



## Innovative Food Holdings, Inc. Reports 2022 Third Quarter Financial Results and Record Third Quarter Sales

November 16, 2022

- Total revenue up 32% year-over-year to a third-quarter record of \$20.1 million
- *igourmet B2B growth of over 300%, helped drive a 46% year-over-year increase in specialty foodservice revenue to a third quarter record*
- Increased scale and previously announced optimization and SG&A efficiency strategies drive third quarter profitability
- \$0.5 million of operating cash flow generated during the third quarter

BONITA SPRINGS, Fla., Nov. 16, 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, reported its financial results for the third quarter of 2022.

"Positive trends across our business remained strong in the third quarter, reflecting solid market share gains within our specialty foodservice business as we grew our customer base and expanded our offerings within existing customers. Robust specialty foodservice revenue drove record third-quarter sales, and we returned to profitability as a result of initiatives we announced in the second quarter aimed at optimizing our marketing cost structure and our continued emphasis on SG&A efficiency and bottom-line profitability. These trends helped SG&A expenses as a percentage of total revenue improve to 21.5% for the 2022 third quarter, from 32.9% for the same period last year and our relentless focus on bottom-line results drove a significant turnaround in core profitability and operating cash flow," stated Sam Klepfish, CEO of Innovative Food Holdings.

Mr. Klepfish continued, "Our specialty foodservice and eCommerce teams continue to execute on our strategic growth plan, while successfully navigating unprecedented logistics, supply chain, and inflationary challenges. In addition, we continue to effectively offset normalizing eCommerce trends and industrywide changes impacting the effectiveness of digital marketing, demonstrating the benefits, flexibility, and sophistication of our DTC eCommerce and direct-to-chef platform."

"While the economic and business environment remains extremely fluid, we have a strong, established, and leverageable foundation that provides valuable specialty food offerings to both professional chefs and consumers alike. The direction we are headed is encouraging, and we entered the seasonally strong fourth quarter with positive momentum as we focus on profitably growing our business," concluded Mr. Klepfish.

### Financial Results

Revenues in the 2022 third quarter increased 32% to a third quarter record of \$20.1 million, compared to \$15.2 million for the three months ended September 30, 2021. Third-quarter revenue benefited from a 46% 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. eCommerce revenue was \$1.8 million, compared to \$2.7 million for the same period last year primarily due to a decrease in COVID-19 driven demand in 2022 compared to 2021, and a strategic decision to focus on maximizing near term return on marketing spend, given the shifting changes within the digital marketing environment.

For the 2022 nine-month period, total revenue increased 36% to \$56.2 million, compared to \$41.4 million last year.

The following table sets forth IVFH's revenue by business category for the three and nine months ended September 30, 2022, and September 30, 2021 (unaudited):

|                           | Three Months Ended    |                   |                       |                   |             |
|---------------------------|-----------------------|-------------------|-----------------------|-------------------|-------------|
|                           | September 30,<br>2022 | % of Net<br>Sales | September 30,<br>2021 | % of Net<br>Sales | %<br>Change |
| Specialty Foodservice     | \$ 17,630,000         | 88%               | \$ 12,060,000         | 79%               | 46%         |
| eCommerce                 | 1,840,000             | 9%                | 2,652,000             | 17%               | -31%        |
| National Brand Management | 337,000               | 2%                | 261,000               | 2%                | 29%         |
| Logistics Services        | 253,000               | 1%                | 234,000               | 2%                | 8%          |
| Total IVFH                | \$ 20,060,000         | 100%              | \$ 15,207,000         | 100%              | 32%         |

  

|                           | Nine Months Ended     |                   |                       |                   |             |
|---------------------------|-----------------------|-------------------|-----------------------|-------------------|-------------|
|                           | September 30,<br>2022 | % of Net<br>Sales | September 30,<br>2021 | % of Net<br>Sales | %<br>Change |
| Specialty Foodservice     | \$ 46,072,000         | 82%               | \$ 29,049,000         | 70%               | 59%         |
| eCommerce                 | 8,637,000             | 15%               | 10,917,000            | 26%               | -21%        |
| National Brand Management | 873,000               | 2%                | 752,000               | 2%                | 16%         |
| Logistics Services        | 644,000               | 1%                | 645,000               | 2%                | 0%          |
| Total IVFH                | \$ 56,226,000         | 100%              | \$ 41,363,000         | 100%              | 36%         |

