



Innovative Food Holdings, Inc. Reports Financial Results for Fourth Quarter and Full Year of 2020

April 16, 2021

*Direct-to-Consumer E-commerce Platform Drives Record 2020 E-commerce Sales Growth
Full Year E-commerce Revenue Increased 109% to a Full Year Record of \$22.4 Million
Full Year 2020 Monthly Subscription Growth of over 95%; IVFH Now Offering Over 15 Unique Monthly Subscription Boxes*

BONITA SPRINGS, Fla., April 16, 2021 (GLOBE NEWSWIRE) – Innovative Food Holdings, Inc. (OTCQB: IVFH) (“IVFH” or the “Company”), a leading direct-to-consumer e-commerce platform with complete multi-channel, specialty food and grocery capabilities for both consumers and professional chefs today reported its financial results for the fourth quarter and full year of 2020.

“Throughout 2020, despite unprecedented industry-wide COVID-19 challenges, we accelerated our digital transformation, invested in our infrastructure, and leveraged our leading direct-to-chef and direct-to-consumer platform to support record e-commerce demand. Our full year and fourth quarter e-commerce results demonstrate the power and scalability of our DTC e-commerce platform. We successfully navigated the COVID-19 pandemic and the unprecedented disruption it caused within the specialty foodservice industry by rapidly expanding our e-commerce business thanks to the hard work of our dedicated team,” stated Sam Klepfish, CEO of Innovative Food Holdings.

“We believe that our leading direct-to-consumer platform provides unparalleled ‘plug and play’ e-commerce capabilities both through our existing online properties as well as through the ability to build or acquire additional brands to add to our platform. We continue to see increased interest in our platform from both current and potential partners and we believe that we are well positioned to expand e-commerce efficiencies and drive top-line and bottom-line e-commerce results during 2021.”

“We have emerged from the COVID-19 crisis better positioned than ever to further continue and accelerate the expansion and growth of our DTC e-commerce platform. In addition, we have been seeing improving trends within our foodservice business, and we look forward to continued improvements as restaurants, hotels, airlines, and other foodservice customers reopen for business. I am extremely proud of our success during 2020 and excited by the opportunities we have to grow our brands and create long-term value for our shareholders in 2021 and beyond,” concluded Mr. Klepfish.

Financial Results

E-commerce revenue for full year 2020 increased by over 100%, driven by the Company’s ability to increase conversion rates and sales. Deferred revenue which includes e-commerce orders associated with the Company’s subscription services, including both Mouth and iGourmet, and representing a pipeline of future revenues, increased by nearly 500% to \$2.9 million at December 31, 2020, compared to \$0.5 million at December 31, 2019. Revenues in the 2020 fourth quarter declined to \$15.1 million compared to \$17.7 million in the 2019 fourth quarter as specialty foodservice revenues declined 43% to \$6.8 million, as a result of the continued impact the COVID-19 pandemic had on the foodservice industry. This decline was partially offset by strong e-commerce revenue growth of over 50% to \$7.9 million in the 2020 fourth quarter, compared to \$5.3 million in e-commerce revenues in the 2019 fourth quarter.

2020 full year total revenue was \$51.7 million compared to \$57.9 million in 2019. The decline in full year 2020 revenue was driven by an approximately 40% decline in foodservice revenues as a result of the continued impact the COVID-19 pandemic had on the foodservice industry. This decline which was partially offset by strong e-commerce revenue growth of over 100%.

IVFH continued to build its brands and expand its e-commerce customer base and for full year 2020 IVFH had over 188,000 active and unique e-commerce customers, which is an increase of over 88% from 2019.

