

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington D. C. 20549

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_ .

Commission File Number: 000-09376



**INNOVATIVE FOOD HOLDINGS, INC.**

(Exact name of Registrant as specified in its charter)

Florida

(State or other jurisdiction of  
incorporation or organization)

20-1167761

(IRS Employer  
Identification No.)

2528 S. 27<sup>th</sup> Ave. Broadview, Illinois

(Address of principal executive offices)

60155

(Zip Code)

(239) 596-0204

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None.

Title of each class

N/A

Trading Symbol(s)

N/A

Name of each exchange on which registered

N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer

Non-accelerated filer

Emerging growth company

Accelerated filer

Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Regulation 12b-2 of the Exchange Act): Yes  No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 54,785,684 shares of common stock outstanding as of May 8, 2025.

**INNOVATIVE FOOD HOLDINGS, INC.**  
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**PART I. FINANCIAL INFORMATION**
**Item 1. Financial Statements**
**Innovative Food Holdings, Inc.  
Consolidated Balance Sheets**

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,105,274	\$ 2,330,880
Accounts receivable, net	7,494,670	9,039,232
Inventory, net	6,796,302	6,290,488
Other current assets	349,918	238,526
Assets held for sale	5,941,933	5,941,933
Current assets - discontinued operations	-	49,315
Total current assets	<u>21,688,097</u>	<u>23,890,374</u>
Property and equipment, net	1,690,084	1,584,878
Right of use assets - operating leases, net	644,007	705,476
Right of use assets - finance leases, net	494,390	524,273
Amortizable intangible assets, net	402,794	424,372
Tradenames and other unamortizable intangible assets	217,000	217,000
Total assets	<u>\$ 25,136,372</u>	<u>\$ 27,346,373</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,989,390	\$ 6,653,622
Accrued separation costs, related parties, current portion	308,891	334,532
Accrued interest	91,155	91,347
Deferred revenue	347,700	349,600
Stock appreciation rights liability	1,413,745	1,353,150
Notes payable - current portion	179,981	190,052
Lease liability - operating leases, current	241,317	239,660
Lease liability - finance leases, current	110,994	147,797
Contingent liability, current	54,430	54,430
Total current liabilities	<u>7,737,603</u>	<u>9,414,190</u>
Note payable, net of discount	8,658,425	8,692,674
Accrued separation costs, related parties, non-current	400,000	457,692
Lease liability - operating leases, non-current	407,072	467,569
Lease liability - finance leases, non-current	87,850	139,591
Total liabilities	<u>17,290,950</u>	<u>19,171,716</u>
Commitments & Contingencies (see note 21)		
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 56,831,090 and 56,009,032 shares issued, and 53,986,793 and 53,164,735 shares outstanding at March 31, 2025 and December 31, 2024, respectively	5,680	5,598
Common stock to be issued; 798,891 and 738,032 shares at March 31, 2025 and December 31, 2024, respectively	79	74
Additional paid-in capital	45,621,235	45,520,121
Treasury stock: 2,644,297 shares outstanding at March 31, 2025 and December 31, 2024	(1,141,372)	(1,141,372)
Accumulated deficit	(36,640,200)	(36,209,764)
Total stockholders' equity	<u>7,845,422</u>	<u>8,174,657</u>
Total liabilities and stockholders' equity	<u>\$ 25,136,372</u>	<u>\$ 27,346,373</u>

See condensed notes to these unaudited consolidated financial statements.

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

	<b>For the Three Months Ended March 31, 2025</b>	<b>For the Three Months Ended March 31, 2024</b>
Revenue	\$ 19,548,566	\$ 15,518,153
Cost of goods sold	15,062,759	11,713,219
Gross margin	4,485,807	3,804,934
Selling, general and administrative expenses	4,708,977	3,978,840
Total operating expenses	4,708,977	3,978,840
Operating income (loss)	(223,170)	(173,906)
Other income (expense):		
Interest expense, net	(209,166)	(215,450)
Gain on sale of assets	-	1,807,516
Gain (loss) on sale of subsidiary	-	21,126
Other leasing income	1,900	1,900
Total other income (expense)	(207,266)	1,615,092
Net income (loss) before taxes	(430,436)	1,441,186
Income tax expense	-	-
Net income (loss) from continuing operations	\$ (430,436)	\$ 1,441,186
Net income (loss) from discontinued operations	\$ -	\$ (15,312)
Consolidated net income (loss)	<u>\$ (430,436)</u>	<u>\$ 1,425,874</u>
Net income (loss) per share from continuing operations - basic	<u>\$ (0.008)</u>	<u>\$ 0.029</u>
Net income (loss) per share from continuing operations - diluted	<u>\$ (0.008)</u>	<u>\$ 0.028</u>
Net (loss) per share from discontinued operations - basic	<u>\$ -</u>	<u>\$ (0.00)</u>
Net (loss) per share from discontinued operations - diluted	<u>\$ -</u>	<u>\$ (0.00)</u>
Weighted average shares outstanding - basic	<u>53,962,273</u>	<u>49,707,036</u>
Weighted average shares outstanding - diluted	<u>53,962,273</u>	<u>50,603,891</u>

See condensed notes to these unaudited consolidated financial statements.