For the 2022 third quarter, selling, general, and administrative (SG&A) expenses were \$4.3 million, or 21.5% of revenue, compared to \$5.0 million, or 32.9% of revenue for the same period last year. The \$0.7 million decrease in SG&A dollars was primarily due to reductions in payroll and related costs,

and decreased advertising and marketing expenses as a result of the strategic reductions in digital marketing given the challenging digital marketing environment, partially driven by higher customer acquisition costs and expanded privacy rules that significantly reduce data sharing. For the 2022 nine-month period, SG&A expenses were \$15.0 million, or 26.7% of revenue, compared to \$14.5 million, or 35.1% of revenue for the same period last year.

The Company recorded GAAP net income for the 2022 third quarter of \$9,746, or \$0.00 per diluted share, compared to GAAP net income of \$367,026, or \$0.01 per diluted share, in the prior year's third quarter. For the 2022 nine-month period, the Company reported a net loss of \$(2.4 million), or \$(0.05) per share, compared to net loss of \$(2.4 million) or \$(0.06) per share, for the same period last year. GAAP net income in both the 2021 third quarter and nine-month periods included a one-time gain of \$1.6 million related to forgiveness of loans under the Paycheck Protection Program.

Cash provided by operating activities for the 2022 third quarter was \$454,000, an improvement of \$1.5 million compared to cash used in operating activities of \$1.0 million for the same quarter a year ago. IVFH now expects to close its previously announced USDA loan guarantee in the first quarter of 2023. These USDA approvals, if received as currently anticipated, will extend the Company's current term loan to 30 years and will provide approximately \$4.5 million of additional non-dilutive capital to the Company. According to the terms of the loan, uses include, but are not limited to, supporting the Company's expansion strategies, and investments to support and enhance the Company's specialty food, direct-to-consumer, and direct-to-chef platforms.

Adjusted net income a non-GAAP metric (see tables below), for the 2022 third quarter was \$173,000, or \$0.004 per diluted share, compared to an adjusted net loss of \$(1.1 million), or \$(0.028) per share, for the same period last year. For the first nine months of 2022, adjusted net income was a loss of \$(1.6 million), or \$(0.034) per share, compared to an adjusted net loss of \$(3.4 million), or \$(0.091) per share, for the same period last year.

Cash EBITDA, a non-GAAP metric (see tables below), for the 2022 third quarter improved by over \$1.4 million to \$490,000, compared to a Cash EBITDA loss of \$(922,000), in the prior year quarter. For the 2022 first nine months, Cash EBITDA was a loss of \$(790,000), compared to a Cash EBITDA loss of \$(2.7 million) for the same period a year ago.

#### 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](http://www.igourmet.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.

#### Innovative Food Holdings, Inc. Condensed Consolidated Balance Sheets

|                                                      | September 30,<br>2022<br>(unaudited) | December 31,<br>2021 |
|------------------------------------------------------|--------------------------------------|----------------------|
| <b>ASSETS</b>                                        |                                      |                      |
| Current assets                                       |                                      |                      |
| Cash and cash equivalents                            | \$ 2,752,404                         | \$ 6,122,671         |
| Accounts receivable, net                             | 4,670,645                            | 3,256,764            |
| Inventory                                            | 2,937,098                            | 3,109,984            |
| Other current assets                                 | 336,350                              | 314,107              |
| Total current assets                                 | 10,696,497                           | 12,803,526           |
| Property and equipment, net                          | 8,008,057                            | 8,186,227            |
| Investments                                          | 286,725                              | 286,725              |
| Right of use assets, operating leases, net           | 168,344                              | 232,381              |
| Right of use assets, finance leases, net             | 603,803                              | 669,039              |
| Other amortizable intangible assets, net             | 41,325                               | 72,218               |
| Tradenames and other unamortizable intangible assets | 1,532,822                            | 1,532,822            |
| Total assets                                         | <u>\$ 21,337,573</u>                 | <u>\$ 23,782,938</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>          |                                      |                      |
| Current liabilities                                  |                                      |                      |
| Accounts payable and accrued liabilities             | \$ 6,070,249                         | \$ 5,702,905         |
| Accrued interest, current portion                    | 18,008                               | 29,349               |
| Deferred revenue                                     | 1,094,649                            | 1,631,406            |
| Line of Credit                                       | 2,014,333                            | 2,000,000            |
| Notes payable - current portion, net of discount     | 5,667,485                            | 412,961              |
| Lease liability - operating leases, current          | 63,569                               | 74,088               |
| Lease liability - finance leases, current            | 188,818                              | 159,823              |
| Contingent liability - current portion               | 187,000                              | 187,000              |
| Total current liabilities                            | 15,304,111                           | 10,197,532           |

