics, working-capital efficiency must improve alongside growth.

Figure 21. Working-Capital Balances, FY2025A-FY2030E

Metric	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Accounts Receivable	\$66.2	\$84.6	\$115.6	\$149.0	\$185.1	\$224.1
Inventory	\$106.6	\$128.1	\$164.2	\$203.2	\$245.3	\$290.8
Accounts Payable	\$76.5	\$94.9	\$125.9	\$159.3	\$195.4	\$234.4
Net Debt	\$212.4	\$218.8	\$229.8	\$233.1	\$227.6	\$215.0
Net Debt / GII-Reconstructed Adjusted EBITDA	5.9x	4.9x	4.0x	3.3x	2.7x	2.2x

Source: HFFG Model-Aug 3, 2026.xlsx, Balance Sheet tab.

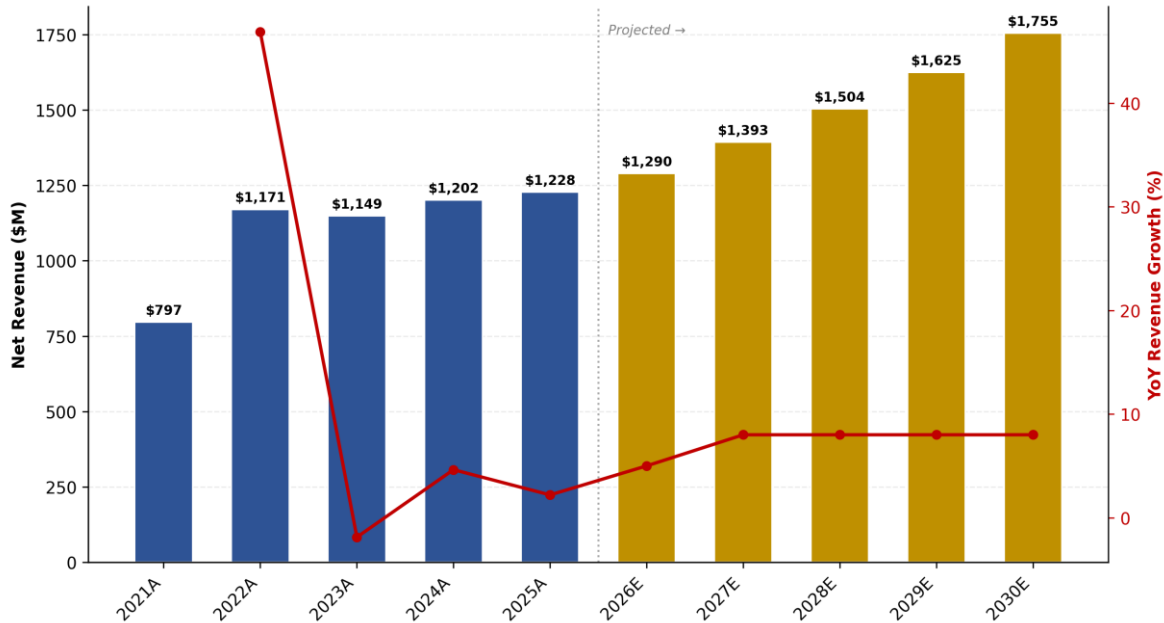
Accounts receivable and inventory scale materially faster than revenue under the model's explicit incremental-revenue assumptions. On a simple year-end basis, receivable days rise from approximately 20 in FY2025A to 47 in FY2030E, inventory days from approximately 38 to 74, and payable days from approximately 27 to 59. These assumptions are intentionally conservative and are the mechanical source of the modeled cash-flow trough; they should be treated as a stress case for capital intensity rather than as management guidance. Payables offset part, but not all, of the receivables and inventory build, while Net Debt / GII-Reconstructed Adjusted EBITDA improves mainly because the reconstructed adjusted measure grows faster than net debt.

Key model insight: Within the current model assumptions, faster revenue growth at an unchanged margin and working-capital intensity can reduce implied intrinsic value because incremental working capital and capital expenditure outpace EBITDA growth. Terminal EBITDA margin, rather than revenue growth alone, is the dominant valuation variable in the current scenario structure. In TCM™ terms, operating-time compression has not yet become capital-time compression.

7. Financial Forecasts

The forecast section is built to function both as an institutional model summary and as a teaching document. In the GII system, a forecast is not simply a spreadsheet output; it is a test of whether the operating story, the balance-sheet story and the valuation story are all consistent with one another. The following figures and tables therefore emphasize the linkage among revenue growth, EBITDA recovery, cash conversion and leverage rather than presenting isolated line items without transmission logic.

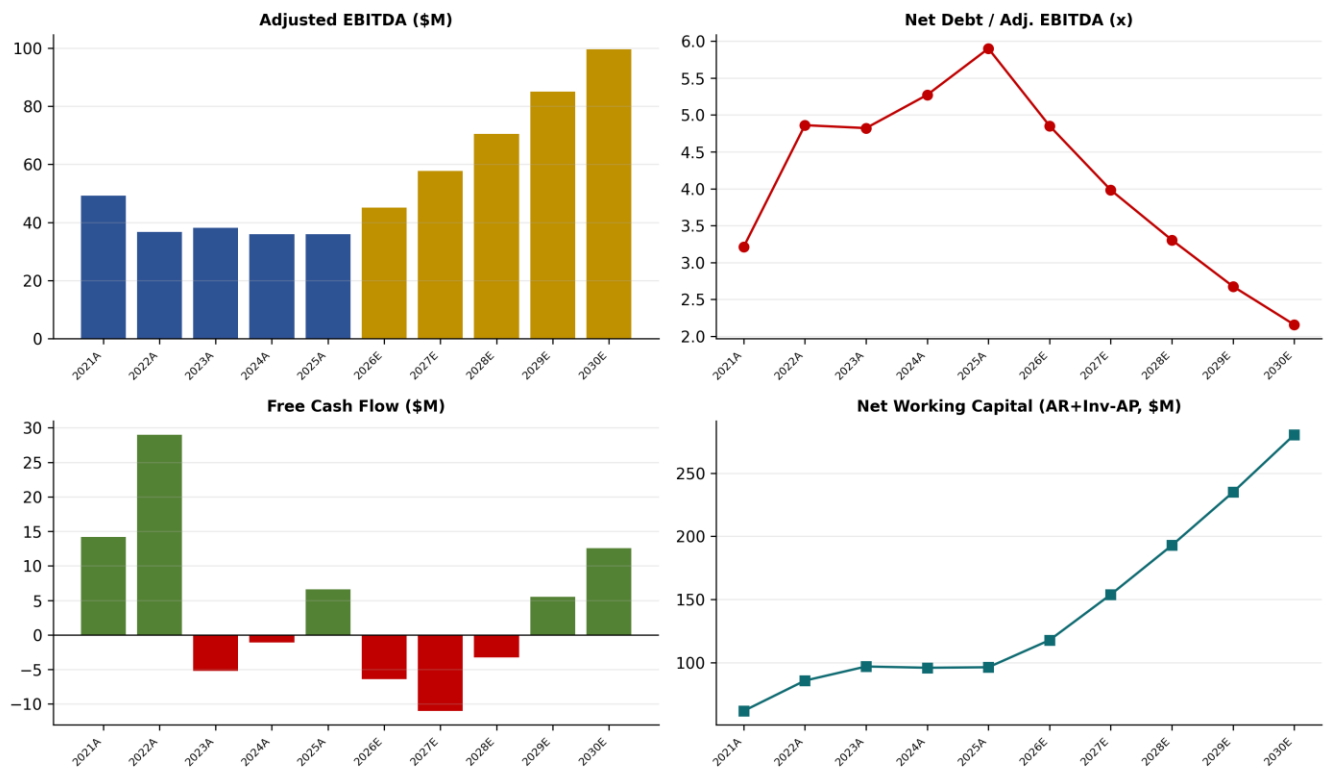
Figure 22. Revenue Growth Trajectory, FY2021A-FY2030E



Source: Company filings and HFFG Model-Aug 3, 2026.xlsx, Income Statement tab.

The revenue trajectory separates actual performance from the Integrated Operating Case forecast and assumes growth accelerates to 8% from FY2027E. Achieving that path requires penetration, cross-selling and sustained customer activity across the expanded network. Because receivables, inventory and capital expenditure rise before the full earnings benefit is realized, revenue growth should be evaluated through its effect on gross profit, free cash flow and leverage rather than as an independent measure of success.

Figure 23. Adjusted EBITDA and Leverage Dashboard



Source: HFFG Model-Aug 3, 2026.xlsx, Income Statement, Cash Flow Statement and Balance Sheet tabs.

The dashboard connects EBITDA recovery, leverage reduction, free cash flow and net working capital in one operating view. It shows that accounting earnings can improve while the business still consumes cash during the middle of the forecast period. That divergence—together with modeled negative cash balances—is the principal reason GII maintains a balanced rating despite the network's strategic relevance.

