



## Innovative Food Holdings, Inc. Reports Financial Results for Fourth Quarter and Full Year of 2022

April 3, 2023

- Fourth quarter total revenue up 14.5% year-over-year to a quarterly record of \$23.9 million
- Continued focus on profitability produces fourth quarter net income of \$1.1 million or \$0.02 per diluted share
- Fourth-quarter operating cash flow of \$2.2 million

BONITA SPRINGS, Fla., April 03, 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 reported its financial results for the fourth quarter and full year of 2022.

"Our record 2022 fourth-quarter results completed a strong year of total revenue growth and significant improvements in profitability and operating cash flow. Throughout the year we focused on supporting our professional and home chef customers as the industry navigated unprecedented logistics, supply chain, and inflationary challenges. Total revenues grew 28.8% to an annual record of \$80.1 million, reflecting the value we provide our nationwide customers and our desire to help professional and home chefs make meals special," stated Bill Bennett, CEO of Innovative Food Holdings.

Mr. Bennett continued, "I am pleased to report we produced our second consecutive profitable quarter as net income increased significantly from \$9,746 for the 2022 third quarter to \$1.1 million for the fourth quarter. We believe this reflects growing momentum within our business and the successful actions underway to scale revenue, drive efficiencies, and leverage fixed operating costs. The progress we made throughout 2022 is encouraging even as we made the difficult decisions to proactively reduce eCommerce sales by limiting digital marketing investments in response to higher customer acquisition costs and expanded privacy rules. In addition, gross margin during 2022 was impacted by revenue mix and inflationary pressures. Stabilizing gross margin is an important near-term initiative and we believe there are opportunities to offset inflationary trends."

"We are committed to helping our vendors and customers navigate a more uncertain economic environment by continuing to provide a customer friendly marketplace that connects the world's best artisan food makers with top professional chefs and passionate home chefs nationwide. As my tenure as CEO begins, I am focused on engaging with our customers, vendors, team members, and partners across the country to create a multi-year strategic growth plan that leverages IVFH's foodservice and eCommerce assets. IVFH has a compelling platform and value proposition. I am excited by the opportunities to take the Company to the next level and create value for our shareholders," concluded Mr. Bennett.

### Financial Results

Revenues in the 2022 fourth quarter increased 14.5% to a fourth-quarter record of \$23.9 million, compared to \$20.9 million for the three months ended December 31, 2021. Fourth-quarter revenue benefitted from a 53.2% increase in specialty foodservice revenue, which was primarily driven by growing demand for the Company's high-quality specialty food offerings from restaurants, hotels, airlines, and other foodservice customers. Fourth-quarter eCommerce revenue was down 37.7% to \$5.4 million from \$8.6 million for the same period last year. For the 2022 full year, total revenue was a record \$80.1 million, a 28.8% increase from \$62.2 million for the same period last year.

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

	Three Months Ended				
	December 31, 2022	% of Net Sales	December 31, 2021	% of Net Sales	% Change
Specialty Foodservice	\$ 17,941,000	75%	\$ 11,709,000	56%	53%
E-Commerce	5,355,000	23%	8,601,000	41%	-38%
National Brand Management	298,000	1%	285,000	2%	5%
Warehouse and Logistics Services	283,000	1%	255,000	1%	11%
Total IVFH	\$ 23,877,000	100%	\$ 20,850,000	100%	15%

	Year Ended Months Ended				
	December 31, 2022	% of Net Sales	December 31, 2021	% of Net Sales	% Change
Specialty Foodservice	\$ 64,013,000	80%	\$ 40,758,000	66%	57%
E-Commerce	13,992,000	17%	19,518,000	31%	-28%
National Brand Management	1,171,000	2%	1,037,000	2%	13%
Warehouse and Logistic Services	927,000	1%	899,000	1%	3%
Total IVFH	\$ 80,103,000	100%	\$ 62,212,000	100%	29%

For the 2022 fourth quarter, gross margin was 25.1%, compared to 29.1% for the same period last year. The decline in gross margin was primarily due to changes in revenue mix and higher year-over-year fuel, shipping, and logistics costs. For the 2022 full year, gross margin was 23.3%, compared to 27.2% last year.

For the 2022 fourth quarter, selling, general, and administrative (SG&A) expenses were \$4.7 million, or 19.7% of revenue, compared to \$6.0 million, or 28.9% of revenue for the same period last year. The \$1.3 million decrease was primarily due to the Company's efforts to drive efficiencies and reduce advertising and marketing expenses in response to higher customer acquisition costs and expanded privacy rules that significantly reduce data sharing. For the 2022 full year, SG&A expenses were \$19.7 million, or 24.6% of revenue compared to \$20.5 million, or 33.0% of revenue in the prior year period.