**Innovative Food Holdings, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**Three Months Ended March 31, 2025 and 2024**  
**(unaudited)**

	<u>Common Stock</u>		<u>Common Stock to be issued</u>		<u>Paid-in Capital</u>	<u>Treasury Stock</u>		<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>		<u>Amount</u>	<u>Value</u>		
<b>Balance - December 31, 2023</b>	52,538,100	\$ 5,251	-	\$ -	\$42,762,811	2,623,171	\$(1,141,370)	\$ (38,821,278)	\$ 2,805,414
Shares returned to treasury from sale of subsidiary	-	-	-	-	(21,124)	21,126	(2)	-	(21,126)
Fair value of shares under compensation plan	-	-	-	-	103,235	-	-	-	103,235
Net income for the three months ended March 31, 2024	-	-	-	-	-	-	-	1,425,874	1,425,874
<b>Balance - March 31, 2024</b>	<u>52,538,100</u>	<u>\$ 5,251</u>	<u>-</u>	<u>\$ -</u>	<u>\$42,844,922</u>	<u>2,644,297</u>	<u>\$(1,141,372)</u>	<u>\$ (37,395,404)</u>	<u>\$ 4,313,397</u>
<b>Balance - December 31, 2024</b>	56,009,032	\$ 5,598	738,032	\$ 74	\$45,520,121	2,644,297	\$(1,141,372)	\$ (36,209,764)	\$ 8,174,657
Shares issued in cashless conversion of options	84,026	8	-	-	(8)	-	-	-	-
Fair value of shares under compensation plan	-	-	-	-	101,201	-	-	-	101,201
Shares earned under compensation plans	-	-	798,891	79	(79)	-	-	-	-
Shares issued under compensation plans	738,032	74	(738,032)	(74)	-	-	-	-	-
Net loss for the three months ended March 31, 2025	-	-	-	-	-	-	-	(430,436)	(430,436)
<b>Balance - March 31, 2025</b>	<u>56,831,090</u>	<u>\$ 5,680</u>	<u>798,891</u>	<u>\$ 79</u>	<u>\$45,621,235</u>	<u>2,644,297</u>	<u>\$(1,141,372)</u>	<u>\$ (36,640,200)</u>	<u>\$ 7,845,422</u>

See condensed notes to these unaudited consolidated financial statements.

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

	<b>For the Three Months Ended March 31, 2025</b>	<b>For the Three Months Ended March 31, 2024</b>
Cash flows used in operating activities:		
Net income (loss)	\$ (430,436)	\$ 1,425,874
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on disposition of assets	-	(1,807,516)
(Gain) Loss on sale of subsidiaries	-	(21,126)
Depreciation and amortization	109,621	110,260
Amortization of right of use asset	61,469	4,175
Amortization of discount on notes payable	1,284	1,283
Stock based compensation	101,201	103,235
Value of stock appreciation rights	60,595	118,898
Provision for credit losses	27,555	22,882
Changes in assets and liabilities:		
Accounts receivable, net	1,517,007	175,436
Inventory and other current assets, net	(617,206)	71,054
Accounts payable and accrued liabilities	(1,664,232)	(3,144,335)
Accrued separation costs - related parties	(83,333)	(128,610)
Deferred revenue	(2,092)	(84,548)
Operating lease liability	(58,840)	(4,175)
Net cash used in operating activities	<u>(977,407)</u>	<u>(3,157,213)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(163,366)	(1,406)
Cash received from disposition of asset, net of loan payoff	-	2,101,185
Net cash provided by (used in) investing activities	<u>(163,366)</u>	<u>2,099,779</u>
Cash flows from financing activities:		
Principal payments on debt	(45,604)	(22,708)
Principal payments financing leases	(88,544)	(49,977)
Cash received from line of credit	500,000	-
Principal payments on line of credit	(500,000)	-
Net cash used in financing activities	<u>(134,148)</u>	<u>(72,685)</u>
Decrease in cash and cash equivalents	(1,274,921)	(1,130,119)
Cash and cash equivalents at beginning of period	2,380,195	5,422,335
Cash and cash equivalents at end of period - continuing operations	\$ 1,105,274	\$ 4,187,011
Cash and cash equivalents at end of period - discontinued operations	\$ -	\$ 105,205
Cash and cash equivalents at end of period	<u>\$ 1,105,274</u>	<u>\$ 4,292,216</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ 204,813</u>	<u>\$ 228,970</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing and financing activities:		
Reclassify fixed assets as held for sale	\$ -	\$ 5,941,933
Principal and accrued interest paid from escrow to Maple Mark Bank	\$ -	\$ 353,815
Issuance of common stock under compensation plans	\$ 74	\$ -
Issuance of stock for cashless exercise of options	<u>\$ 8</u>	<u>\$ -</u>

See condensed notes to these unaudited consolidated financial statements.

**INNOVATIVE FOOD HOLDINGS, INC.**  
**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2025**  
**(Unaudited)**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include those of Innovative Food Holdings, Inc. and all of its wholly-owned subsidiaries (collectively, “we,” “our,” “us” or the “Company”) and have been prepared in accordance with generally accepted accounting principles pursuant to Regulation S-X of the Securities and Exchange Commission and with the instructions to Form 10-Q. Certain information and footnote disclosures normally included in audited consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Accordingly, these interim financial statements should be read in conjunction with the Company’s audited financial statements and related notes as contained in Form 10-K for the year ended December 31, 2024. In the opinion of management, the interim unaudited consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary for fair presentation of the interim periods presented. The results of the operations for the three months ended March 31, 2025 are not necessarily indicative of the results of operations to be expected for the full year.

Business Activity

We provide difficult-to-find specialty foods primarily to both Professional Chefs through our relationships with producers, growers, makers and distributors of these products worldwide. The distribution of these products primarily originates from our two warehouses and those of our drop ship partners, and is driven by our proprietary technology platform. In addition, we provide value-added services through our team of food specialists and Chef Advisors who offer customer support, menu ideas, and preparation guidance.

Restructuring

During the fourth quarter of 2023, we made the decision to focus more on our Business to Business (B2B) activities and less on our Direct to Consumer (“D2C”) products. Our subsidiaries GROW and Oasis were sold effective December 29, 2023; Haley Food Group, Inc. (“Haley”) was sold effective February 26, 2024; and the igourmet platform and its D2C components were sold effective August 6, 2024. We continue to operate the B2B component, which remains part of our continuing operations. On October 8, 2024, we sold substantially all of the assets of Mouth. The activities of P Innovations (“Plantbelly”) were abandoned. See Note 2.