Figure 24. Full Income Statement Detail, FY2021A-FY2030E

\$mm	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	\$797.0	\$1,170.6	\$1,148.6	\$1,201.8	\$1,228.2	\$1,289.6	\$1,392.8	\$1,504.2	\$1,624.5	\$1,754.5
Gross Profit	\$151.5	\$205.5	\$204.0	\$205.2	\$207.6	\$220.5	\$242.3	\$264.7	\$289.2	\$315.8
Gross Margin	19.0%	17.6%	17.8%	17.1%	16.9%	17.1%	17.4%	17.6%	17.8%	18.0%
SG&A	\$122.0	\$195.0	\$195.1	\$198.0	\$201.8	\$206.3	\$217.3	\$228.6	\$240.4	\$254.4
EBIT	\$29.5	\$10.5	\$8.9	\$(39.1)	\$(33.0)	\$14.2	\$25.1	\$36.1	\$48.7	\$61.4
(+) D&A	\$19.1	\$24.9	\$25.9	\$26.7	\$28.4	\$29.0	\$30.6	\$32.3	\$34.1	\$36.0
EBITDA (Historical: HF Foods-reported where available; Forecast: GII estimated)	\$48.6	\$35.4	\$34.8	\$(12.4)	\$(4.6)	\$43.2	\$55.7	\$68.4	\$82.9	\$97.4
(+) Stock-Based Comp	\$0.6	\$1.3	\$3.3	\$2.1	\$1.8	\$1.9	\$2.0	\$2.1	\$2.2	\$2.3
(+) Impairment/Non-Recurring	\$0.00	\$0.00	\$0.00	\$46.3	\$38.8	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GII-Reconstructed Adj. EBITDA	\$49.2	\$36.7	\$38.1	\$36.0	\$36.0	\$45.1	\$57.7	\$70.5	\$85.1	\$99.7
GII-Reconstructed EBITDA Margin	6.2%	3.1%	3.3%	3.0%	2.9%	3.5%	4.1%	4.7%	5.2%	5.7%
Net Income	\$21.1	\$0.3	\$(2.2)	\$(59.6)	\$(38.8)	\$1.9	\$10.3	\$19.0	\$28.8	\$38.7
Diluted EPS	\$0.41	\$0.01	\$(0.04)	\$(1.12)	\$(0.73)	\$0.04	\$0.19	\$0.35	\$0.54	\$0.72

Source: HFFG Model-Aug 3, 2026.xlsx, Income Statement tab. Historical EBITDA figures are based on HF Foods' reported presentation where available. Forecast EBITDA is calculated by GII using the same EBIT-plus-D&A convention.

Measure definition. HF Foods presents EBITDA and Adjusted EBITDA as company-reported non-GAAP financial measures. Where available, this report uses EBITDA as reported by HF Foods. GII-Reconstructed Adjusted EBITDA is separately calculated from publicly disclosed components when a complete company reconciliation is unavailable.

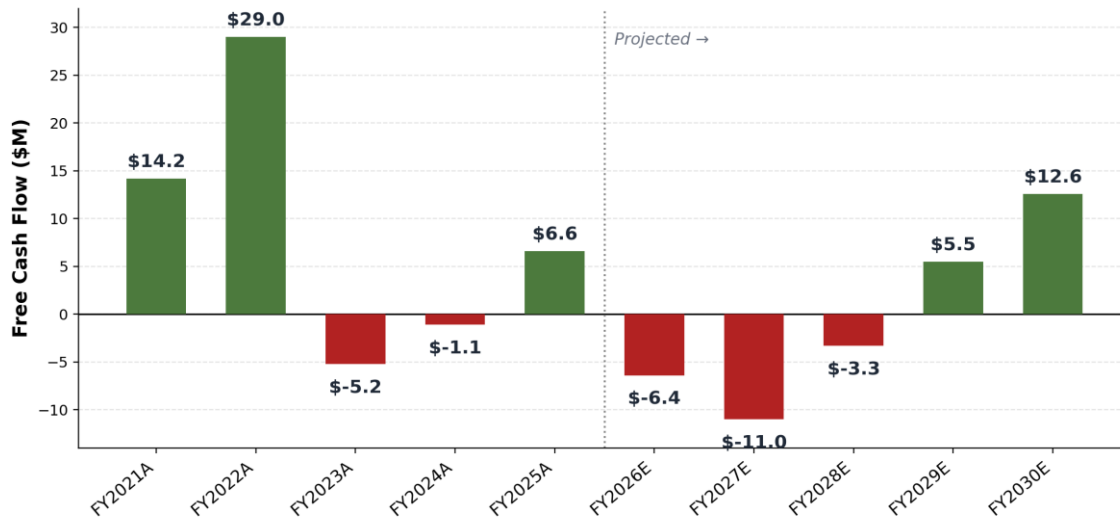
These charges primarily represent a sequential write-down of acquisition-related goodwill accumulated through HF Foods' earlier merger and acquisition activity, rather than current-period cash losses or write-offs of operating assets. The \$46.3M impairment in FY2024A reduced the remaining goodwill balance, and the subsequent \$38.8M charge in FY2025A eliminated the residual amount after management determined that the reporting unit's estimated fair value no longer supported it. Although the charges are conventionally excluded from GII-Reconstructed Adjusted EBITDA because they are noncash, their magnitude is relevant to assessing the economic returns and expected synergies originally attributed to prior acquisitions.

EBIT plus depreciation and amortization—referred to in this report as unadjusted EBITDA—was \$(12.4)M in FY2024A and \$(4.6)M in FY2025A. GII accepts impairment as a conventional noncash adjustment but considers its scale relevant when assessing the quality of the adjusted measure and the capital-allocation history reflected in the write-down. Stock-based compensation is comparatively modest and recurring, averaging roughly \$2M per year.

From FY2026E onward, GII-estimated EBITDA and GII-Reconstructed Adjusted EBITDA converge to within approximately \$2 million in each projected year because no further impairments are modeled. The credibility of the recovery therefore rests on unadjusted EBITDA turning positive and expanding, not on repeated impairment addbacks. This framing avoids treating the impairment as recurring operating expense while still recognizing that its magnitude affects historical comparability.

Cash Flow Outlook

Figure 25. Free Cash Flow Trend, FY2021A-FY2030E



Source: HFFG Model-Aug 3, 2026.xlsx, Cash Flow Statement tab.

Free cash flow turns negative during FY2026E-FY2028E before recovering in the later forecast years. The pattern reflects working-capital and capital-expenditure demands rather than a modeled decline in accounting profitability. The negative cash balances indicate that the forecast path requires additional financing, reduced investment or better working-capital performance; EBITDA growth alone does not resolve that constraint.

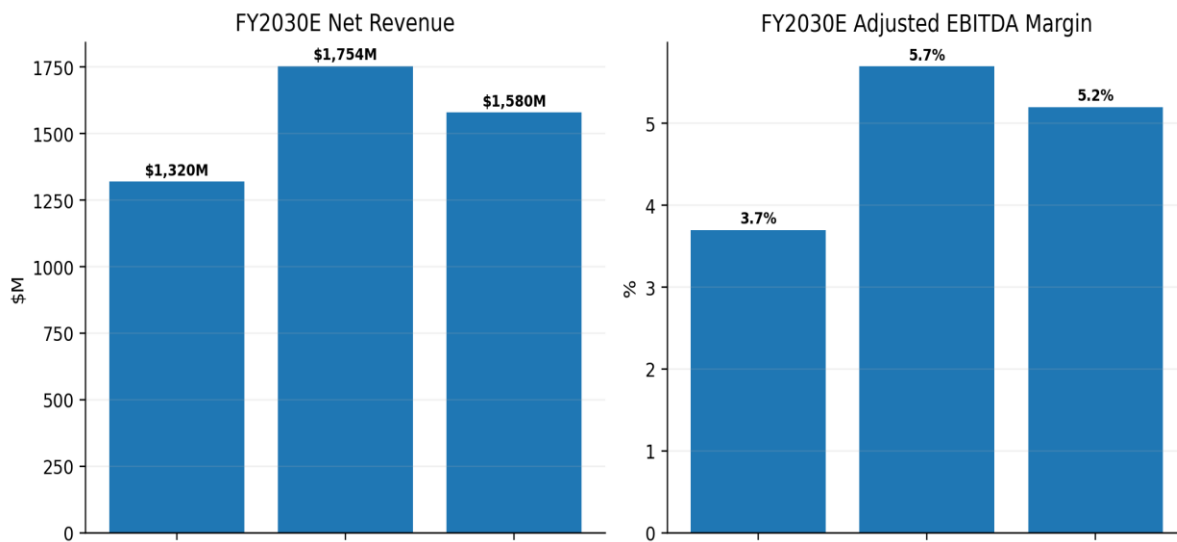
The Integrated Operating Case turns FCF positive in FY2029E, but the recovery depends on the model's assumed margin progression and eventual cash conversion. From a CRE Model Portfolio™ perspective, this is a clear example of why operating improvement and equity improvement can diverge for several years. The network may be strategically valuable, yet the security remains only moderately attractive until the cash curve and financing path become more durable. The balance-sheet model reaches a maximum cash deficit of approximately \$29.6M in FY2028E and does not separately model a revolver draw, incremental interest expense, covenant capacity, or equity issuance to fund that deficit. Accordingly, the Integrated Operating Case should be read as an operating forecast with an identified financing requirement, not as a fully financed capital-structure forecast.

8. Scenario Analysis

Scenario Framework / Where We Differ

GII uses scenarios to define the operating evidence required for a stronger or weaker investment stance, not to present a single forecast with false precision. Consistent with the CRE Model Portfolio™, each case links revenue, margin, free cash flow and leverage to explicit execution conditions. The Integrated Operating Case is the only integrated three-statement forecast; the Downside / Control-Risk and Cash-Conversion / Strategic Optionality cases are directional sensitivities, and the Cash-Conversion / Strategic Optionality Case emphasizes free-cash-flow conversion and optionality rather than the highest modeled revenue or EBITDA margin.

Figure 26. Scenario Comparison, FY2030E



Source: HFFG Model-Aug 3, 2026.xlsx, Scenarios tab. The Downside / Control-Risk and Cash-Conversion / Strategic Optionality cases are standalone sensitivities; the Integrated Operating Case is the only integrated three-statement forecast.