The following table sets forth IVFH’s revenue by business category for the three and twelve months ended December 31, 2020 and December 31, 2019 (unaudited):

	Three Months Ended				
	December 31, 2020	% of Net Sales	December 31, 2019	% of Net Sales	% Change
Specialty Foodservice	\$ 6,793,000	44%	\$ 11,835,000	67%	-43%
E-Commerce	7,881,000	52%	5,253,000	30%	50%
National Brand Management	313,000	2%	389,000	2%	-20%
Warehouse and Logistics Services	151,000	1%	176,000	1%	-14%
Total IVFH	\$ 15,138,000	100%	\$ 17,653,000	100%	-14%

	Year Ended Months Ended				
	December 31, 2020	% of Net Sales	December 31, 2019	% of Net Sales	% Change
Specialty Foodservice	\$ 27,544,000	53%	\$ 45,377,000	78%	-39%

E-Commerce	22,371,000	44%	10,704,000	19%	109%
National Brand Management	1,100,000	2%	1,645,000	3%	-33%
Warehouse and Logistic Services	661,000	1%	176,000	0%	276%
Total IVFH	\$ 51,676,000	100%	\$ 57,903,000	100%	-11%

For the 2020 fourth quarter, selling and administrative (SG&A) expenses were \$5.6 million, compared to \$4.9 million for the same period last year. For full year 2020, SG&A expenses were \$19.5 million, compared to \$16.5 million in the prior year period. The year-over-year increases, which included costs associated with COVID-19, were primarily driven by higher marketing and advertising costs, increases in payroll and insurance costs, and other operating expenses.

The Company reported a net loss for the 2020 fourth quarter of \$(1.1 million), or \$(0.03) per share, compared to a net income of \$195,000, or \$0.01 per diluted share, in the prior year's fourth quarter. For 2020, the Company reported a net loss of \$(7.7 million), or \$(0.22) per share, compared to net income of \$223,000, or \$0.01 per diluted share for 2019. The 2020 net loss included a non-cash \$1.7 million impairment charge recorded during the 2020 first quarter and other non-cash charges of \$1.5 million. The Company generated \$1.8 million in cash from operating activities for the 2020 fourth quarter, compared to \$2.4 million for the same period last year.

Adjusted net income for the 2020 fourth quarter was a loss of \$(1.0 million), or \$(0.028) per share, compared to adjusted net income of \$527,000, or \$0.015 per diluted share, for the same period last year. For 2020, adjusted net income was a loss of \$(5.0 million), or \$(0.144) per share, compared to adjusted net income of \$1.5 million, or \$0.045 per diluted share last year.

Cash EBITDA, a non-GAAP metric (see tables below), for the 2020 fourth quarter was a \$(0.7 million), compared to Cash EBITDA of \$0.7 million in the prior year fourth quarter. For 2020, Cash EBITDA was \$(4.2 million), compared to Cash EBITDA of \$2.0 million for the same period a year ago.

About Innovative Food Holdings, Inc.

Innovative Food Holdings (Ticker: IVFH): has built a leading D2C ecommerce platform with complete multi-channel, specialty food and grocery capabilities for both consumers and professional chefs. Wholly owned D2C brands on the 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 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)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,060,015	\$ 3,966,050
Accounts receivable, net	2,380,305	3,309,830
Inventory	3,719,786	2,350,622
Other current assets	286,815	273,689
Total current assets	11,446,921	9,900,191
Property and equipment, net	8,550,401	6,645,389
Investments	496,575	435,225
Right of use assets, operating leases, net	246,737	193,733
Right of use assets, finance leases, net	776,439	174,631
Other amortizable intangible assets, net	100,380	1,342,741
Goodwill and other unamortizable intangible assets	1,532,822	2,183,065
Total assets	\$ 23,150,275	\$ 20,874,975
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,098,523	\$ 4,009,956
Accrued interest	28,873	16,973