For the 2022 fourth quarter, operating income as a percentage of sales improved to 5.4% from 0.2% for the same period last year. This improvement was a result of higher sales and a \$1.3 million year-over-year reduction in SG&A expenses.

The Company recorded GAAP net income for the 2022 fourth quarter of \$1.1 million, or \$0.02 per diluted share, compared to a GAAP net income of \$1.7 million, or \$0.04 per share, in the prior year's fourth quarter, which included a \$1.8 million pre-tax gain on the forgiveness of debt. For the 2022 full year, the Company reported a GAAP net loss of \$(1.4 million), or \$(0.03) per share, compared to a GAAP net loss of \$(0.7 million), or \$(0.02) per share, for the 2021 full year.

The Company generated \$2.2 million in cash from operating activities for the 2022 fourth quarter, compared to \$2.3 million for the same period last year.

Adjusted net income a non-GAAP metric (see tables below) for the 2022 fourth quarter was \$1.5 million, or \$0.032 per diluted share, compared to an adjusted net income of \$0.1 million, or \$0.003 per diluted share, for the same period last year. For the 2022 full year, adjusted net income was a loss of \$(0.1 million), or \$(0.002) per share, compared to an adjusted net loss of \$(1.5 million), or \$(0.038) per share, for the same period last year.

#### 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](http://www.igourmet.com), [www.plantbelly.com](http://www.plantbelly.com) and [www.mouth.com](http://www.mouth.com).

Additional information is available at [www.ivfh.com](http://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.

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

	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,899,398	\$ 6,122,671
Accounts receivable, net	4,969,395	3,256,764
Inventory, net	3,053,852	3,109,984
Other current assets	289,432	314,107
Total current assets	13,212,077	12,803,526
Property and equipment, net	7,921,561	8,186,227
Investments	-	286,725
Right of use assets, operating leases, net	152,425	232,381
Right of use assets, finance leases, net	570,323	669,039
Other amortizable intangible assets, net	30,994	72,218
Tradenames and other unamortizable intangible assets	1,532,822	1,532,822
Total assets	\$ 23,420,202	\$ 23,782,938
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,853,253	\$ 5,702,905

Accrued interest, current portion	18,104	29,349
Deferred revenue	1,558,155	1,631,406
Line of Credit	2,014,333	2,000,000
Notes payable - current portion, net of discount	5,711,800	412,961
Lease liability - operating leases, current	64,987	74,088
Lease liability - finance leases, current	191,977	159,823
Contingent liability - current portion	-	187,000
<b>Total current liabilities</b>	<b>16,412,609</b>	<b>10,197,532</b>
Lease liability - operating leases, non-current	87,438	158,293
Lease liability - finance leases, non-current	333,092	499,240
Contingent liability - long-term	-	108,600
Note payable - long term portion, net	-	5,409,172
<b>Total liabilities</b>	<b>16,833,139</b>	<b>16,372,837</b>
<b>Commitments &amp; Contingencies</b>		
<b>Stockholders' equity</b>		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 50,927,237 and 48,879,331 shares issued, and 48,089,657 and 46,041,751 shares outstanding at December 31, 2022 and 2021, respectively	5,088	4,885
Additional paid-in capital	42,189,471	41,662,710
Treasury stock: 2,623,171 shares outstanding at December 31, 2022 and 2021	(1,141,370)	(1,141,370)
Accumulated deficit	(34,466,126)	(33,116,124)
<b>Total stockholders' equity</b>	<b>6,587,063</b>	<b>7,410,101</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 23,420,202</b>	<b>\$ 23,782,938</b>

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

	<b>For the Year Ended December 31, 2022</b>	<b>For the Year Ended December 31, 2021</b>
Revenue	\$ 80,102,964	\$ 62,212,148
Cost of goods sold	61,414,765	45,261,401
Gross margin	18,688,199	16,950,747
Selling, general and administrative expenses	19,725,593	20,540,229
Total operating expenses	19,725,593	20,540,229
Operating loss	(1,037,394)	(3,589,482)
Other income (expense):		
Impairment of investment	(286,725)	(209,850)
Other income	294,000	-
Gain on forgiveness of debt	-	3,425,015
Gain on contingent liability	295,600	-
Loss on extinguishment of debt	(40,556)	-
Other leasing income	11,226	10,840
Interest expense, net	(586,153)	(352,854)
Total other income (expense)	(312,608)	2,873,151
Net loss before taxes	(1,350,002)	(716,331)
Income tax expense	-	-
<b>Net loss</b>	<b>\$ (1,350,002)</b>	<b>\$ (716,331)</b>
Net loss per share - basic	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
Net loss per share - diluted	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>
Weighted average shares outstanding - basic	47,129,511	39,448,041
Weighted average shares outstanding - diluted	47,129,511	39,448,041