The comparison shows that margin, working-capital efficiency and capital intensity drive the difference among scenarios more than revenue scale alone. The Integrated Operating Case has higher modeled FY2030E revenue and EBITDA margin than the Cash-Conversion / Strategic Optionality sensitivity, while the Cash-Conversion / Strategic Optionality sensitivity assumes stronger free-cash-flow conversion and M&A optionality. Readers should therefore use the cases as evidence thresholds, not as equally precise or conventionally ordered operating forecasts.

Figure 27. Scenario Summary: Downside, Integrated Operating and Cash-Conversion Cases

Case	Growth Assumption	FY30E EBITDA Margin	FY30E FCF	Net Debt / EBITDA	What Must Be True
Downside / Control-Risk	1.5% avg. growth	3.7%	\$2M	5.5x	Control weakness persists; margin remains flat
Integrated Operating	5% FY26E; 8% thereafter	5.7%	\$12.6	2.2x	Execution and gradual deleveraging
Cash-Conversion / Strategic Optionality	5.5% incl. M&A	5.2%	\$28M	2.8x	M&A optionality and materially better cash conversion; not the highest revenue or margin case

Source: HFFG Model-Aug 3, 2026.xlsx, Scenarios tab.

The three scenarios span a wide range of outcomes, from \$2M FY2030E free cash flow and 5.5x leverage in the Downside / Control-Risk Case to \$28M and 2.8x in the Cash-Conversion / Strategic Optionality Case, underscoring how sensitive equity value is to execution rather than to any single input assumption. Notably, the Cash-Conversion / Strategic Optionality Case does not carry the highest FY2030E EBITDA margin of the three—Integrated Operating Case margin is actually higher—because Cash-Conversion / Strategic Optionality Case growth includes M&A-related revenue that dilutes margin even as it expands cash flow, a nuance easy to miss if scenarios are read by revenue growth alone. The Integrated Operating Case, which underpins this report's price target, requires steady execution and gradual deleveraging rather than either the persistent control weakness of the Downside / Control-Risk Case or the M&A optionality of the Cash-Conversion / Strategic Optionality Case.

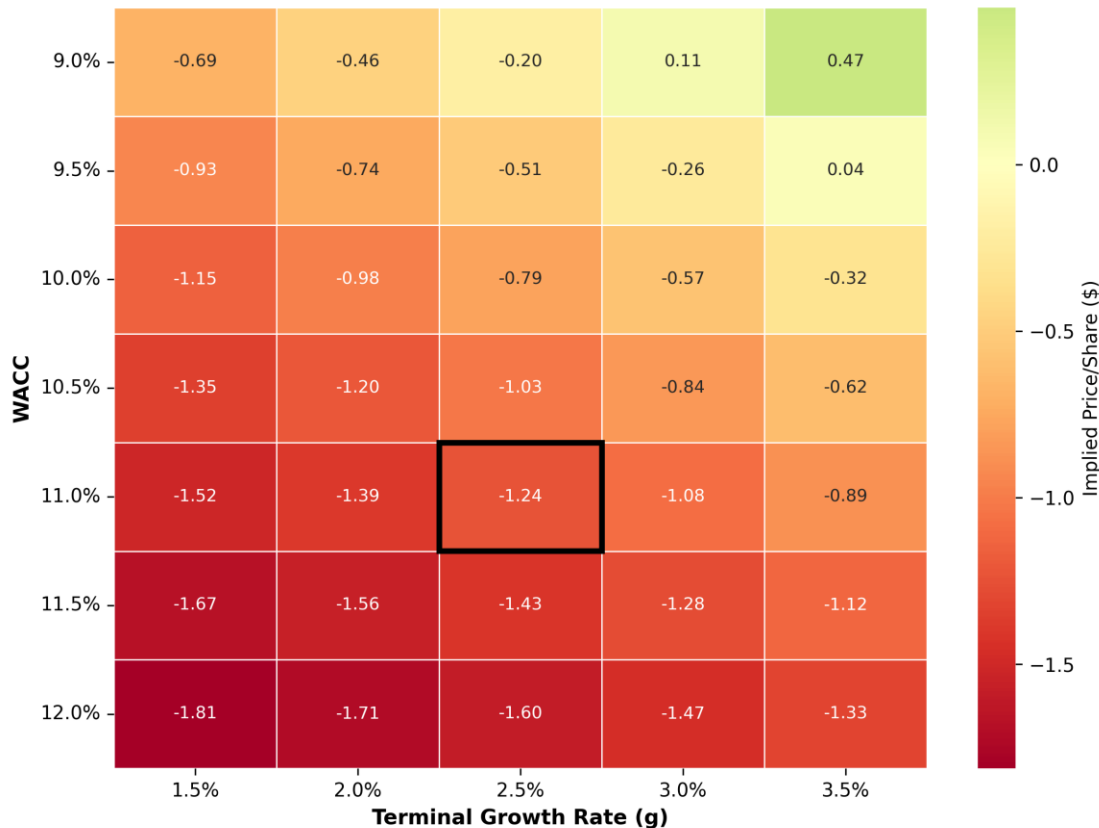
Guardrail: Downside / Control-Risk and Cash-Conversion / Strategic Optionality values are analyst point estimates calibrated to disclosed risks and opportunities. They are not fully integrated three-statement models and should not be presented as having the same mechanical precision as the Integrated Operating Case. GII includes them because CRE Quarterly and the CRE Model Portfolio™ favor explicit range-setting over single-point certainty, but they remain heuristic sensitivities rather than complete parallel forecasts.

9. Valuation

Valuation in the GII framework follows architecture and investability, not cheapness alone. The CRE Model Portfolio™ treats valuation as one component of judgment after operating power, cash conversion and thesis-breaker conditions are assessed. HFFG's indirect consumer decision proximity, gross-revenue architecture and incomplete capital-time compression justify a lower valuation architecture than asset-light franchise, platform or consumer-network businesses, even though the company may be strategically relevant to restaurant operations.

DCF: Useful as a Diagnostic, Not the Primary Anchor

Figure 28. DCF Sensitivity: Implied Price per Share



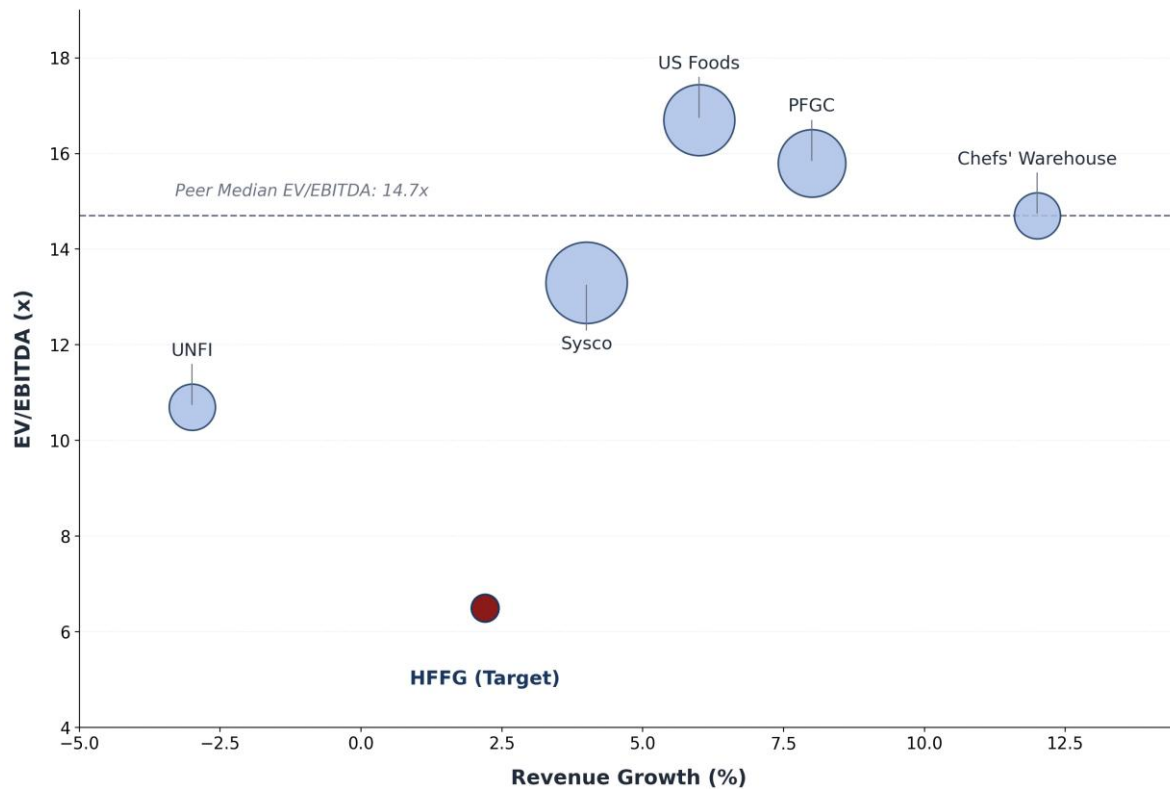
Source: HFFG Model-Aug 3, 2026.xlsx, DCF Sensitivity tab.

The DCF sensitivity produces limited or negative modeled equity value across much of the range because net debt and weak explicit-period cash flow absorb enterprise value. Negative values indicate that modeled enterprise value is insufficient to cover net debt; for decision purposes, common-equity value is floored at zero. Terminal value dominates the calculation, reducing the method's reliability as a primary price-target anchor and reinforcing the need for near-term cash conversion and deleveraging evidence.

At 11.0% WACC and 2.5% terminal growth, the Integrated Operating Case produces modeled equity value below zero because forecast unlevered FCF and terminal value are insufficient to cover FY2025A net debt. Terminal value represents approximately 85%-92% of enterprise value across the grid, above GII's internal model-reliability guardrail of approximately 70%. GII therefore assigns the DCF only 20% weight and floors its price contribution at zero, consistent with the CRE Model Portfolio™ discipline of down-weighting methods that depend more on long-dated assumptions than on observable operating evidence.