Deferred revenue	2,917,676	499,776
Line of Credit	2,000,000	-
Notes payable - current portion, net of discount	1,741,571	727,766
Lease liability - operating leases, current	87,375	133,296
Lease liability - finance leases, current	146,004	29,832
Contingent liability - current portion	187,000	187,000
Total current liabilities	12,207,022	5,604,599
Lease liability - operating leases, non-current	159,362	60,437
Lease liability - finance leases, non-current	638,137	154,905
Contingent liability - long-term	116,600	156,600
Note payable - long term portion, net	6,151,345	3,881,037
Total liabilities	19,272,466	9,857,578
Commitments & Contingencies (see note 18)	-	-
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 38,209,060 and 37,210,859 shares issued, and 35,371,480 and 34,373,279 shares outstanding at December 31, 2020 and December 31, 2019, respectively	3,817	3,718
Additional paid-in capital	37,415,155	36,889,818
Treasury stock: 2,623,171 and 2,623,171 shares outstanding at December 31, 2020 and December 31, 2019, respectively.	(1,141,370)	(1,141,370)
Accumulated deficit	(32,399,793)	(24,734,769)
Total stockholders' equity	3,877,809	11,017,397
Total liabilities and stockholders' equity	\$ 23,150,275	\$ 20,874,975

Innovative Food Holdings, Inc.
Consolidated Statements of Operations

(unaudited)

	For the Three Months Ended		For the Twelve Months Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Revenue	\$ 15,137,833	\$ 17,652,536	51,676,028	\$ 57,902,966
Cost of goods sold	10,621,975	12,646,843	37,859,500	41,255,076
Gross margin	4,515,858	5,005,693	13,816,528	16,647,890
Selling, general and administrative expenses	5,556,996	4,903,290	19,531,818	16,464,128
Impairment of intangible assets	-	-	1,698,952	-
Total operating expenses	5,556,996	4,903,290	21,230,770	16,464,128
Operating (loss) income	(1,041,138)	102,403	(7,414,242)	183,762
Other (income) expense:				
Other leasing income	10,977	(3,125)	43,810	(3,125)
Gain on settlement of contingent liability	-	-	-	(132,300)
Gain on sale of fixed assets	7,984	(12,495)	7,984	(12,495)
Interest expense, net	(90,761)	42,911	(302,576)	108,915
Total other (expense) income	(71,800)	30,416	(250,782)	(39,005)

Net (loss) income before taxes	(1,112,938)	194,917	(7,665,024)	222,767
Income tax expense	-	-	-	-
Net (loss) income	<u>\$ (1,112,938)</u>	<u>\$ 194,917</u>	<u>(7,665,024)</u>	<u>\$ 222,767</u>
Net (loss) income per share – basic	<u>\$ (0.03)</u>	<u>\$ 0.01</u>	<u>\$ (0.22)</u>	<u>\$ 0.01</u>
Net (loss) income per share – diluted	<u>\$ (0.03)</u>	<u>\$ 0.01</u>	<u>\$ (0.22)</u>	<u>\$ 0.01</u>
Weighted average shares outstanding – basic	<u>34,739,378</u>	<u>34,116,335</u>	<u>34,871,785</u>	<u>34,116,335</u>
Weighted average shares outstanding – diluted	<u>34,739,378</u>	<u>34,116,335</u>	<u>34,871,785</u>	<u>34,116,335</u>

Innovative Food Holdings, Inc.
Consolidated Statements of Cash Flows

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Cash flows from operating activities:		
Net (loss) income	\$ (7,665,024)	\$ 222,767
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Impairment of intangible assets	1,698,952	-
Depreciation and amortization	703,941	1,234,098
Amortization of right-of-use asset	161,926	187,254
Amortization of prepaid loan fees	12,560	1,819
Stock based compensation	525,436	414,178
Gain on settlement of contingent liability		(132,300)
Gain on sale of fixed assets	(7,984)	(12,495)
Provision for doubtful accounts	254,899	36,037
Changes in assets and liabilities:		
Accounts receivable, net	674,626	(366,611)
Inventory and other current assets, net	(1,443,640)	(153,633)
Accounts payable and accrued liabilities	1,108,451	414,326
Deferred revenue	2,417,900	(59,539)
Contingent liabilities	(40,000)	(4,000)
Operating lease liability	(161,926)	(187,254)
Net cash (used in) provided by operating activities	<u>(1,759,883)</u>	<u>1,594,647</u>
Cash flows from investing activities:		
Cash paid for website development	(19,250)	-
Cash received from the sale of fixed assets	-	12,495
Acquisition of property and equipment	(431,137)	(1,049,604)
Purchase of intangible assets	-	(84,000)
Investment in food related company	-	(60,200)
Net cash used in investing activities	<u>(450,387)</u>	<u>(1,181,309)</u>
Cash flows from financing activities:		
Sales of common stock	-	250,000