|                                                                                                                                                                                                                      |                      |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Lease liability - operating leases, non-current                                                                                                                                                                      | 104,775              | 158,293              |
| Lease liability - finance leases, non-current                                                                                                                                                                        | 382,286              | 499,240              |
| Contingent liability - long-term                                                                                                                                                                                     | 108,600              | 108,600              |
| Note payable - long term portion, net                                                                                                                                                                                | 1,899                | 5,409,172            |
| Total liabilities                                                                                                                                                                                                    | 15,901,671           | 16,372,837           |
| Commitments & Contingencies (see note 17)                                                                                                                                                                            |                      |                      |
| Stockholders' equity                                                                                                                                                                                                 |                      |                      |
| Common stock: \$0.0001 par value; 500,000,000 shares authorized; 50,616,590 and 48,879,331 shares issued, and 47,779,010 and 46,041,751 shares outstanding at September 30, 2022 and December 31, 2021, respectively | 5,057                | 4,885                |
| Additional paid-in capital                                                                                                                                                                                           | 42,132,756           | 41,662,710           |
| Treasury stock: 2,623,171 and 2,623,171 shares outstanding at September 30, 2022 and December 31, 2021, respectively.                                                                                                | (1,141,370)          | (1,141,370)          |
| Accumulated deficit                                                                                                                                                                                                  | (35,560,541)         | (33,116,124)         |
| Total liabilities and stockholders' equity                                                                                                                                                                           | 5,435,902            | 7,410,101            |
| Total stockholders' equity                                                                                                                                                                                           | <u>\$ 21,337,573</u> | <u>\$ 23,782,938</u> |

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

|                                               | For the Three<br>Months Ended |                       | For the Nine<br>Months Ended |                       |
|-----------------------------------------------|-------------------------------|-----------------------|------------------------------|-----------------------|
|                                               | September 30,<br>2022         | September 30,<br>2021 | September 30,<br>2022        | September 30,<br>2021 |
| Revenue                                       | \$ 20,059,982                 | \$ 15,207,353         | \$ 56,226,249                | \$ 41,362,816         |
| Cost of goods sold                            | 15,546,132                    | 11,427,343            | 43,537,570                   | 30,471,401            |
| Gross margin                                  | 4,513,850                     | 3,780,010             | 12,688,679                   | 10,891,415            |
| Selling, general and administrative expenses  | 4,320,981                     | 4,998,673             | 15,015,456                   | 14,512,803            |
| Total operating expenses                      | 4,320,981                     | 4,998,673             | 15,015,456                   | 14,512,803            |
| Operating (loss) income                       | 192,869                       | (1,218,663)           | (2,326,777)                  | (3,621,388)           |
| Other income (expense):                       |                               |                       |                              |                       |
| Impairment of investment                      | -                             | -                     | -                            | (209,850)             |
| Gain on interest rate swap                    | -                             | -                     | 294,000                      | -                     |
| Gain on forgiveness of debt                   | -                             | 1,665,818             | -                            | 1,665,818             |
| Loss on extinguishment of debt                | -                             | -                     | (40,556)                     | -                     |
| Other leasing income                          | 785                           | 1,900                 | 8,169                        | 8,940                 |
| Interest expense, net                         | (183,908)                     | (82,029)              | (379,253)                    | (257,889)             |
| Total other income (expense)                  | (183,123)                     | 1,585,689             | (117,640)                    | 1,207,019             |
| Net (loss) income before taxes                | 9,746                         | 367,026               | (2,444,417)                  | (2,414,369)           |
| Income tax expense                            | -                             | -                     | -                            | -                     |
| Net (loss) income                             | <u>\$ 9,746</u>               | <u>\$ 367,026</u>     | <u>\$ (2,444,417)</u>        | <u>\$ (2,414,369)</u> |
| Net (loss) income per share - basic           | <u>\$ 0.00</u>                | <u>\$ 0.01</u>        | <u>\$ (0.05)</u>             | <u>\$ (0.06)</u>      |
| Net (loss) income per share - diluted         | <u>\$ 0.00</u>                | <u>\$ 0.01</u>        | <u>\$ (0.05)</u>             | <u>\$ (0.06)</u>      |
| Weighted average shares outstanding - basic   | <u>47,390,976</u>             | <u>40,253,543</u>     | <u>46,838,377</u>            | <u>37,254,290</u>     |
| Weighted average shares outstanding - diluted | <u>47,390,976</u>             | <u>40,253,543</u>     | <u>46,838,377</u>            | <u>37,254,290</u>     |