Comparable Companies

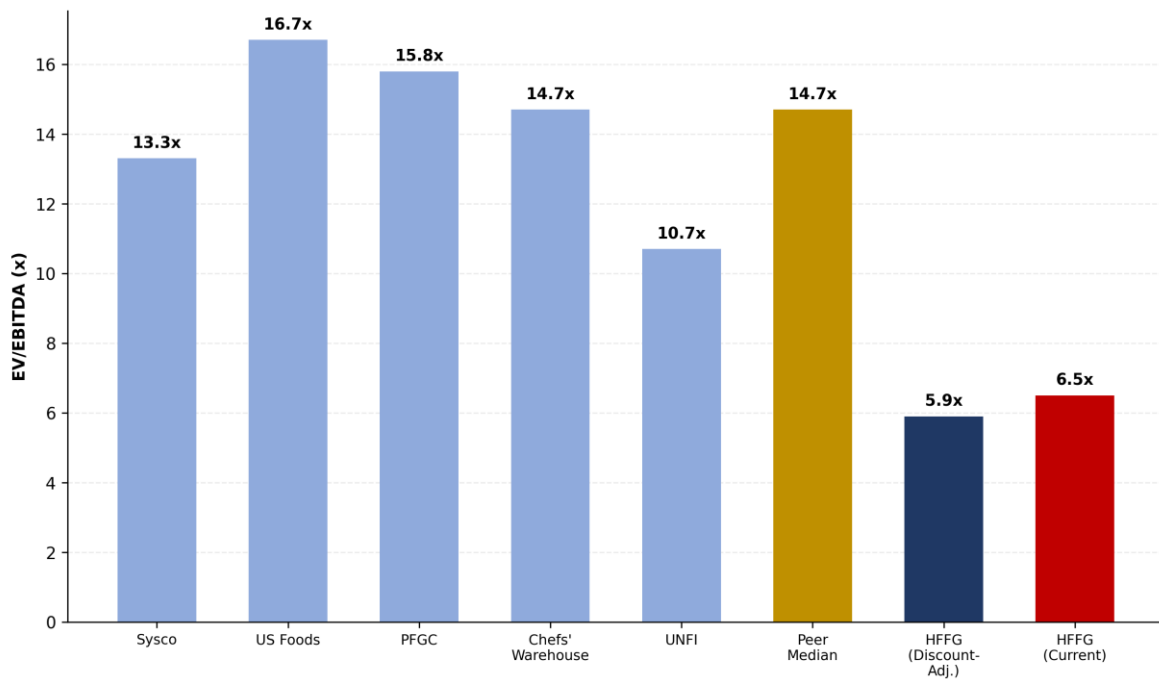
Figure 29. Trading Comps: EV/EBITDA vs. Revenue Growth



Source: Public company disclosures, market data and HFFG Model-Aug 3, 2026.xlsx, Comps tab.

The comparable-company chart shows HFFG trading well below larger foodservice distributors on EV / EBITDA while also differing materially in scale, liquidity, leverage and reporting quality. The observed discount is therefore not automatically a valuation anomaly. GII uses the peer set as a reference point requiring a substantial company-specific adjustment rather than as direct evidence of hidden upside.

Figure 30. Peer EV/EBITDA Multiples and HFFG Discount Adjustment

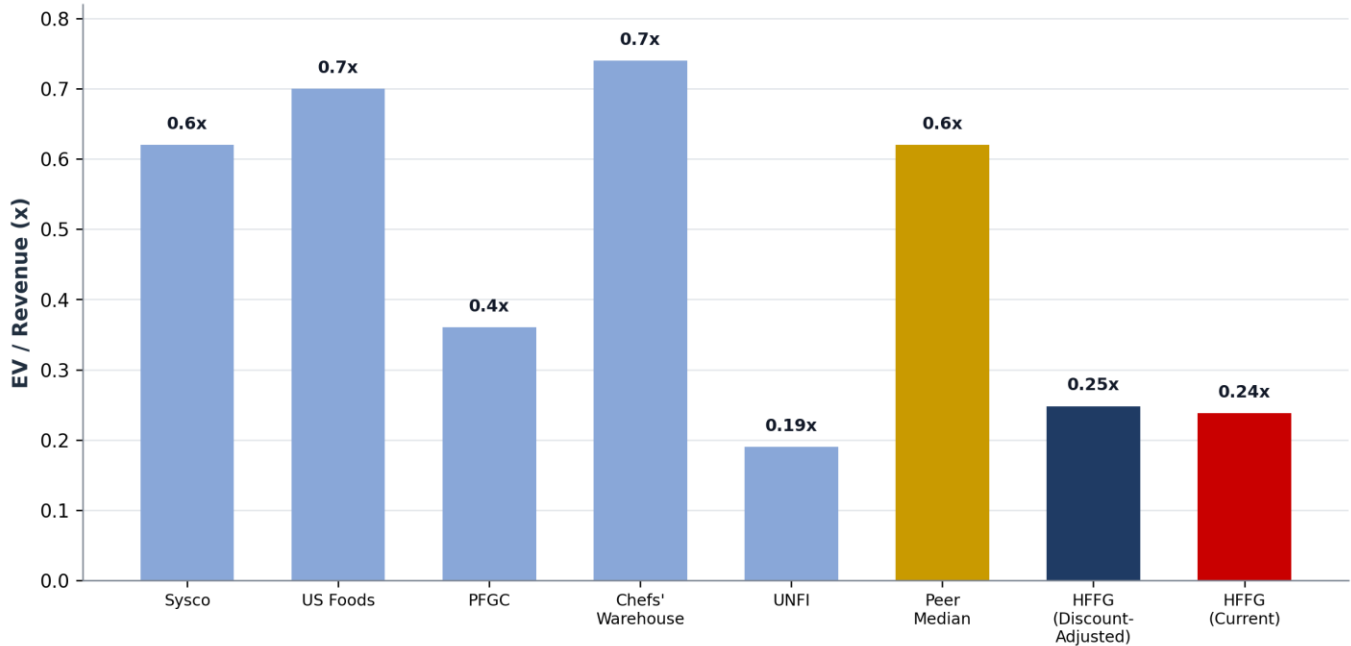


Source: HFFG Model-Aug 3, 2026.xlsx, Comps and Valuation Summary tabs.

The multiple comparison separates peer medians, GII's discount-adjusted reference multiple and HFFG's current multiple. This preserves comparability while recognizing that institutional-quality controls, capital access and balance-sheet resilience are economic assets owned by the larger peers. HFFG must earn a narrower discount through execution rather than assume convergence to the peer median.

The peer median is 14.7x EV / EBITDA versus HFFG at approximately 6.5x. GII applies a **55%-60% analytical discount for the company's extreme scale gap, leverage, micro-cap liquidity, internal-control weakness and governance profile**. Discount-adjusted comps generate the primary \$1.20-\$2.80 valuation range. The architecture lens explains why the discount is not a simple anomaly: broadline scale, deeper capital-markets access and stronger control environments are part of what the peers own, and HFFG does not yet merit parity with those advantages.

Figure 31. Peer EV/Revenue Multiples and HFFG Discount Adjustment

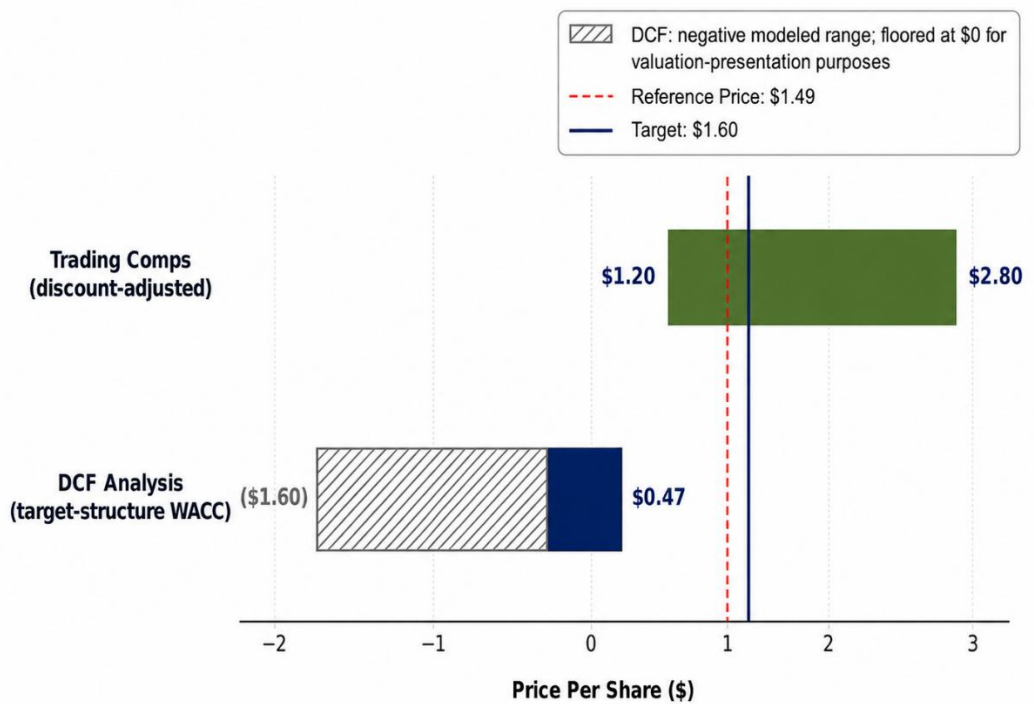


Source: HFFG Model-Aug 3, 2026.xlsx, Comps and Valuation Summary tabs. HFFG discount-adjusted reference multiple applies a 60% analytical discount to the 0.62x peer median.