Cash paid for acquisition of treasury stock	-	(125,000)
Loan fees related to building acquisition financing	-	(72,916)
Cash paid in settlement of contingent liabilities in connection with acquisitions	-	(350,576)
Proceeds from line of credit	2,000,000	-
Proceeds from Payroll Protection Plan Loan	1,650,221	-
Principal payments on debt	(278,668)	(880,752)
Principal payments financing leases	(67,318)	(27,861)
Net cash provided by (used in) financing activities	<u>3,304,235</u>	<u>(1,207,105)</u>
Increase (decrease) in cash and cash equivalents	1,093,965	(793,767)
Cash and cash equivalents at beginning of year	<u>3,966,050</u>	<u>4,759,817</u>
Cash and cash equivalents at end of year	<u>\$ 5,060,015</u>	<u>\$ 3,966,050</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	<u>\$ 201,679</u>	<u>\$ 112,291</u>
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Taxes	<u>\$ -</u>	<u>\$ -</u>
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Non-cash investing and financing activities:

Issuance of 131,136 shares of common stock previously accrued	<u>\$ -</u>	<u>\$ 93,666</u>
Right of use assets and liabilities - operating, upon adoption of ASU 2016-02	<u>\$ -</u>	<u>\$ 338,581</u>
Equipment financed under note payable	<u>\$ 1,900,000</u>	<u>\$ -</u>
Return of equipment and reduction in amount due under equipment financing loan	<u>\$ -</u>	<u>\$ 33,075</u>
Fair value of 19,048 shares of common stock issued for services	<u>\$ -</u>	<u>\$ 10,405</u>
Increase in right of use assets & liabilities	<u>\$ 214,930</u>	<u>\$ 193,734</u>
Investment in food related company	<u>\$ 61,350</u>	<u>\$ 60,500</u>
Capital lease for purchase of fixed assets	<u>\$ 677,021</u>	<u>\$ 81,223</u>
Note payable for acquisition of land and building	<u>\$ -</u>	<u>\$ 3,600,000</u>

	Three Months Ended (unaudited)		Twelve Months Ended (unaudited)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Adjusted Net Income and EPS ⁽⁴⁾				
Revenue	\$ 15,137,833	\$ 17,652,536	\$ 51,676,028	\$ 57,902,966
Net Income	(1,112,938)	194,917	(7,665,024)	222,767
Amortization of intangible assets ⁽¹⁾	2,870	210,031	212,902	899,757
One-time charges	-	-	1,917,891	-
Stock related expenses ⁽²⁾	147,430	121,818	525,436	414,178
Adjusted Net Income	\$ (962,638)	\$ 526,766	\$ (5,008,795)	\$ 1,536,702
Weighted Avg. Shares Outstanding Diluted ⁽³⁾	34,871,785	34,116,335	34,871,785	34,116,335
Adjusted Fully Diluted EPS	\$ (0.028)	\$ 0.015	\$ (0.144)	\$ 0.045

	Three Months Ended (unaudited)		Twelve Months Ended (unaudited)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Cash EBITDA ⁽⁴⁾				

Net Income	\$ (1,112,938)	\$ 194,917	\$ (7,665,024)	\$ 222,767
Interest expense, taxes	90,761	55,406	302,576	108,915
Depreciation & amortization	136,137	313,003	703,941	1,234,098
One-time charges	-	-	1,917,891	-
Stock related expenses ⁽²⁾	147,430	121,818	525,436	414,178
Cash EBITDA	\$ (738,610)	\$ 685,144	\$ (4,215,180)	\$ 1,979,958

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

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

(3) Full Year GAAP weighted fully diluted share count

(4) non-GAAP measures (not to be relied upon in substitution for GAAP measures)

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