Discontinued Operations

Pursuant to the guidance of Accounts Standards Codification (“ASC”) 205-20, *Presentation of Financial Statements – Discontinued Operations*, the accounts of our discontinued entities GROW, Oasis, Haley, Plantbelly, and Mouth have been included in “Net loss from discontinued operations” in our consolidated statements of operations. Additionally, the assets and liabilities of these entities have been presented as discontinued operations in our consolidated balance sheets. On December 29, 2023, the Company completed the sales of its Grow and Oasis subsidiaries; on February 26, 2024, the Company completed the sale of its Haley subsidiary (see Note 4); and on October 8, 2024, the Company completed the sale of substantially all of the assets of Mouth. In addition, the operations of Plantbelly have been abandoned. The only remaining discontinued operations on the Company’s balance sheet at December 31, 2024 is cash in the amount of \$49,315 held by Mouth. See Note 2.

Reclassifications

Certain amounts presented in the financial statements of the prior period have been reclassified to conform with the current period presentation of discontinued operations. See Note 2.

Use of Estimates

The preparation of these unaudited consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate these estimates, including those related to revenue recognition and concentration of credit risk. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Accounts subject to estimate and judgments are allowances for doubtful accounts, allowances for slow moving & obsolete inventory, income taxes, intangible assets, operating and finance right of use assets and liabilities, and equity-based instruments. Actual results may differ from these estimates under different assumptions or conditions. We believe our estimates have not been materially inaccurate in past years, and our assumptions are not likely to change in the foreseeable future.

### Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and trade receivables. The Company places its cash and temporary cash in investments with credit quality institutions. At times, such investments may be in excess of applicable government mandated insurance limit. As of March 31, 2025 and December 31, 2024, the Company's largest customer, U.S. Foods, Inc. and its affiliates, accounted for approximately 14% and 10% of accounts receivable, respectively; Sam's Club, a membership-based warehouse retailer and subsidiary of Walmart Inc. represented 24% and 34% of accounts receivable, respectively; and Gate Gourmet, the leading global provider of airline catering solutions and provisioning services for airlines, represented 19% and 15% of accounts receivable, respectively.

The Company maintains cash balances in excess of Federal Deposit Insurance Corporation limits. At March 31, 2025 and December 31, 2024, the total cash in excess of these limits was \$0 and \$1,016,918, respectively.

### Accounts Receivable

The Company provides an allowance for credit losses equal to the estimated uncollectible amounts pursuant to the guidance of Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326)* as codified in ASC 326, *Financial Instruments – Credit Losses*. Under ASC 326, the Company utilizes a current and expected credit loss (CECL) impairment model. ASU 2016-13 became effective for us on January 1, 2023. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$40,002 at March 31, 2025 and December 31, 2024.

### Inventory

Inventory is valued at the lower of cost or market and is determined by the first-in, first-out method. The Company adjusts inventory based upon bi-weekly cycle counts and upon the expiration date of food products. In addition, the Company records an allowance for obsolete or slow moving inventory based upon historical loss history and management's judgment.

### Leases

The Company accounts for leases in accordance with Financial Accounting Standards Board ("FASB") ASC 842, *Leases*. The Company determines if an arrangement is a lease at inception. Operating lease right-of-use assets ("ROU assets") and short-term and long-term lease liabilities are included on the face of the consolidated balance sheet. Finance lease ROU assets are presented within other assets, and finance lease liabilities are presented within current and long-term liabilities.

ROU assets represent the right of use to an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component. For lease agreements with terms less than 12 months, the Company has elected the short-term lease measurement and recognition exemption, and it recognizes such lease payments on a straight-line basis over the lease term.

### Revenue Recognition

The Company recognizes revenue upon product delivery. All of our products are shipped either same day or overnight or through longer shipping terms to the customer and the customer takes title to product and assumes risk and ownership of the product when it is delivered. Shipping charges to customers and sales taxes collectible from customers, if any, are included in revenues.

For revenue from product sales (i.e., specialty foodservice and e-commerce), the Company recognizes revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*. A five-step analysis must be met as outlined in Topic 606: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) performance obligations are satisfied. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

Warehouse and logistics services revenues are primarily comprised of inventory management, order fulfilment and warehousing services. Warehouse and logistics services revenues are recognized at the point in time when the services are rendered to the customer.

Deferred Revenue

Deferred revenue relates to a long-term lease agreement under which the Company received a one-time upfront payment associated with the installation of a telecommunications tower on a building owned by the Company. This lease has a 50-year term, and revenue is being recognized on a straight-line basis over the life of the lease

The following table represents the changes in deferred revenue as reported on the Company’s consolidated balance sheets:

Balance as of December 31, 2023	\$ 351,500
Cash payments received	-
Net sales recognized	(1,900)
Balance as of March 31, 2024 (unaudited)	<u>\$ 349,600</u>
Balance as of December 31, 2024	349,600
Cash payments received	-
Net sales recognized	(1,900)
Balance as of March 31, 2025 (unaudited)	<u>\$ 347,700</u>

Disaggregation of Revenue

The following table represents a disaggregation of revenue for the three months ended March 31, 2025 and 2024:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
	(unaudited)	(unaudited)
Digital Channels	\$ 8,299,715	\$ 8,908,936
National Distribution	6,562,167	2,811,095
Local Distribution	4,433,618	2,355,045
Direct-to-Consumer	-	1,234,866
Other Services	253,066	208,211
Total	<u>\$ 19,548,566</u>	<u>\$ 15,518,153</u>

Cost of Goods Sold

We have included in cost of goods sold all costs which are directly related to the generation of revenue. These costs include primarily the cost of food and raw materials, packing and handling, shipping, and delivery costs.