The revenue-multiple comparison shows HFFG trading below larger headline and specialty distributors, while its current 0.24x EV / Revenue multiple is close to GII's approximately 0.25x discount-adjusted reference. Under the China Restaurant Empire™ economic-architecture lens, a distributor records gross product revenue rather than asset-light royalty or platform revenue, so a low revenue multiple is not by itself evidence of undervaluation. EV / Revenue therefore serves as a secondary corroborating method, while margin recovery, working-capital conversion, leverage and control remediation remain the more important drivers of the investment conclusion.

Valuation Reconciliation

Figure 32. Valuation Football Field



Source: HFFG Model-Aug 3, 2026.xlsx, Valuation Summary and DCF Sensitivity tabs. The DCF "Low" of \$(1.60) shown in the chart corresponds to the DCF Sensitivity tab's WACC=12.0%/g=2.5% cell (same 2.5% terminal growth as the Base Case, at the top of the WACC sensitivity range); it is not the sensitivity grid's absolute minimum (\$1.81, at WACC=12.0%/g=1.5%). Both figures are floored at \$0 in the Valuation by Method table because common-equity value is presented as no less than zero for valuation-decision purposes.

The football field reconciles the weak DCF result with the more supportive discount-adjusted trading-comps range. The \$1.60 target is therefore anchored primarily to adjusted market evidence rather than to a terminal-value-dependent intrinsic-value estimate. Investors should interpret the target as a balanced 12-month judgment that can move materially with cash conversion, leverage and control-remediation evidence.

10. Catalysts, Risks and Evidence Thresholds

The final investment judgment in GII research depends on observable evidence, not only on a broad narrative. For that reason, catalysts and risks are paired with specific transmission mechanisms and thresholds. This structure is meant to help portfolio managers, operators and students alike see how a piece of news should change the model, the rating framework or the confidence level attached to the thesis.

Figure 33. Catalysts and Principal Risks

Catalyst	Evidence / Threshold	Financial / Investment Implication
ICFR remediation	Independent evidence that material weakness is remediated	Improves reporting confidence and justified multiple
Margin execution	Sustained gross-margin and EBITDA-margin progress	Shows infrastructure can earn attractive returns
Working-capital conversion	Receivable and inventory growth slows relative to sales	Improves FCF and reduces financing need
Deleveraging	Net Debt / GII-Reconstructed Adjusted EBITDA declines toward the peer range	Increases equity value and strategic flexibility
E-commerce and cross-sell	Disclosed platform and initiatives produce measurable adoption	Supports penetration without excessive sales cost
Searay Foods acquisition (pending integration)	Definitive agreement announced Jul 23, 2026 to acquire Searay Foods (~C\$47.9M), a Canadian ethnic/specialty seafood distributor entering the Vancouver, BC market -- HFFG's first international expansion	Not yet integrated into this report's estimates, DCF, comps or price target -- see note below
Leadership stability	Stable finance leadership accompanied by timely filings, improved disclosure quality and measurable progress in control remediation	Reduces execution and reporting risk
Principal Risk	Investment Consequence	
Internal-control failure	Restatement risk; lower earnings confidence	
Growth without cash conversion	Higher financing needs and lower intrinsic value	
Elevated leverage / refinancing	Reduced flexibility and higher cost of capital	
Margin execution shortfall	No operating leverage despite network scale	
Trade and tariff volatility	Input-cost and refund uncertainty	
Intensified broadband competition	Pressure on pricing and customer retention	
Executive turnover	Disruption to remediation and strategic execution	
M&A before remediation	Integration risk and potential value destruction	

Source: GII Research.

This table consolidates the seven catalysts and eight principal risks that GII weighs most heavily in reassessing this rating over time. On the catalyst side, ICFR remediation and margin execution carry the most weight because they address the report's two central concerns—reporting reliability and structurally thin margins—directly rather than incrementally. On the risk side, internal-control failure and growth without cash conversion are listed first deliberately, since they represent the downside mirror image of the top two catalysts rather than independent concerns. Readers should treat this table as the practical checklist for monitoring the thesis over time rather than as a static risk disclosure, since several catalysts and risks are two sides of the same underlying uncertainty about execution.

Note on the Searay Foods catalyst above: The acquisition was announced July 23, 2026, eleven days before this report's August 3, 2026 valuation date, and has already drawn publicly summarized sell-side commentary. It is disclosed here as a known, pending item; it is not reflected in the Revenue Model, DCF, Comps, Scenarios or Valuation Summary tabs of the controlling financial model, and does not change the rating, price target or any estimate in this report. A future report revision will integrate it once transaction terms and closing timing are further disclosed.

Street Context: Existing Sell-Side Coverage

As of August 3, 2026, publicly available analyst-rating summaries indicated limited sell-side coverage of HFFG and materially more constructive price targets than GII's \$1.60 target. Alliance Global Partners initiated coverage with a Buy rating and a \$5.00 price target on April 16, 2026. Roth Capital maintained a Buy rating and lowered its price target to \$6.00 from \$7.00 on March 18, 2026, following HFFG's fourth-quarter results. GII's HOLD/NEUTRAL rating and lower target reflect two specific analytical judgments rather than a broad disagreement regarding the company's strategic relevance. First, GII assigns only 20% weight to the DCF because terminal value represents approximately 85%–92% of enterprise value under the current assumptions, limiting the method's reliability as a primary valuation anchor. Second, GII applies a 55%–60% discount to peer trading multiples to reflect HFFG's smaller scale, elevated leverage, disclosed ICFR material weakness, and micro-cap liquidity. The resulting adjusted multiple is close to HFFG's current trading level, suggesting that the market may already reflect these risks more fully than the cited public rating summaries imply. Readers should evaluate this divergence independently and should not treat GII's target as a consensus estimate.

Source: Publicly available analyst-rating summaries reviewed by GII: Alliance Global Partners, initiation of coverage with Buy rating and \$5.00 price target, April 16, 2026; Roth Capital, Bill Kirk, Buy rating maintained and price target reduced to \$6.00 from \$7.00, March 18, 2026. GII did not obtain or review the complete proprietary analyst reports. Ratings and targets may have changed after the stated dates.

11. Sources, Methodology and Analyst Certification

This report is part of a connected GII Research stack rather than a standalone document. China Restaurant Empire Quarterly supplies comparative context; REEF™ distinguishes operating-system power, system flywheel, and decision proximity; TCM™ tests the compression of decision, fulfillment, replication, response, management, and capital cycles; and the CRE Model Portfolio™ supplies valuation discipline, falsification conditions, and a documented investment record. The HFFG initiation applies those methods to a single issuer while preserving a clear record of assumptions, limitations, and items requiring future review. Its publication architecture is designed as a repeatable institutional research standard for **future proposed GII coverage across restaurant operators and related food-consumption platforms**, including Mixue Group (HKEX: 2097), Luckin Coffee (OTC: LKNCY), Yum China Holdings (NYSE/HKEX: YUMC/9987), Haidilao International (HKEX: 6862), Chagee Holdings (Nasdaq: CHA), Jersey Mike's Subs (NYSE: JMKE), GEN Restaurant Group (Nasdaq: GENK), and Kura Sushi USA (Nasdaq: KRUS), without importing company-specific conclusions from one issuer to another.

Numerical system of record. HFFG Model-Aug 3, 2026.xlsx controls the historical statements, forecasts, scenarios, WACC, DCF, comparable-company analysis, valuation reconciliation and price target. The report's \$1.49 reference price, market capitalization and enterprise value are anchored to a Yahoo Finance quote observed on August 3, 2026; the exact intraday timestamp was not retained. Treasury, beta and certain peer inputs use the latest available observation through July 31, 2026 or the company-specific dates disclosed in the relevant source notes.

Source hierarchy. Principal conclusions are anchored to SEC filings, proxy materials and company investor presentations. Public-market aggregators and charting services are used only for live or current market data where primary terminal data are unavailable, and the applicable dates are disclosed. Historical category and regional estimates are explicitly labeled so readers can distinguish company-reported information, GII estimates and GII interpretation.

AI-assisted workflow. AI tools supported evidence organization, drafting, table construction, consistency review and document assembly. The analyst directed the investment question, selected assumptions, reconciled the model, evaluated sources and retained responsibility for the rating, valuation and final conclusions. AI accelerated the research process but did not replace judgment; REEF™, TCM™, CRE Quarterly and the CRE Model Portfolio™ remain human-directed frameworks rather than autonomous investment decision systems.

Analyst certification. The views expressed in this report accurately reflect the analyst's personal research views. No issuer reviewed or approved the report before publication. This publication was prepared solely for **independent research and educational purposes**, including financial analysis, model development, evidence-based discussion, and investment-research training. It is not investment advice, an offer, or a solicitation, and should be read as an educational analytical work product rather than individualized advice.

Model Limitations Requiring Ongoing Review

- Historical product-category splits before FY2025A are analyst estimates.
- Regional revenue outside FY2025A is modeled using a constant mix assumption.
- Downside / Control-Risk and Cash-Conversion / Strategic Optionality scenarios are standalone sensitivities rather than integrated three-statement forecasts.
- The Integrated Operating Case produces negative cash balances in certain forecast years, indicating a financing requirement not separately modeled.
- Comparable-company data use different as-of dates where public sources update at different frequencies.
- The DCF is highly sensitive to terminal margin and terminal value and is not used as the primary valuation anchor.

About the Author

Dr. Cervantes Lee is **Executive Director of the Global Innovation Institute (GII)**, a nonprofit AI-native research and education platform focused on finance, restaurant, consumer, retail, grocery, hospitality, and physical-commerce companies across the United States and East Asia.