**Innovative Food Holdings, Inc.**  
**Consolidated Statements of Cash Flows**

<b>For the Year Ended December 31, 2022</b>	<b>For the Year Ended December 31, 2021</b>
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Cash flows from operating activities:			
Net loss	\$	(1,350,002)	\$ (716,331)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on forgiveness of debt		-	(3,425,015)
Gain on contingent liabilities		(295,600)	-
Impairment of investment		286,725	209,850
Depreciation and amortization		562,072	526,854
Amortization of right of use asset		66,740	102,715
Amortization of prepaid loan fees		115,760	12,525
Stock based compensation		576,964	668,251
Loss on extinguishment of debt		40,556	-
Provision (recoveries) for doubtful accounts		(1,915)	31,756
Changes in assets and liabilities:			
Accounts receivable, net		(1,710,716)	(930,595)
Inventory and other current assets, net		80,807	604,890
Accounts payable and accrued liabilities		1,169,514	650,516
Deferred revenue		(73,251)	(1,286,270)
Contingent liabilities		-	(8,000)
Operating lease liability		(66,740)	(102,715)
Net cash used in operating activities		<u>(599,086)</u>	<u>(3,661,569)</u>
Cash flows from investing activities:			
Acquisition of property and equipment		<u>(114,966)</u>	<u>(24,511)</u>
Net cash used in investing activities		<u>(114,966)</u>	<u>(24,511)</u>
Cash flows from financing activities:			
Payment of offering costs for stock previously issued		(50,000)	-
Proceeds from sale of common stock, net of costs		-	3,580,372
Proceeds from Payroll Protection Plan Loan		-	1,748,414
Principal payments on debt		(172,422)	(433,087)
Principal payments financing leases		(176,494)	(146,963)
Cost of debt financing		(110,305)	-
Net cash provided by (used in) financing activities		<u>(509,221)</u>	<u>4,748,736</u>
Increase (decrease) in cash and cash equivalents		(1,223,273)	1,062,656
Cash and cash equivalents at beginning of period		6,122,671	5,060,015
Cash and cash equivalents at end of period	\$	<u>4,899,398</u>	<u>\$ 6,122,671</u>
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	\$	<u>461,563</u>	<u>\$ 298,481</u>
Taxes	\$	<u>-</u>	<u>\$ -</u>
Non-cash investing and financing activities:			
(Decrease) Increase in right to use assets & liabilities	\$	<u>(13,216)</u>	<u>\$ 88,359</u>
Finance lease for fixed assets	\$	<u>42,500</u>	<u>\$ 21,885</u>
Debt to Fifth Third Bank paid directly by Maple Mark Bank	\$	<u>7,686,481</u>	<u>\$ -</u>
Reclassification of accounts receivable to other assets	\$	<u>-</u>	<u>\$ 22,380</u>

	Three Months Ended (unaudited)		Twelve Months Ended (unaudited)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<b>Adjusted Net Income and EPS (1)</b>				
Revenue	\$ 23,876,715	\$ 20,849,332	\$ 80,102,964	\$ 62,212,148
Net Income (Loss)	1,094,415	1,698,038	(1,350,002)	(716,331)
Amortization of intangible assets (2)	10,331	302	41,224	8,912
One-time charges (3)	327,281	-	919,799	209,850
One-time gain	-	(1,759,197)	(294,000)	(1,665,818)
Stock related expenses (4)	56,746	192,119	576,964	668,251
<b>Adjusted Net Income (Loss)</b>	<b>\$ 1,488,773</b>	<b>\$ 131,262</b>	<b>\$ (106,015)</b>	<b>\$ (1,495,136)</b>
Weighted Avg. Shares Outstanding Diluted (5)	47,129,511	39,448,041	47,129,511	39,448,041
<b>Adjusted Fully Diluted EPS</b>	<b>\$ 0.032</b>	<b>\$ 0.003</b>	<b>\$ (0.002)</b>	<b>\$ (0.038)</b>

(1) Adjusted Net Income 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) Charges that are non-recurring or one-time items include: inventory adjustment expenses of \$316,666, \$86,866 in digital marketing fees associated with a settlement of digital marketing fees to a service provider, and \$188,986 in expenses associated with the MapleMark loan transaction.
- (4) Includes stock and options-based compensation and expenses
- (5) Full Year GAAP weighted fully diluted share count