



Innovative Food Holdings, Inc. Releases Letter to Shareholders

April 10, 2023

BONITA SPRINGS, Fla., April 10, 2023 (GLOBE NEWSWIRE) -- Innovative Food Holdings, Inc. (OTCQB: IVFH) ("IVFH" or the "Company"), a national seller of gourmet specialty foods to professional and home chefs today released the following letter from the Chief Executive Officer to Shareholders.

Dear Fellow Shareholders,

With just a few weeks under my belt, it is thrilling to write my first letter to our shareholders. As you may know, I joined IVFH as CEO on February 28, 2023, after an extensive career at several Fortune 500 food, consumer, and retail companies. Most recently, I led eCommerce for The Kroger Co., responsible for Kroger's \$10 billion eCommerce business. I am honored to have the opportunity to serve IVFH as CEO and leverage my background, network, and leadership experience to take IVFH to the next level. I am excited by the opportunities ahead of us and believe the Company can create significant value for its customers, team members, and shareholders.

I'm particularly excited to take over at a time when the Company has made great strides in its financial results, especially over the last two quarters. In 2022, IVFH grew revenues by 28.8% to an annual record of \$80.1 million. This was driven by a strong fourth quarter, with revenues up 14.5% to a quarterly record of \$23.9 million. But even more impressive was the way we achieved this growth as we improved SG&A from 33.0% of revenue to 24.6% of revenue. In addition, after several years of unprecedented eCommerce growth, we made the bold decision to pull back on our marketing spend to focus on profitability, while improving the customer experience.

Over the first several weeks of my journey here, I've been getting to know IVFH from the inside, meeting our passionate and committed team members, touring our facilities, and delving into our financials. My next few weeks will be spent getting to know our customers, partners, and service providers. Over the near term, my goal is to create a cohesive strategy and organization. There is so much opportunity at IVFH, and it will be exciting to pull it all together into a crisp package so we can discuss where we are headed with our team members, customers, partners, and shareholders.

Everything we do is with a lens towards creating shareholder value. Three key principles govern our work: 1) Managing cash flow is of utmost importance, and we still have work to do to produce consistent positive operating cash flow. 2) Building a consistent and reliable financing structure is critical. We will achieve an important milestone when we hopefully receive approval from the USDA on our loan guarantee, refinancing our short-term loan into a 30-year loan, and equipping us with additional growth capital. 3) Managing equity dilution to ensure our hard work pays off. For example, my compensation package does not include a single share of stock until the Company hits some meaningful stock price thresholds. As my tenure as CEO develops, look for more details on our strategic plan later this year.

In the meantime, I want to share a few key observations I have had so far.

First, after spending nearly 20 years across many of the world's leading food, consumer, and retail companies, I believe IVFH offers something truly unique in the marketplace. Our ability to find a myriad of small, unique products and seamlessly provide them to a large customer base, is a competency that cannot be easily replicated. I have already heard from many of our professional chef and aspiring home chef customers about the value we bring. We simply scale the unscalable and focus on providing our customers with a unique assortment and high level of service.

Second, because we have a diversified range of businesses to build from, I believe that significant revenue growth opportunities exist. Partnerships with several of our broadline customers are nascent. The eCommerce market for food remains in its early days, and our share of that market is underdeveloped. Our broad assortment can be better utilized across all our selling channels, and our capabilities can be more broadly leveraged.

Third, I believe there are meaningful opportunities to expand profitability. While gross margin suffered in the 2022 fourth quarter, we understand the causes and we are working quickly to address them. We also need to think about our mix of business. To grow our eCommerce business going forward, it cannot lose money and offset the gains we have in our profitable food service business. We must change the structure of the business and the go-to-market strategy to ensure we can do so profitably. The biggest element of the change needs to be driven by delving into every aspect of customer retention to ensure that when we spend marketing dollars to attract a customer, we build a relationship and keep them for the long term. We are examining each step of the end-to-end customer journey, identifying areas of fallout, and making the necessary improvements. The fourth quarter was a good step forward on eCommerce profitability with improvements in our acquisition costs and conversion rates. I am confident IVFH can make continued progress there.

I will finish by saying thank you. Thank you for your support, your commitment to IVFH, and your partnership in growing this business profitably. I look forward to sharing more on our strategy with you later this year.

In the meantime, if you have any questions, concerns, or comments please contact me. I'd love to connect and hear from you.

Sincerely,

Bill

About Innovative Food Holdings, Inc.

At IVFH, we help make meals special. We provide access to foods that are hard to find, have a compelling story, or are on the forefront of food trends. Our gourmet foods marketplace connects the world's best artisan food makers with top professional chefs and passionate home chefs nationwide. We curate the assortment, experience, and tech enabled tools that help our professional and home chefs create unforgettable experiences for their guests and families. IVFH's owned online retail brands include www.igourmet.com, www.plantbelly.com and www.mouth.com.

Additional information is available at www.ivfh.com.

Forward-Looking Statements

This letter 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.

Corporate Contact:

Bill Bennett
Chief Executive Officer
Innovative Food Holdings, Inc.
(239) 449-3234
bill@ivfh.com

Investor and Media Contact:

Andrew M. Berger
Managing Director
SM Berger & Company, Inc.
(216) 464-6400
andrew@smberger.com