His work combines public-market analysis with more than 20 years of principal investment, corporate strategy, operations and development experience. He evaluates companies through operating economics, capital allocation, governance, valuation and the evidence required to falsify an investment thesis.

His professional experience includes KE Holdings (NYSE: BEKE), CBRE Global Investors, AIG Investments, Panda Restaurant Group, Peking University Founder Group and Redbridge Student Housing. His work has involved transactions, platforms and corporate-value contexts exceeding US\$100 billion in aggregate.

Through GII, he developed China Restaurant Empire™, CRE Quarterly, and the CRE Model Portfolio™, an AI-native research program covering 78 publicly listed restaurant companies across the United States and Greater China. He is also the lead author of *Multi-Unit Restaurant Management* and the forthcoming *China Restaurant Empire*™.

Trained at MIT, USC and National Taiwan University, Dr. Lee brings a practitioner-scholar approach to research and education. He has taught or developed programs with UNLV, Cal Poly Pomona, Nasdaq Entrepreneurial Center, Tsinghua University, CEIBS, and National Taiwan University.

Analyst Ownership and Compensation Disclosure: As of the publication date, Dr. Cervantes Lee does not beneficially own any securities of HF Foods Group Inc. and has no long or short position, option, swap, or other derivative or financial exposure referencing HF Foods Group or its securities. The views expressed in this report accurately reflect Dr. Lee's independent personal research views regarding the subject company and its securities. No part of Dr. Lee's compensation was, is, or will be directly or indirectly related to the specific rating, price target, recommendation, conclusions, or views expressed in this report. HF Foods Group did not commission, review, approve, sponsor, or pay for this report.

Appendix A. Supporting Financial Tables

Source: HFFG Model-Aug 3, 2026.xlsx, Balance Sheet and Cash Flow Statement tabs.

Figure 34. Full Balance Sheet and Cash Flow Detail, FY2021A-FY2030E

\$mm	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Cash & Equivalents	\$14.8	\$24.3	\$15.2	\$14.5	\$8.6	\$(3.8)	\$(20.8)	\$(29.6)	\$(29.6)	\$(22.0)
Total Assets	\$597.1	\$637.5	\$596.5	\$550.1	\$541.5	\$558.0	\$595.5	\$644.9	\$706.9	\$782.3
Total Liabilities	\$302.0	\$341.3	\$308.6	\$308.7	\$338.0	\$350.4	\$375.4	\$403.3	\$433.9	\$467.9
Net Debt	\$158.1	\$178.4	\$183.7	\$189.8	\$212.4	\$218.8	\$229.8	\$233.1	\$227.6	\$215.0
Net Debt / GII-Reconstructed Adjusted EBITDA	3.2x	4.9x	4.8x	5.3x	5.9x	4.9x	4.0x	3.3x	2.7x	2.2x
Current Ratio	1.0x	1.2x	1.2x	1.2x	1.2x	1.2x	1.3x	1.4x	1.5x	1.6x
\$mm	FY21A	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Cash Flow from Operations	\$16.4	\$35.3	\$(1.7)	\$11.5	\$25.5	\$11.6	\$7.1	\$14.8	\$23.4	\$31.9
Capital Expenditures	\$(2.2)	\$(6.3)	\$(3.5)	\$(12.6)	\$(18.9)	\$(18.1)	\$(18.1)	\$(18.1)	\$(17.9)	\$(19.3)
Free Cash Flow	\$14.2	\$29.0	\$(5.2)	\$(1.1)	\$6.6	\$(6.4)	\$(11.0)	\$(3.3)	\$5.5	\$12.6
FCF Margin	1.8%	2.5%	-0.5%	-0.1%	0.5%	-0.5%	-0.8%	-0.2%	0.3%	0.7%

Source: HFFG Model-Aug 3, 2026.xlsx, Balance Sheet and Cash Flow Statement tabs.

Cash and equivalents turn negative from FY2026E onward under the model's construct, representing an incremental financing requirement rather than a literal overdraft, as clarified in Appendix C. Free cash flow follows the same pattern shown in Figure 25 across the corresponding years, while Net Debt / GII-Reconstructed Adjusted EBITDA improves steadily from 5.9x to 2.2x as the reconstructed adjusted measure grows faster than absolute net debt over the forecast period. This table provides the full balance-sheet and cash-flow detail underlying the credit metrics referenced throughout this report.

Appendix B. WACC and DCF Inputs

Source: HFFG Model-Aug 3, 2026.xlsx, DCF Inputs and DCF Sensitivity tabs. Report valuation and share-price date: August 3, 2026. Risk-free rate and selected WACC market inputs: July 31, 2026, as identified in the model.

Figure 35. WACC Build-Up and DCF Inputs

Input	Value
Risk-Free Rate (10-Year U.S. Treasury, 7/31/26)	4.7%
Equity Risk Premium	5.5%
Levered Beta (per DCF Sensitivity tab)	1.85x
Cost of Equity (CAPM)	14.9%
Pre-Tax Cost of Debt (blended facility rate, current)	8.0%
Marginal Tax Rate	25.0%
After-Tax Cost of Debt	6.0%
Target Debt / Total Capital	45.0%
Target Equity / Total Capital	55.0%
WACC	11.0%

Source: HFFG Model-Aug 3, 2026.xlsx, DCF Inputs tab.

The 11.0% WACC is built from a 4.7% risk-free rate, a 5.5% equity risk premium and a levered beta of 1.85x, producing a 14.9% cost of equity that is blended with a 6.0% after-tax cost of debt at a 55%/45% target capital structure. This WACC is applied consistently across the DCF and the DCF sensitivity grid discussed in the Valuation section, and the beta and capital-structure assumptions are documented further in Appendix B given their outsized influence on the resulting equity value. Because modeled Enterprise Value in the Integrated Operating Case remains below FY2025A Net Debt, the DCF produces negative modeled common-equity value and is unusually sensitive to small changes in WACC or terminal growth. This is the primary reason the report assigns DCF only 20% weight relative to trading comps in the blended price target.

Appendix C. Model and Publication Conventions

- Controlling financial model: HFFG Model-Aug 3, 2026.xlsx. This exact workbook is the numerical system of record for historical statements, forecasts, scenarios, WACC, DCF, comparable-company analysis, valuation reconciliation and price target. Reference-price information is anchored to a Yahoo Finance quote observed on August 3, 2026; the exact intraday timestamp was not retained. Valuation inputs with different observation dates are identified in the relevant source notes.
 - The final package should contain the report dated August 5, 2026 and the model with an August 3, 2026 reference date and August 5, 2026 release date.
 - A = Actual; E = Estimate; dollar amounts are in U.S. millions unless otherwise stated; parentheses denote negative values.
 - Company-reported data, GII estimates and GII interpretation must remain explicitly differentiated. The model's GII-Reconstructed Adjusted EBITDA is an analyst measure based on publicly disclosed components and may not reconcile precisely to management's complete non-GAAP calculation.
 - Historical and forecast periods must be separated visually in all tables and charts. Downside / Control-Risk and Cash-Conversion / Strategic Optionality scenarios remain directional sensitivities unless rebuilt as integrated three-statement forecasts.
 - The DCF is a diagnostic rather than the primary valuation anchor because terminal value is highly concentrated and forecast cash generation is insufficient to support a reliable standalone result.
 - Before publication, refresh all figures and tables from the controlling workbook, update captions and cross-references, verify page breaks, render the Word file to PDF, and inspect every page for clipping, overflow, broken fields and source integrity.
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Appendix D. GII Restaurant Operating Frameworks

China Restaurant Empire™ uses two complementary analytical frameworks. The Restaurant Empire Evolution Framework™ (REEF™) evaluates where a restaurant company or supporting operating system stands in its evolution and how closely it approaches the consumer's final decision. The Time Compression Model™ (TCM™) evaluates whether demand, fulfillment, replication, response, management and capital cycles are being compressed simultaneously and sustainably.

These frameworks are managerial and investment-research diagnostics rather than mathematically precise scoring equations. In this report, they are applied to HF Foods only as adjacent analytical lenses because HFFG is a distributor and infrastructure provider, not a restaurant operator or consumer-facing platform. The application therefore emphasizes what HFFG may enable for restaurant customers and clearly distinguishes those benefits from the economics accruing to HFFG shareholders.

Application Guardrails for HF Foods

Figure 36. Framework Application Guardrails

Framework	Appropriate HFFG Application	What the Report Does Not Claim
REEF™	HFFG may enable Restaurant and Restaurant Operating System capabilities through assortment, procurement, inventory and fulfillment.	HFFG does not control restaurant brands, consumer traffic, consumer relationships or the final dining decision.
TCM™	Fulfillment-time compression is the strongest supported application; procurement, replication and management benefits remain plausible but incompletely quantified.	The report assigns an adapted TCM™ score for comparison but does not claim it predicts capital recovery or investment performance.
Investment interpretation	Framework relevance is evaluated together with cash conversion, leverage, valuation and falsification conditions.	Strategic relevance is not treated as proof of undervaluation or a positive stock recommendation.

Source: GII Research.

This table exists to prevent the REEF™ and TCM™ frameworks from being read as more definitive than the evidence supports. For REEF™, the explicit boundary is that HF Foods does not control restaurant brands, consumer traffic or the final dining decision—it operates one layer removed from the consumer relationship that ultimately drives restaurant-system power. For TCM™, fulfillment-time compression is the best-supported application while procurement and management-time benefits remain plausible but not fully quantified. Appendix E applies both frameworks formally, with full sub-component scoring and a peer comparison against Sysco, US Foods and Performance Food Group. The investment interpretation row is the most important: strategic relevance under either framework is not treated as proof of undervaluation, and framework alignment is evaluated jointly with cash conversion, leverage and valuation rather than as a standalone thesis.