**Innovative Food Holdings, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(unaudited)

|                                                                             | For the Nine<br>Months Ended<br>September 30,<br>2022 | For the Nine<br>Months Ended<br>September 30,<br>2021 |
|-----------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
|                                                                             | (unaudited)                                           | (unaudited)                                           |
| Cash flows from operating activities:                                       |                                                       |                                                       |
| Net loss                                                                    | \$ (2,444,417)                                        | \$ (2,414,369)                                        |
| Adjustments to reconcile net loss to net cash used in operating activities: |                                                       |                                                       |
| Gain on forgiveness of debt                                                 | -                                                     | (1,665,818)                                           |
| Impairment of investment                                                    | -                                                     | 209,850                                               |
| Depreciation and amortization                                               | 423,844                                               | 407,704                                               |
| Amortization of right-of-use asset                                          | 50,821                                                | 76,005                                                |
| Amortization of prepaid loan fees                                           | 70,618                                                | 9,368                                                 |
| Stock based compensation                                                    | 520,218                                               | 476,132                                               |
| Loss on extinguishment of debt                                              | 40,556                                                | -                                                     |

|                                                                       |                     |                     |
|-----------------------------------------------------------------------|---------------------|---------------------|
| Provision for doubtful accounts                                       | 11,493              | 32,443              |
| Changes in assets and liabilities:                                    |                     |                     |
| Accounts receivable, net                                              | (1,425,374)         | (1,254,764)         |
| Inventory and other current assets, net                               | 150,643             | 869,165             |
| Accounts payable and accrued liabilities                              | 386,414             | (747,187)           |
| Deferred revenue                                                      | (536,757)           | (1,861,665)         |
| Contingent liabilities                                                | -                   | (8,000)             |
| Operating lease liability                                             | (50,821)            | (76,005)            |
| <b>Net cash (used in) operating activities</b>                        | <b>(2,802,762)</b>  | <b>(5,947,141)</b>  |
| Cash flows from investing activities:                                 |                     |                     |
| Acquisition of property and equipment                                 | (107,045)           | (14,812)            |
| <b>Net cash used in investing activities</b>                          | <b>(107,045)</b>    | <b>(14,812)</b>     |
| 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                                            | (169,696)           | (299,924)           |
| Principal payments financing leases                                   | (130,459)           | (108,528)           |
| Cost of debt financing                                                | (110,305)           | -                   |
| <b>Net cash provided by (used in) financing activities</b>            | <b>(460,460)</b>    | <b>4,920,334</b>    |
| Decrease in cash and cash equivalents                                 | (3,370,267)         | (1,041,619)         |
| Cash and cash equivalents at beginning of period                      | 6,122,671           | 5,060,015           |
| Cash and cash equivalents at end of period                            | <u>\$ 2,752,404</u> | <u>\$ 4,018,396</u> |
| Supplemental disclosure of cash flow information:                     |                     |                     |
| Cash paid during the period for:                                      |                     |                     |
| Interest                                                              | <u>\$ 187,090</u>   | <u>\$ 250,967</u>   |
| Taxes                                                                 | <u>\$ -</u>         | <u>\$ -</u>         |
| Non-cash investing and financing activities:                          |                     |                     |
| Increase in right of use assets & liabilities – new leases            | <u>\$ -</u>         | <u>\$ 88,359</u>    |
| Decrease in right of use assets & liabilities – cancellation of lease | <u>\$ 13,216</u>    | <u>\$ -</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>\$ 7,695,866</u> | <u>\$ -</u>         |
| Reclassification of accounts receivable to other assets               | <u>\$ -</u>         | <u>\$ 22,380</u>    |