We have also included all payroll costs as cost of goods sold in our leasing and logistics services business.

Basic and Diluted Earnings Per Share

Basic net earnings per share is based on the weighted average number of shares outstanding during the period, while fully-diluted net earnings per share is based on the weighted average number of shares of common stock and potentially dilutive securities assumed to be outstanding during the period using the treasury stock method. Potentially dilutive securities consist of options and warrants to purchase common stock and shares issuable under executive compensation plan. Basic and diluted net loss per share is computed based on the weighted average number of shares of common stock outstanding during the period.

The Company uses the treasury stock method to calculate the impact of outstanding stock options and warrants. Stock options and warrants for which the exercise price exceeds the average market price over the period have an anti-dilutive effect on earnings per common share and, accordingly, are excluded from the calculation.

**Dilutive Shares at March 31, 2025:**Stock Options

None.

Restricted Stock Awards

At March 31, 2025, there were 300,000 unvested restricted stock awards remaining from grants in a prior year. Those 300,000 restricted stock awards will vest as follows: 125,000 restricted stock awards will vest contingent upon the attainment of a stock price of \$2.00 per share for 20 straight trading days, and an additional 175,000 restricted stock awards will vest contingent upon the attainment of a stock price of \$3.00 per share for 20 straight trading days. The fair value of these RSUs at the date of the grants will be charged to operations upon vesting. At March 31, 2025, none of these RSU were vested. There was no charge to operations for these RSUs during the three months ended March 31, 2025.

Stock-based Compensation

At March 31, 2025, there were a total of 1,142,989 shares of common stock potentially issuable to the Company's executive officers pursuant to compensation plans and contingent upon the achievement of certain performance goals; see Notes 16 and 17. Of these, 798,8991 shares have vested and are included in fully-diluted shares outstanding during the three months ended March 31, 2025; 344,098 have not vested, and are excluded from the calculation of fully-diluted shares outstanding during the three months ended March 31, 2025. During the three months ended March 31, 2025, the amount of \$101,201 was charged to stock-based compensation. See note 17.

## Computation of basic and diluted EPS:

The Company recorded a net loss for the three months ended March 31, 2025, and all of potentially issuable shares are anti-dilutive. There is no difference between EPS and fully-diluted EPS for the three months ended March 31, 2025.

**Dilutive shares at March 31, 2024:**Stock Options:

The following table summarizes the options outstanding and the related prices for the options to purchase shares of the Company's common stock issued by the Company at March 31, 2024:

Exercise Price	Number of Options	Weighted average Remaining contractual life (years)
\$ 0.41	125,000	0.07
\$ 0.50	125,000	0.07
\$ 0.60	50,000	1.75
\$ 1.00	50,000	1.75
\$ 1.25	130,000	2.25
\$ 1.75	130,000	2.25
	610,000	1.27

Restricted Stock Awards:

At March 31, 2024, there are 300,000 unvested restricted stock awards remaining from grants in a prior year. Those 300,000 restricted stock awards will vest as follows: 125,000 restricted stock awards will vest contingent upon the attainment of a stock price of \$2.00 per share for 20 straight trading days, and an additional 175,000 restricted stock awards will vest contingent upon the attainment of a stock price of \$3.00 per share for 20 straight trading days. The fair value of these RSUs at the date of the grants will be charged to operations upon vesting. At March 31, 2024, none of these RSU were vested. There was no charge to operations for these RSUs during the three months ended March 31, 2024.

Stock-based Compensation:

At March 31, 2024, there were a total of 3,910,534 shares of common stock potentially issuable to the Company’s executive officers pursuant to compensation plans and contingent upon the achievement of certain performance goals; see notes 16 and 17.

The following table illustrates the computation of basic and diluted EPS:

	<b>For the three months ended March 31, 2024</b>		
	<b>Income (Numerator)</b>	<b>Shares (Denominator)</b>	<b>Per-Share Amount</b>
Income from continuing operations	\$ 1,425,874		
<b>Basic EPS</b>			
Income available to common shareholders	1,425,874	49,707,036	\$ 0.029
<b>Effect of dilutive securities</b>			
Options	-	165,505	
Executive compensation plan	-	731,350	
<b>Diluted EPS</b>	<b>\$ 1,425,874.00</b>	<b>50,603,891</b>	<b>\$ 0.028</b>

New Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”. The amendments improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The ASU is effective for annual reporting periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 with early adoption permitted and can be applied on either a prospective or retroactive basis. The Company does not believe the adoption of this guidance will have a material effect on its Consolidated Financial Statements and segment disclosures.

In November 2024, the FASB issued ASU 2024-03, “Disaggregation of Income Statement Expenses (DISE)” which requires disaggregated disclosure of income statement expenses for public business entities. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company does not believe the adoption of this guidance will have a material effect on its Consolidated Financial Statements and segment disclosures.

**2. DISCONTINUED OPERATIONS**

During the fourth quarter of fiscal 2023, in connection with an analysis of the Company’s sales mix and profitability by service offering, management made the strategic decision to focus on the Company’s B2B service offering and to allocate fewer resources to and in some cases to sell certain of the Company’s subsidiaries involved in its D2C service offerings. Pursuant to this strategy, on December 29, 2023, the Company completed the sales of its Grow and Oasis subsidiaries; on February 26, 2024, the Company completed the sale of its Haley subsidiary (see Note 4); and on October 8, 2024, the Company sold substantially all of the assets of Mouth. In addition, the operations of Plantbelly were abandoned.