The formal framework pages that follow should be read together with Section 2, which applies each concept to HFFG using company-specific evidence and explicit limitations. The framework publication date is August 4, 2026; the HFFG share price, valuation and research call remain anchored to August 3, 2026. The framework update therefore clarifies GII methodology but does not alter the financial model, rating or price target.

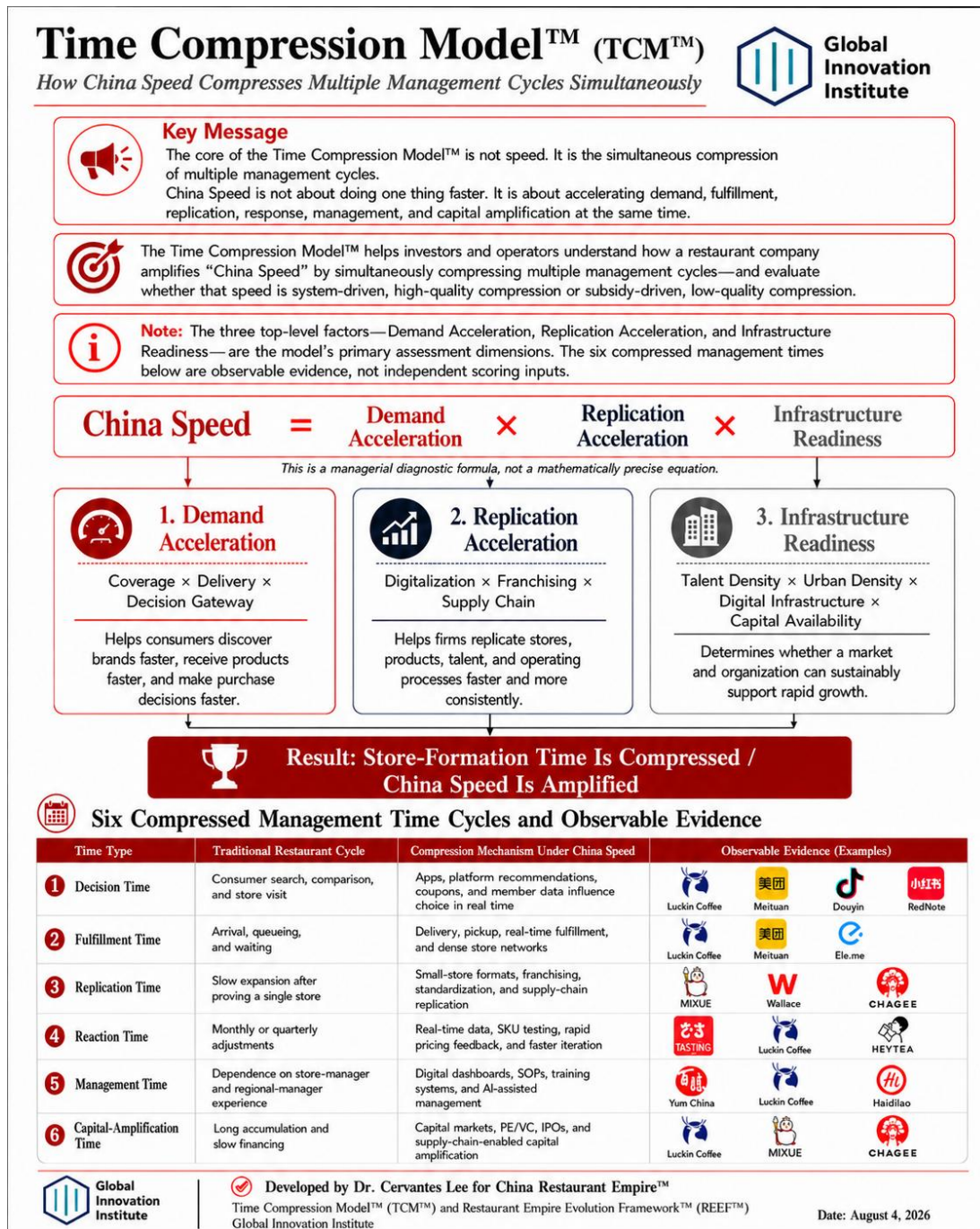
Figure 37. Restaurant Empire Evolution Framework™



Source: Global Innovation Institute, Restaurant Empire Evolution Framework™, developed by Dr. Cervantes Lee for China Restaurant Empire™, August 4, 2026.

REEF™ separates restaurant-system power into Power Layer, System Flywheel and Decision Proximity. HFFG appears most relevant to the Restaurant Operating System layer because its assortment, procurement, inventory and fulfillment capabilities may strengthen customer operations, but it does not control consumer traffic, relationships or the final dining decision. The System Flywheel score is further constrained by HFFG's acquisition-led consolidation history (see Section 2 and the Company History figure): a multi-region holding company built through merger and tuck-in acquisition scores no higher than a partially-formed flywheel unless shared data, supply chain or operating systems across the combined regions can be demonstrated, which is not yet established in public disclosures. Applying the formal REEF™ rubric (Appendix E), HFFG scores 32 of 100—meaningful operating relevance, but limited direct Restaurant Empire Power.

Figure 38. Time Compression Model™



Source: Global Innovation Institute, Time Compression Model™, developed by Dr. Cervantes Lee for China Restaurant Empire™, August 4, 2026.

TCM™ examines whether several management cycles are compressed simultaneously rather than treating speed as a single operating characteristic. For HFFG, fulfillment-time compression is the strongest supported application, while procurement decision time, restaurant replication time and management response may also improve but remain insufficiently quantified. Capital-amplification time is presently the central limitation because the forecast requires substantial working capital and produces negative cash balances during part of the projection period. One finding applies to the whole broadline category, not just HFFG: every distributor in Appendix E's peer comparison, including Sysco and US Foods, scores near the floor on the Delivery sub-component, because TCM™'s scoring bands are calibrated for consumer-minutes fulfillment and no B2B wholesale model fits that scale. Applying the formal TCM™ rubric (Appendix E), HFFG scores 43 of 100, below all three national peers scored alongside it.

GII Evidence Hierarchy and Confidence Convention

The following evidence hierarchy separates disclosed facts, model calculations, analyst estimates and framework judgments. Confidence labels describe the completeness of available public evidence and do not alter the locked REEF™ or TCM™ scores, weights, rankings or aggregation methodology.

Classification	Definition
Company reported	Directly disclosed in filings, investor presentations or other official company materials.
GII calculated	Derived mathematically from company-reported data or the controlling financial model.
GII estimated	Modeled because sufficient company disclosure is unavailable; assumptions are identified.
GII interpreted	Analytical judgment based on disclosed evidence, model outputs and stated assumptions.
Framework score	Application of the locked REEF™ or TCM™ scoring methodology; not a prediction of stock performance.
Confidence level	High, Moderate, Low or Insufficient Public Evidence; describes evidence quality, not score magnitude.
Insufficient evidence	Available public disclosure does not support a high-confidence conclusion.

Methodological guardrail. The scoring system is unchanged. Peer comparisons may reflect differences in disclosure quality, and HFFG is evaluated as an adjacent infrastructure provider rather than as a restaurant operator or consumer-facing platform.

Appendix E. GII View from the Top

REEF™ and TCM™ Scoring Through the China Restaurant Empire™ Lens

This appendix applies the REEF™ and TCM™ frameworks to HF Foods formally, using the same point-banded rubric and evidence-anchor methodology documented in the GII China Restaurant Empire Quarterly and CRE Model Portfolio™ DataBook. Scores are evidence-anchored analytical judgments rather than externally validated measurements. Each sub-component is tied to a specific evidence source and, where uncertainty exists, the lower end of the applicable band is used, consistent with the DataBook's scoring convention. A limitation stated plainly: REEF™ and TCM™ are proprietary GII analytical frameworks, not externally audited or Street-standard methodologies, and neither framework has yet been validated against realized investment outcomes.

The scoring below should be read with the same evidentiary weight as any other GII analysis in this report – rigorously applied and fully sourced, but not equivalent to an established, third-party-tested valuation methodology such as DCF or trading comparables. Because HFFG is not a restaurant operator, its Power Layer score is an adapted infrastructure-enablement proxy: it measures operating-system capability that HFFG may provide to restaurant customers and does not mean HFFG itself occupies the Platform or Restaurant Operating System layer as defined for consumer-facing restaurant companies.

REEF™ Detailed Scoring

Figure 39. REEF™ Detailed Scoring, HF Foods Group

Component (Max)	Score	Tier / Band	Reasoning
Power Layer (35)	16	Between Platform and Restaurant OS (12-23 range)	HFFG owns and operates its own distribution infrastructure (19 DCs, ~46 states) rather than outsourcing it, which supports real operating relevance; however, evidence of a single unified data and supply-chain base layer across the company's acquired regional operations is not yet established in public disclosures, which caps the score below a clean Restaurant OS placement.
System Flywheel (35)	14	Two-node linkage forming, bottom of band (14-21)	HF Foods was built through merger and acquisition of previously separate regional distributors (see Section 2 and the Company History figure). Per the DataBook's own scoring principle, a multi-region holding company scores no higher than a partially-formed flywheel unless shared data, membership, supply chain or traffic across the combined regions can be demonstrated—the same test applied to Yum! Brands' multi-brand structure in the CRE universe.
Decision Proximity (30)	2	Seen, bottom of band (1-6)	HFFG is structurally invisible to the end diner. The restaurant operator chooses HFFG as a supplier; the consumer never sees, recommends, trusts or selects HFFG at any point in the transaction.
Total	32 / 100	Grade C	

Source: GII Research, applying the REEF™ rubric (CRE DataBook, Tab 03R) to HF Foods FY2025 10-K disclosures, March 2026 Investor Presentation, and company M&A history.

