



Innovative Food Holdings, Inc. Reports 2022 First Quarter Financial Results

May 17, 2022

- *Total revenue up 28% year-over-year to a first quarter record of \$15.6 million*
- *Specialty foodservice revenue increased 69% year-over-year to a first quarter record*
- *Pursuing organic and non-organic initiatives to expand growth of digitally native brands on IVFH's eCommerce platform*

BONITA SPRINGS, Fla., May 17, 2022 (GLOBE NEWSWIRE) -- Innovative Food Holdings, Inc. (OTCQB: IVFH) ("IVFH" or the "Company"), a leading end-to-end DTC eCommerce platform and direct-to-chef online platform that provides high-quality, unique specialty foods through eCommerce offerings and multichannel partnerships, today reported its financial results for the first quarter of 2022.

"Record first quarter sales are encouraging and reflect the benefits of our diversified revenue streams. We generated record specialty foodservice revenue driven by our nationwide direct-to-chef online program as well as strong demand from hospitality foodservice clients out of our Chicago and Pennsylvania facilities. Foodservice revenue has expanded above pre-COVID levels, as we successfully pursue growth opportunities on the back of positive market trends due to further reopening activities and we continue to leverage our platforms to provide unique high-quality specialty food offerings to chefs and other consumers across the U.S. In addition, our agile chef and consumer platforms are particularly important as we work with our customers and vendors to navigate unprecedented logistics, supply chain, and inflationary challenges," stated Sam Klepfish, CEO of Innovative Food Holdings.

"While eCommerce sales remain above pre-COVID levels, we are not immune from the recent post-COVID challenges facing many eCommerce companies. There are significant market opportunities for companies like IVFH, which have a strong, agile and sophisticated end-to-end eCommerce platform. Our platform continues to attract experienced, talented and motivated team leaders, developing compelling partnerships, and increasing the effectiveness of our marketing initiatives to drive eCommerce sales in the coming quarters. In addition, we are pursuing additional organic and non-organic initiatives to leverage our eCommerce platform, which is supported by leading back-end logistics, fulfillment, and procurement capabilities, as well as our front-end digital infrastructure. We believe our powerful eCommerce platform is uniquely positioned to help small brands, as well as direct-to-consumer, and direct-to-chef companies navigate an increasingly complex business and eCommerce environment."

"We believe we are well positioned for long-term sales growth driven by higher foodservice revenue as well as reaccelerating eCommerce growth. As revenues scale further, we believe we can improve profitability by enhancing gross margin and leveraging our fixed costs," concluded Mr. Klepfish.

Financial Results

Revenues in the 2022 first quarter increased 28% to a first quarter record of \$15.6 million, compared to \$12.2 million for the three months ended March 31, 2021. First-quarter revenue benefited from a 69% increase in specialty foodservice revenue, which was partially driven by the nationwide opening of restaurants and other foodservice establishments previously affected by COVID-19, as well as strong increases in travel related foodservice. In addition, the Company's unique supply chain capabilities continue to provide reliable, consistently high-quality specialty foodservice solutions for its customers. First quarter eCommerce revenue was down 28% to \$3.6 from \$5.0 million for the same period last year.

The following table sets forth IVFH's revenue by business category for the three months ended March 31, 2022, and March 31, 2021 (unaudited):

	Three Months Ended				
	March 31, 2022	% of Net Sales	March 31, 2021	% of Net Sales	% Change
Specialty Foodservice	\$11,541,000	74%	\$ 6,828,000	56%	69%
E-Commerce	3,612,000	23%	4,980,000	41%	-28%
National Brand Management	284,000	2%	226,000	2%	26%
Warehouse and Logistics Services	206,000	1%	\$ 147,000	1%	40%
Total IVFH	\$15,643,000	100%	\$12,181,000	100%	28%

For the 2022 first quarter, selling, general, and administrative (SG&A) expenses were \$5.2 million, or 33% of revenue, compared to \$4.9 million, or 39.8% of revenue for the same period last year. The \$0.3 million increase was primarily due to increases in advertising and marketing costs, professional fees, and foodservice operating costs,

The Company recorded a GAAP net loss for the 2022 first quarter of \$(1.2 million), or \$(0.03) per share, compared to a GAAP net loss of \$(1.8 million), or \$(0.05) per share, in the prior year's first quarter. Adjusted net income for the 2022 first quarter was a loss of \$(1.4 million), or \$(0.029) per share, compared to an adjusted net loss of \$(1.5 million), or \$(0.041) per share, for the same period last year.

Cash EBITDA, a non-GAAP metric (see tables below), for the 2022 first quarter was a loss of \$(1.2 million), compared to Cash EBITDA loss of \$(1.3 million) in the prior year's first quarter.

About Innovative Food Holdings, Inc.

IVFH's leading end-to-end direct-to-consumer e-commerce platform and direct-to-chef platform connect the world's best artisan food makers with top

chefs and epicurean consumers nationwide. Our unique ability to reach both specialty foodservice B2B customers and consumers positions IVFH as a compelling resource for artisanal food producers, CPG brands, chefs, and consumers. IVFH's owned online retailer brands on its leading DTC e-commerce platform include www.igourmet.com and www.mouth.com.

Additional information is available at www.ivfh.com.

Forward-Looking Statements

This release contains certain forward-looking statements and information relating to Innovative Food Holdings, Inc. (the "Company") that are based on the current beliefs of the Company's management, as well as assumptions made by, and information currently available to, the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain assumptions, including those described in this release. Should one or more of these underlying assumptions prove incorrect, actual results may vary materially from those described herein as "should," "could," "will," "anticipate," "believe," "intend," "plan," "might," "potentially" "targeting" or "expect." Additional factors that could also cause actual results to differ materially relate to the global COVID-19 crisis, international crisis, environmental and economic issues and other risk factors described in our public filings. The Company does not intend to update these forward-looking statements. The content of the websites referenced above are not incorporated herein.