The following information presents the major classes of line item of assets and liabilities included as part of discontinued operations in the consolidated balance sheets:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Current assets - discontinued operations:	(unaudited)	
Cash	\$ -	\$ 49,315
Total current assets - discontinued operations	<u>\$ -</u>	<u>\$ 49,315</u>

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The following information presents the major classes of line items constituting the after-tax loss from discontinued operations in the consolidated statements of operations:

	<b>Three Months Ended</b>	
	<b>March 31, 2025</b>	<b>March 31, 2024</b>
	(unaudited)	(unaudited)
Revenue	\$ -	\$ 236,817
Cost of goods sold	-	(184,818)
Gross margin	-	51,999
Selling, general, and administrative expenses	-	(67,311)
Interest income	-	-
Loss from discontinued operations, net of tax	<u>\$ -</u>	<u>\$ (15,312)</u>

There were no major classes of line items which constituted significant operating and investing cash flow activities in the consolidated statements of cash flows relating to discontinued operations.

### 3. SALE OF ASSETS

On February 14, 2024, the Company sold its property located at 28411 Race Track Road, Bonita Springs, Florida, for net cash proceeds of \$2,101,185, net of the payoff of principal and interest in the amount of \$356,215 on Maple Mark Term Loan 2. A gain in the amount of \$1,807,516 was recorded on this transaction.

### 4. SALE OF SUBSIDIARY

On February 26, 2024, the Company sold 100% of the equity interests in Haley for the return of 21,126 shares of the Company's common stock held by the buyer. Haley had no assets or liabilities at the time of the sale. The Company valued the 21,126 shares of common stock at the market price on the date of the acquisition of \$1.00 per share and recorded a gain in the amount of \$21,126 on this transaction.

### 5. ACCOUNTS RECEIVABLE

At March 31, 2025 and December 31, 2024, accounts receivable consists of:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	(unaudited)
Accounts receivable from customers	\$ 7,534,672	\$ 9,079,234
Allowance for credit losses	(40,002)	(40,002)
Accounts receivable, net	<u>\$ 7,494,670</u>	<u>\$ 9,039,232</u>

During the three months ended March 31, 2025 and 2024, the Company charged the amount of \$27,555 and \$22,882 to provision for credit losses, respectively.

### 6. INVENTORY

Inventory consists primarily of specialty food products. At March 31, 2025 and December 31, 2024, inventory consisted of the following:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	(unaudited)
Finished goods inventory	\$ 6,796,302	\$ 6,290,488
Allowance for slow moving & obsolete inventory	-	-
Finished goods inventory, net	<u>\$ 6,796,302</u>	<u>\$ 6,290,488</u>

## 7. PROPERTY AND EQUIPMENT

A summary of property and equipment at March 31, 2025 and December 31, 2024 is as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	
Land	\$ 208,140	\$ 208,140
Building	1,019,655	904,593
Computer and Office Equipment	270,971	260,702
Warehouse Equipment	655,622	617,587
Furniture and Fixtures	952,870	952,870
Vehicles	277,353	277,353
Total before accumulated depreciation	3,384,611	3,221,245
Less: accumulated depreciation	(1,694,527)	(1,636,367)
Total	<u>\$ 1,690,084</u>	<u>\$ 1,584,878</u>

Depreciation expense for property and equipment amounted to \$58,160 and \$85,345 for the three months ended March 31, 2025 and 2024, respectively. Depreciation expense for property and equipment is recorded in selling, general & administrating expenses on the Company's statement of operations. During the three months ended March 31, 2025 and 2024, the Company acquired property and equipment in the amount of \$163,366 and \$1,406, respectively.

## 8. PROPERTY AND EQUIPMENT CLASSIFIED AS HELD FOR SALE

Assets held for sale include the net book value of property and equipment the Company plans to sell within the next year. Long lived assets that meet the criteria are held for sale and reported at the lower of their carrying value or fair value less estimated cost to sell.

As of December 31, 2023, the Company classified the land, building, leasehold improvements, and certain equipment located at 28411 Race Track Road, Bonita Springs, Florida, 34135 (the "Race Track Road Property") as held for sale. On February 14, 2024, the Company finalized the sale of the Race Track Road Property for cash in the amount of \$2,455,000. The Company recorded a gain on the sale in the amount of \$1,807,516. Proceeds of the sale in the amount of \$353,815 were used to pay the mortgage and accrued interest on the Race Track Road Property. Total expenses related to the sale were \$165,755, including a commission of \$147,300, state taxes of \$17,185, and closing fees of \$1,270.

As of December 31, 2024, the Company classified the land and building located at 220 Oak Hill Road, Mountain Top, Pennsylvania, as held for sale.

The net book value of these assets consisted of the following at March 31, 2025 and December 31, 2024:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	
Land	\$ 871,372	\$ 871,372
Building	5,070,561	5,070,561
Furniture, fixtures, and equipment	-	-
Total	<u>\$ 5,941,933</u>	<u>\$ 5,941,933</u>

## 9. RIGHT OF USE ("ROU") ASSETS AND LEASE LIABILITIES – OPERATING LEASES

The Company has operating leases for offices, warehouses, vehicles, and office equipment. The Company's leases have remaining lease terms of 1 year to 3 years, some of which include options to extend.

The Company's lease expense for the three months ended March 31, 2025 and 2024 was entirely comprised of operating leases and amounted to \$70,866 and \$8,165, respectively.

The Company's ROU asset amortization for the three months ended March 31, 2025 and 2024 was \$61,469 and \$4,175, respectively. The difference between the lease expense and the associated ROU asset amortization consists of interest.

The weighted-average discount rate for operating leases was 7.00% at March 31, 2025 and December 31, 2024. The weighted-average remaining lease term of operating leases was 2.63 and 2.85 years at March 31, 2025 and December 31, 2024, respectively.