**Innovative Food Holdings, Inc.**  
**Reconciliation of GAAP to NON-GAAP Measures**  
**Adjusted Net Income, Adjusted Net Income Per Share and Adjusted Cash EBITDA Calculations**  
(unaudited)

|                                                   | Three Months Ended<br>(unaudited) |                       | Nine Months Ended<br>(unaudited) |                       |
|---------------------------------------------------|-----------------------------------|-----------------------|----------------------------------|-----------------------|
|                                                   | September 30,<br>2022             | September 30,<br>2021 | September 30,<br>2022            | September 30,<br>2021 |
| <b>Adjusted Net Income and EPS <sup>(1)</sup></b> |                                   |                       |                                  |                       |
| Revenue                                           | \$ 20,059,982                     | \$ 15,207,353         | \$ 56,226,249                    | \$ 41,362,816         |
| Net income (loss)                                 | 9,746                             | 367,026               | (2,444,417)                      | (2,414,369)           |
| Amortization of intangible assets <sup>(2)</sup>  | 10,331                            | 2,870                 | 30,893                           | 8,610                 |
| One-time charges <sup>(3)</sup>                   | -                                 | -                     | 592,518                          | 209,850               |
| One-time gain                                     | -                                 | (1,665,818)           | (294,000)                        | (1,665,818)           |
| Stock related expenses <sup>(4)</sup>             | 152,728                           | 160,752               | 520,218                          | 476,132               |
| <b>Adjusted Net Income</b>                        | <b>\$ 172,805</b>                 | <b>\$ (1,135,170)</b> | <b>\$ (1,594,788)</b>            | <b>\$ (3,385,595)</b> |
| Weighted Avg. Shares Outstanding                  | 47,390,976                        | 40,253,543            | 46,838,377                       | 37,254,290            |
| Diluted <sup>(5)</sup>                            |                                   |                       |                                  |                       |
| <b>Adjusted Fully Diluted EPS</b>                 | <b>\$ 0.004</b>                   | <b>\$ (0.028)</b>     | <b>\$ (0.034)</b>                | <b>\$ (0.091)</b>     |
|                                                   | Three Months Ended<br>(unaudited) |                       | Nine Months Ended<br>(unaudited) |                       |
|                                                   | September 30,<br>2022             | September 30,<br>2021 | September 30,<br>2022            | September 30,<br>2021 |
| <b>Cash EBITDA <sup>(1)</sup></b>                 |                                   |                       |                                  |                       |
| Net income (loss)                                 | \$ 9,746                          | \$ 367,026            | \$ (2,444,417)                   | \$ (2,414,369)        |
| Interest expense, taxes & other income            | 183,123                           | 80,129                | 411,640                          | 248,949               |
| Depreciation & amortization                       | 144,109                           | 135,733               | 423,844                          | 407,676               |
| One-time charges <sup>(3)</sup>                   | -                                 | -                     | 592,518                          | 209,850               |

|                                       |                   |                     |                     |                       |
|---------------------------------------|-------------------|---------------------|---------------------|-----------------------|
| One-time gain                         | -                 | (1,665,818)         | (294,000)           | (1,665,818)           |
| Stock related expenses <sup>(4)</sup> | 152,728           | 160,752             | 520,218             | 476,132               |
| <b>Cash EBITDA</b>                    | <b>\$ 489,706</b> | <b>\$ (922,178)</b> | <b>\$ (790,197)</b> | <b>\$ (2,737,580)</b> |

(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) 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

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