Innovative Food Holdings, Inc. Consolidated Balance Sheets (unaudited)

	March 31, 2022 (unaudited)	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,111,168	\$ 6,122,671
Accounts receivable, net	3,422,003	3,256,764
Inventory	3,209,945	3,109,984
Other current assets	389,513	314,107
Total current assets	10,132,629	12,803,526
Property and equipment, net	8,094,038	8,186,227
Investments	286,725	286,725
Right to use assets, operating leases, net	199,474	232,381
Right to use assets, finance leases, net	680,358	669,039
Other amortizable intangible assets, net	61,987	72,218
Goodwill and other unamortizable intangible assets	1,532,822	1,532,822
Total assets	<u>\$ 20,988,033</u>	<u>\$ 23,782,938</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,473,440	\$ 5,702,905
Accrued interest	42,794	29,349
Deferred revenue	1,250,944	1,631,406
Line of Credit	2,000,000	2,000,000
Notes payable - current portion, net of discount	412,491	412,961
Lease liability - operating leases, current	63,361	74,088
Lease liability - finance leases, current	182,664	159,823
Contingent liability - current portion	187,000	187,000
Total current liabilities	8,612,694	10,197,532
Lease liability - operating leases, non-current	136,113	158,293
Lease liability - finance leases, non-current	478,262	499,240
Contingent liability - long-term	108,600	108,600
Note payable - long term portion, net	5,319,914	5,409,172
Total liabilities	14,655,583	16,372,837
Commitments & Contingencies (see note 16)		
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 49,343,846 and 48,879,331 shares issued, and 46,506,266 and 46,041,751 shares outstanding at March 31, 2022 and December 31, 2021, respectively	4,931	4,885
Additional paid-in capital	41,815,390	41,662,710

Treasury stock: 2,623,171 and 2,623,171 shares outstanding at March 31, 2022 and December 31, 2021, respectively.

Accumulated deficit	(1,141,370)	(1,141,370)
Total stockholders' equity	<u>(34,346,501)</u>	<u>(33,116,124)</u>
Total liabilities and stockholders' equity	<u>\$ 6,332,450</u>	<u>\$ 7,410,101</u>
	<u>\$ 20,988,033</u>	<u>\$ 23,782,938</u>

Innovative Food Holdings, Inc.
Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
Revenue	\$ 15,643,111	\$ 12,180,899
Cost of goods sold	<u>11,917,179</u>	<u>8,878,914</u>
Gross margin	3,725,932	3,301,985
Selling, general and administrative expenses	<u>5,172,426</u>	<u>4,850,828</u>
Total operating expenses	5,172,426	4,850,828
Operating loss	(1,446,494)	(1,548,843)
Other income (expense):		
Impairment of investment	-	(209,850)
Gain on interest rate swap	294,000	-
Other leasing income	5,090	5,140
Interest expense, net	<u>(82,973)</u>	<u>(90,318)</u>
Total other income (expense)	216,117	(295,028)
Net loss before taxes	(1,230,377)	(1,843,871)
Provision for income taxes	-	-
Net loss	<u>\$ (1,230,377)</u>	<u>\$ (1,843,871)</u>
Net loss per share – basic and diluted	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>
Weighted average shares outstanding – basic and diluted	<u>46,256,160</u>	<u>35,872,143</u>

Innovative Food Holdings, Inc.
Consolidated Statements of Cash Flows

	Three Months Ended (unaudited)	
	March 31, 2022	March 31, 2021
Adjusted Net Income and EPS⁽¹⁾		
Revenue	\$ 15,643,111	\$ 12,180,899
Net Income	(1,230,377)	(1,843,871)
Amortization of intangible assets ⁽²⁾	10,231	2,870
One-time charges	-	209,850
One-time gain	(294,000)	-
Stock related expenses ⁽³⁾	<u>152,726</u>	<u>157,791</u>
Adjusted Net Income (Loss)	<u>\$ (1,361,420)</u>	<u>\$ (1,473,360)</u>
Weighted Avg. Shares Outstanding Diluted ⁽⁴⁾	46,256,160	35,872,143
Adjusted Fully Diluted EPS	<u>\$ (0.029)</u>	<u>\$ (0.041)</u>
	Three Months Ended (unaudited)	
	March 31, 2022	March 31, 2021

Cash EBITDA⁽¹⁾

Net Income	\$	(1,230,377)	\$	(1,843,871)
Interest expense, taxes		77,883		85,178
Depreciation & amortization		138,361		135,854
One-time charges		-		209,850
One-time gain		(294,000)		-
Stock related expenses ⁽³⁾		152,726		157,791
Cash EBITDA	\$	(1,155,407)	\$	(1,255,198)

(1) Adjusted Net Income and Cash EBITDA are each a non-GAAP metric. Management believes that the presentation of these non-GAAP financial measures provides useful information to investors because the information may allow investors to better evaluate ongoing business performance and certain components of the Company's results. In addition, the Company believes that the presentation of these financial measures enhances an investor's ability to make period-to-period comparisons of the Company's operating results. This information should be considered in addition to the results presented in accordance with GAAP, and should not be considered a substitute for the GAAP results.

(2) Includes non-cash amortization charges related to assets acquired

(3) Includes stock and options-based compensation and expenses

(4) Full Year GAAP weighted fully diluted share count

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