Right of use assets – operating leases are summarized below:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	
Building	\$ 515,460	\$ 565,931
Vehicles	121,626	128,158
Warehouse equipment	4,322	7,950
Office equipment	2,599	3,437
Right of use assets, net	<u>\$ 644,007</u>	<u>\$ 705,476</u>

Operating lease liabilities are summarized below:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	
Building	\$ 519,842	\$ 567,684
Vehicles	121,626	128,158
Warehouse equipment	4,322	7,950
Office equipment	2,599	3,437
Lease liability	\$ 648,389	\$ 707,229
Less: current portion	(241,317)	(239,660)
Lease liability, non-current	<u>\$ 407,072</u>	<u>\$ 467,569</u>

Maturity analysis under these lease agreements are as follows:

For the period ended March 31, 2026	\$ 278,963
For the period ended March 31, 2027	279,983
For the period ended March 31, 2028	118,509
For the period ended March 31, 2029	34,950
For the period ended March 31, 2030	-
Total	<u>\$ 712,405</u>
Less: Present value discount	(64,016)
Lease liability	<u>\$ 648,389</u>

## 10. RIGHT OF USE ASSETS – FINANCING LEASES

The Company has financing leases for vehicles and warehouse equipment. Right of use asset – financing leases are summarized below:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	(unaudited)	
Vehicles	\$ 404,858	\$ 404,858
Warehouse Equipment	736,156	736,156
Total before accumulated depreciation	1,141,014	1,141,014
Less: accumulated depreciation	(646,624)	(616,741)
Total	<u>\$ 494,390</u>	<u>\$ 524,273</u>

Depreciation expense related to right of use assets for the three months ended March 31, 2025 and 2024 was \$29,883 and \$24,915, respectively.

The weighted-average interest rate for financing leases was 5.78% at March 31, 2025 and 5.83 % at December 31, 2024. The weighted-average remaining lease term of financing leases was 2.40 and 2.80 years at March 31, 2025 and December 31, 2024, respectively.

Financing lease liabilities are summarized below:

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
	(unaudited)	
Financing lease obligation under a lease agreement for warehouse furniture and equipment truck dated October 14, 2020 in the original amount of \$514,173 payable in sixty monthly installments of \$9,942 including interest at the rate of 6.01%. During the three months ended March 31, 2025, the Company made principal and interest payments on this lease obligation in the amount of \$28,658 and \$1,167, respectively.	\$ 58,620	\$ 87,278
Financing lease obligation under a lease agreement for a truck dated March 31, 2020 in the original amount of \$152,548 payable in eighty-four monthly installments of \$2,188 including interest at the rate of 5.44%. During the three months ended March 31, 2025, the Company made principal and interest payments on this lease obligation in the amounts of \$5,862 and \$702, respectively.	\$ 47,687	\$ 53,549
Financing lease obligation under a lease agreement for a truck dated August 23, 2019 in the original amount of \$80,413 payable in eighty-four monthly installments of \$1,148 including interest at the rate of 5.0%. During the three months ended March 31, 2025, the Company made principal and interest payments on this lease obligation in the amounts of \$3,196 and \$248, respectively.	\$ 17,733	\$ 20,929
Financing lease obligation under a lease agreement for warehouse equipment dated September 12, 2024 in the original amount of \$180,740 payable in sixty monthly payments in the minimum amount of \$2,846 including interest at the rate of 6.01%. The amount of the monthly payments is based upon the amount of supplies and materials the Company purchases from the lessor each month. During the three months ended March 31, 2025, the Company made principal and interest payments on this lease obligation in the amounts of \$1,580 and \$2,154, respectively.	\$ 74,804	\$ 125,632
<b>Total</b>	<b>\$ 198,844</b>	<b>\$ 287,388</b>
Current portion	\$ 110,994	\$ 147,797
Long-term maturities	87,850	139,591
<b>Total</b>	<b>\$ 198,844</b>	<b>\$ 287,388</b>

There was no accrued interest on financing leases at three months ended March 31, 2025 and December 31, 2024.

Aggregate maturities of lease liabilities:

For the twelve months ended March 31,

2026	\$ 110,994
2027	43,817
2028	16,826
2029	17,865
2030	9,342
<b>Total</b>	<b>\$ 198,844</b>

## 11. INTANGIBLE ASSETS

The Company acquired certain intangible assets pursuant to the acquisitions of Artisan Specialty Foods, Inc. (“Artisan”), igourmet, and Mouth. These assets include non-compete agreements, customer relationships, trade names, internally developed technology, and goodwill. The Company has also capitalized the development of its website.

### Other Amortizable Intangible Assets

On August 6, 2024, the Company signed an agreement to sell intangible assets of its consumer e-commerce business igourmet, generally consisting of customer lists, domains, and trademarks for cash of \$700,000. The purchase price was \$947,650, consisting of the following: The Company received cash of \$617,000. The buyer also assumed liabilities of \$330,650. The intangible assets sold were fully amortized on the Company’s balance sheet, and the Company recognized a gain on the sale of \$834,463, net of acquisition costs in the amount of \$113,187.

On October 14, 2024, the Company acquired certain assets of Goldan Organics, Inc. (the “GO Transaction”). See note 5. Pursuant to the GO Transaction, the Company recorded an intangible asset in the amount of \$198,593 representing the client base of Golden Organics. On December 19, 2024, the Company acquired, through its subsidiary Golden Organics, Inc., certain assets of LoCo Food Distribution, LLC, Inc. (the “LoCo Transaction”). See Note 5. Pursuant to the LoCo Transaction, the Company recorded an intangible asset in the amount of \$232,972 representing a customer list. The total amount of intangible assets obtained in the GO and LOCO transactions was \$431,565. This amount is being amortized over a period of 60 months.