TCM™ Detailed Scoring

Figure 40. TCM™ Detailed Scoring, HF Foods Group

Factor / Sub-component	Score / Max	Reasoning
Coverage	10 / 12	Genuinely broad national reach—46 states, ~95% of contiguous U.S. population covered.
Delivery	1 / 12	The 3-5 hour average route time is a B2B wholesale cadence; TCM™'s Delivery band is calibrated for consumer-minutes fulfillment, which no wholesale distributor—including the peers scored below—can reach.
Decision Gateway	1 / 11	No app or ordering platform functions as a primary decision entry point; ordering remains relationship- and phone/rep-driven.
Demand Acceleration (35)	12	
Digitalization	6 / 12	ERP centralization completed; e-commerce ordering platform in early rollout, per company disclosure.
Franchising	1 / 12	Not applicable to HFFG's business model—HFFG is a distributor, not a franchisor of restaurant units.
Supply Chain	7 / 11	HFFG owns and operates its own DC and fleet infrastructure (1,100+ vendor relationships, 6.2-year average tenure) rather than outsourcing to a third party—the same ownership test that gives McDonald's a low score here despite its scale, and gives HFFG a comparatively higher one.
Replication Acceleration (35)	14	
Talent Density	3 / 8	Leadership team disclosed with relevant credentials; not an exceptional talent-density profile.
Urban Density	5 / 8	Distribution network spans multiple U.S. density tiers with reasonable breadth.
Digital Infrastructure	6 / 7	Operates within the developed U.S. digital ecosystem (market-context score, not company-specific).
Capital Availability	3 / 7	NASDAQ-listed but with limited analyst coverage (two sell-side names) and constrained near-term free cash flow.
Infrastructure Readiness (30)	17	
Total	43 / 100	

Source: GII Research, applying the TCM™ rubric (CRE DataBook, Tab 04R) to HF Foods FY2025 10-K disclosures, March 2026 Investor Presentation, and HFFG Model-Aug 3, 2026.xlsx.

The two scores tell different stories. REEF™ is low mainly for a structural reason—HFFG sits a full layer beneath the consumer's dining decision, and no amount of operating improvement closes that distance without a different business model. TCM™ is low for a more fixable reason: the physical network compresses reasonably well, but HFFG's own capital constraints—not the network itself—are throttling how much of that speed the company can fund and amplify. That distinction matters more than either score in isolation.

Peer Comparison: HFFG vs. National Broadline Distributors

Figure 41. REEF™ and TCM™ Scores, HFFG vs. Sysco, US Foods and Performance Food Group

Company	REEF™ Total (100)	TCM™ Total (100)	Key Differentiator
HF Foods Group (HFFG)	32	43	Owns its own distribution infrastructure, but a federated, acquisition-built operating structure caps its System Flywheel score, and constrained capital caps its Infrastructure Readiness.
Sysco (SYY)	47	62	Dedicated national-account subsidiary (Sygma) with documented chain relationships (Yum Brands, Wendy's per Sysco's own disclosures); investment-grade balance sheet drives the largest Capital Availability advantage in the peer set.
US Foods (USFD)	45	61	The only peer with an explicit SEC filing stating it operates as "one business" with a "single operating segment" and majority digital order volume by the early 2020s—the strongest documented Decision Gateway evidence of the group.
Performance Food Group (PFGC)	40	54	CustomerFirst platform integrates directly with national chain POS and ERP systems; third among the three majors in overall digital sophistication per independent competitive analysis.

Source: GII Research, applying the REEF™ and TCM™ rubrics to Sysco, US Foods and Performance Food Group public 10-K disclosures, investor materials, and independent industry analysis. Peer scores are GII's own illustrative application of the framework and have not undergone the same line-by-line source-verification pass applied to HFFG's own scores elsewhere in this report.

Every company in this peer set, including the two largest, scores near the floor on TCM™'s Delivery sub-component—a category-wide ceiling, not a company-specific weakness, since B2B wholesale distribution does not fit a scoring band calibrated for consumer-minutes fulfillment. Where the peer set genuinely separates from HFFG is Decision Gateway and Capital Availability: Sysco, US Foods and PFGC each have documented, purpose-built national-account infrastructure and materially stronger balance-sheet access that HFFG does not yet have.

The REEF™ gap is largely structural and slow-moving; the TCM™ gap is largely financial and, in principle, fixable on a multi-year horizon if the leverage and free-cash-flow trajectory in this report's Integrated Operating Case materializes as modeled. One caveat applies to this whole comparison, not just the sourcing footnote above: because the peer scores rest on a lighter evidentiary pass than HFFG's own, the precise point gaps shown here should be read directionally -- peers are meaningfully ahead on Decision Gateway and Capital Availability -- rather than as exact, equally-audited figures. The formal Delivery score is retained for consistency with the broader CRE universe, but it is not category-neutral: a low score reflects distance from consumer-minutes fulfillment and should not be interpreted as evidence of poor B2B distributor service quality.

View from Five Stakeholder Perspectives

The scores above address how HFFG compares within a common REEF™ and TCM™ framework. They do not determine whether any particular person or institution should buy, sell, hold, avoid, or trade the company's securities. The perspectives below illustrate how different categories of market participants may interpret the same publicly available evidence, subject to their own mandates, constraints, risk tolerances, time horizons, and independent analysis.

Important limitation. These perspectives are general and impersonal analytical illustrations. They are not recommendations, position-sizing instructions, trading strategies, suitability determinations, or advice tailored to any reader, portfolio, institution, or investor category. No reader should interpret the discussion as directing a particular transaction or course of action. This framing reflects the report's intended use as general and impersonal research rather than advice tailored to a specific portfolio, institution, client, or investor.

Fund Manager

Long-only, benchmark-relative

A long-only fund manager may place particular emphasis on whether HFFG's current valuation discount adequately compensates for its weaker Decision Gateway and Capital Availability scores relative to larger peers. A REEF™ score of 32 and a **HOLD/NEUTRAL** rating indicate that the company may warrant continued monitoring, but they do not independently establish an appropriate portfolio weight or investment action. Relevant evidence thresholds include confirmed ICFR remediation, durable positive EBITDA, improving free-cash-flow conversion, and a credible path toward lower leverage. For forecast periods, EBITDA refers to GII estimates calculated using the EBIT-plus-D&A convention described in Figure 24. Whether those developments would justify inclusion in a portfolio depends on the manager's mandate, benchmark, liquidity requirements, risk limits, and independent valuation work.

Event-Driven and Relative-Value Perspective

Hedge fund or other catalyst-focused investor

An event-driven investor may focus on the fact that HFFG's TCM™ gap to peers is concentrated more heavily in Capital Availability than in Coverage or Supply Chain. That distinction may make refinancing, control remediation, sustained positive EBITDA, or improved cash conversion relevant events to monitor. For forecast periods, EBITDA refers to GII estimates rather than company guidance. Relative-value analysis could compare HFFG's valuation, balance-sheet risk, liquidity, and catalyst path with those of larger distributors, but the report does not advocate any long, short, paired, leveraged, or derivatives position. Any such strategy would require separate analysis of timing, borrow availability, financing costs, liquidity, downside exposure, and portfolio-specific constraints.

Restaurant-Operator Perspective

Current or prospective HFFG customer

REEF™ and TCM™ were developed to assess restaurant-system power and time compression, not to provide a definitive measure of supplier quality, service reliability, or commercial suitability. For a restaurant operator, the more relevant considerations include HFFG's distribution infrastructure, vendor relationships, assortment breadth, route coverage, and Supply Chain sub-score, together with its leverage and Capital Availability constraints. Financial stress at a supplier may create operational risk, but this report does not recommend whether any customer should begin, continue, reduce, or terminate a commercial relationship with HFFG. Procurement decisions should be based on the operator's own service experience, product requirements, pricing, contract terms, contingency planning, and independent supplier due diligence.

Peer-Operator Perspective

Broadline or specialty distributor

A peer operator may view the REEF™ and TCM™ comparison as evidence that HFFG has developed meaningful Asian-foodservice specialization and route density while remaining behind larger competitors in national-account infrastructure, digital ordering depth, and capital availability. These observations may inform competitive monitoring, internal investment priorities, partnership analysis, or broader strategic planning. This report does not recommend that any peer enter a market, replicate HFFG's capabilities, pursue a transaction, or treat HFFG as an acquisition target. Any strategic, partnership, or transaction-related conclusion would require separate commercial, financial, legal, regulatory, and antitrust analysis.

Individual-Investor Perspective

An individual investor may view HFFG's 52-week trading range of \$1.38 to \$3.87 as evidence of substantial price volatility and changing market expectations. The company's valuation discount does not, by itself, establish that the shares are undervalued or that the operating and financial issues associated with the prior decline have been resolved. The REEF™ and TCM™ scores provide a structured view of HFFG's operating relevance and capital constraints, but they do not determine suitability or an appropriate investment action for any individual. Relevant evidence to monitor includes ICFR remediation, positive EBITDA, free-cash-flow conversion, leverage, liquidity, and financing developments. Each investor should independently assess personal objectives, loss tolerance, liquidity needs, tax circumstances, and advice from appropriately licensed professionals.

Falsifiable Research Test

The report's principal forward test is whether HFFG reports positive EBITDA for FY2026 while demonstrating measurable progress in cash conversion, financing capacity, leverage, and internal-control remediation. If those conditions occur, GII would reassess the Capital Availability component and the broader TCM™ analysis under the same published methodology. Any resulting score change would depend on the quality and completeness of the public evidence then available and is not predetermined. A future score change would not, by itself, predict share-price performance, investment return, credit quality, or any transaction outcome.