	<b>March 31, 2025</b>		
	<b>(unaudited)</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Total Trade Names	\$ 431,565	\$ 28,771	\$ 402,794

  

	<b>December 31, 2024</b>		
	<b>Accumulated</b>		
	<b>Gross</b>	<b>Amortization</b>	<b>Net</b>
Total Trade Names	\$ 431,565	\$ 7,193	\$ 424,372

Total amortization expense for the three months ended March 31, 2025 and 2024 was \$21,578 and \$0, respectively.

#### Other Non-Amortizable Intangible Assets

Other non-amortizable intangible assets consist of \$217,000 of trade names held by Artisan. The Company followed the guidance of ASC 360, *Property, Plant, and Equipment*, in assessing these assets for impairment. ASC 360 states that impairment testing should be completed whenever events or changes in circumstances indicate the asset’s carrying value may not be recoverable. In management’s judgment, there are no indications that the carrying value of these trade names may not be recoverable, and it determined that impairment testing was not required.

The Company acquired certain intangible assets pursuant to the acquisitions through Artisan. The following is the net book value of these assets:

	<b>March 31, 2025</b>		
	<b>(unaudited)</b>		
	<b>Gross</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Total Trade Names	\$ 217,000	\$ -	\$ 217,000

  

	<b>December 31, 2024</b>		
	<b>Accumulated</b>		
	<b>Cost</b>	<b>Amortization</b>	<b>Net</b>
Total Trade Names	\$ 217,000	\$ -	\$ 217,000

## 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at March 31, 2025 and December 31, 2024 are as follows:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>(unaudited)</b>	
Trade payables and accrued liabilities	\$ 4,813,312	\$ 5,829,506
Accrued payroll and commissions	176,078	824,116
<b>Total</b>	<b>\$ 4,989,390</b>	<b>\$ 6,653,622</b>

### 13. ACCRUED SEPARATION COSTS – RELATED PARTIES

On February 3, 2023, the Company entered into a Severance Note, an Agreement and General Release, and a Side Letter thereto (the “SK Agreements”) with Sam Klepfish, its prior CEO and a current board member. The SK Agreements provide, among other things, for Mr. Klepfish’s resignation from all positions with the Company and its subsidiaries on February 28, 2023, except that Mr. Klepfish will remain a director and member of the board of the Company, confidentiality and non-disparagement conditions, nomination of Mr. Klepfish for future election to the board of directors at least through the 2024 general meeting of shareholders based on certain minimum stock ownership and Board Observer rights when Mr. Klepfish is no longer a director but maintains certain minimum agreed upon stock ownership. The payment terms are \$250,000 upon effectiveness and an additional \$1,000,000 payable in weekly payments of \$6,410.26 from March 8, 2023 through March 6, 2026. The \$250,000 was paid into an escrow account with the requirement that they are released to Mr. Klepfish on his separation date. The \$1,000,000 portion is in the form of an unsecured, non-interest bearing note payable to Mr. Klepfish. The SK Agreements also call for the delivery of 400,000 shares of the Company’s common stock valued at \$168,000 based upon the closing price of the Company’s common stock on Mr. Klepfish’s separation date of February 28, 2023; in addition, for delivery on June 1, 2027 of additional shares of the Company’s common stock equal to the greater of (i) the number of shares with an aggregate fair market value of \$400,000 on such date, or (ii) 266,666 shares. The Company also agreed to pay a total of \$1,199 of the Consolidated Omnibus Reconciliation Act (“COBRA”) insurance costs on behalf of Mr. Klepfish over eighteen months. The total amount accrued in connection with the SK Agreements was \$1,819,199.

On February 28, 2023, the Company entered into a separation agreement (the “Wiernasz Separation Agreement”) with Justin Wiernasz, a director and previous Director of Strategic Acquisitions. Pursuant to the Wiernasz Separation Agreement, the Company agreed to a payment of \$100,000 in cash as follows: \$33,333 upon execution of the agreement, \$33,333 on March 15, 2023, and \$33,334 on April 15, 2023. The Company also agreed to make the COBRA insurance payments on behalf of Mr. Wiernasz in the amount of \$2,548 per month for twelve months with a maximum of \$26,451. The total amount accrued in connection with the Wiernasz Separation Agreement was \$126,451.

On February 6, 2024, the Company entered into a separation agreement (the “Tang Separation Agreement”) with Richard Tang, its Chief Financial Officer, effective as of December 31, 2023. Pursuant to the Tang Separation Agreement, the Company has agreed to pay to Mr. Tang, in equal installments over a five-month period, the gross sum of \$113,918. In addition, Mr. Tang may submit for reimbursement up to \$4,000 of legal expenses connected with the review of the Tang Separation Agreement. The severance payment will be made in the following installments: (i) \$25,890 to be paid the week of March 4, 2024; (ii) \$5,178 to be paid each successive week for seventeen weeks beginning the week of March 11, 2024, until the severance payment is completed. In addition, if Tang timely elects to continue his group health insurance benefits under COBRA, the Company will reimburse Tang’s group health insurance premiums for the lesser of: (a) the period of time Employee is eligible to continue his group health insurance benefits under COBRA and (b) the five-month period immediately following the separation date. Reimbursements will be paid within thirty days of when Mr. Tang submits a request for reimbursement and supporting documentation.

During the three months ended March 31, 2025 and 2024, the Company paid cash in the amount of \$83,333 and \$83,333, respectively, to Mr. Klepfish in connection with the SK Agreements.

During the three months ended March 31, 2025 and 2024, the Company made the following payments in connection with the Wiernasz Separation Agreement: The Company made COBRA payments on behalf of Mr. Weirnasz in the amount of \$0 and \$967, respectively.

During the three months ended March 31, 2025 and 2024, the Company made the following payments in connection with the Tang Separation Agreement: The Company paid cash to Mr. Tang in the amount of \$0 and \$41,125, respectively; and COBRA payments on behalf of Mr. Tang in the amount of \$0 and \$2,885, respectively.

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The following table represents the amounts accrued, paid, and outstanding on these agreements as of March 31, 2025:

	<u>Total</u>	<u>Paid / Issued</u>	<u>Balance</u>	<u>Current</u>	<u>Non-current</u>
Mr. Klepfish:					
Cash – through March 6, 2026	\$ 1,000,000	\$ (692,308)	\$ 307,692	\$ 307,692	\$ -
Cash - upon agreement execution	250,000	(250,000)	-	-	-
Stock - June 1, 2027	400,000	-	400,000	-	400,000
Stock - Issued in April 2023	168,000	(168,000)	-	-	-
COBRA - over eighteen months	1,199	-	1,199	1,199	-
Total – Mr. Klepfish	<u>\$ 1,819,199</u>	<u>\$ (1,110,308)</u>	<u>\$ 708,891</u>	<u>\$ 308,891</u>	<u>\$ 400,000</u>
Mr. Wiernasz:					
Cash - three equal payments	\$ 100,000	\$ (100,000)	\$ -	\$ -	\$ -
COBRA - over eighteen months	26,451	(26,451)	-	-	-
Total - Mr. Wiernasz	<u>\$ 126,451</u>	<u>\$ (126,451)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Mr. Tang:					
Cash – over seventeen weeks	\$ 113,918	\$ (113,918)	\$ -	\$ -	\$ -
COBRA - over five months	14,495	(14,495)	-	-	-
Total - Mr. Tang	<u>\$ 128,413</u>	<u>\$ (128,413)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Company	<u>\$ 2,074,063</u>	<u>\$ (1,365,172)</u>	<u>\$ 708,891</u>	<u>\$ 308,891</u>	<u>\$ 400,000</u>

#### 14. STOCK APPRECIATION RIGHTS LIABILITY

Effective May 15, 2023, the Company issued 1,500,000 stock appreciation rights (the “Smallwood SARs”) to Brady Smallwood, its Chief Operating Officer (“COO”). See Note 17. The Smallwood SARs were valued utilizing the Black-Scholes valuation model, and had an aggregate fair value of \$9,794 upon issuance; this amount was charged to operations and credited to stock appreciation rights liability. The Smallwood SARs are revalued each quarter, and any gain or loss in the fair value is charged to non-cash compensation expense.

The change in valuation of the Smallwood SARs is summarized in the table below:

May 15, 2023 - fair value	\$ 9,794
(Gain) Loss on revaluation	245,226
December 31, 2023 -fair value	<u>\$ 255,020</u>
(Gain) Loss on revaluation	1,098,130
December 31, 2024 - fair value	<u>\$ 1,353,150</u>
(Gain) Loss on revaluation	60,595
March 31, 2025 - fair value	<u>\$ 1,413,745</u>

#### 15. LINE OF CREDIT

	<u>March 31, 2025</u> (unaudited)	<u>December 31, 2024</u>
On June 6, 2022, the Company entered into a revolving credit facility with MapleMark (the “MapleMark Revolver”) with a maturity date of August 25, 2025. The amount available under the MapleMark Revolver is \$1,500,000. Principal and interest payments due under the MapleMark Revolver are payable monthly. Amounts due under the MapleMark Revolver bear interest at the greater of (a) the Base Rate (the rate of interest per annum quoted in the “Money Rates” section of The Wall Street Journal from time to time and designated as the “Prime Rate”) plus 0.25% per annum and (b) 5.50% per annum. At March 31, 2025, the interest rate was 7.75%. During the three months ended March 31, 2025, the Company borrowed the amount of \$500,000 under the MapleMark Revolver, and repaid the amount of \$500,000. During the three months ended March 31, 2025, the Company paid interest in the amount of \$1,804 on the MapleMark Revolver.	\$ -	\$ -

**16. NOTES PAYABLE**

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
	(unaudited)	
On June 6, 2022, the Company entered into a term loan agreement with MapleMark (the “MapleMark Term Loan 1”) for the original amount of \$5,324,733. On June 13, 2023, the Company entered into a term loan with MapleMark Bank (the “MapleMark Term Loan 3”) in the amount of \$9,057,840. Principal and interest due on the MapleMark Term Loan 1 in the amounts of \$5,324,733 and \$61,715, respectively, were paid with proceeds of the MapleMark Term Loan 3. The MapleMark Term Loan 3 is payable in monthly installments of \$80,025 commencing July 1, 2023 and continuing through June 13, 2048.		
Amounts outstanding under the Maple Mark Term Loan 3 will bear interest at the rate equal to the lesser of (a) the maximum lawful rate, or (b) the greater of (i) WSJP (the “Prime Rate” as published by The Wall Street Journal) plus 1.25% per annum or (ii) 4.50% per annum. At March 31, 2025, the interest rate was 9.50%. The MapleMark Term Loan 3 matures on June 13, 2048.		
The MapleMark Term Loan 3 contains negative covenants that, subject to certain exceptions, limits the ability of the Company and its subsidiaries to, among other things, incur additional indebtedness, make restricted payments, pledge their assets as security, make investments, loans, advances, guarantees and acquisitions, undergo fundamental changes and enter into transactions with affiliates. The MapleMark Term Loan 3 also provides that the Company and its subsidiaries on a consolidated basis, meet a Fixed Charge Coverage Ratio as described in detail in the MapleMark Term Loan 3. The MapleMark Term Loan 3 contains events of default that are customary for a facility of this nature, including (subject in certain cases to grace periods and thresholds) nonpayment of principal, nonpayment of interest, fees or other amounts, material inaccuracy of representations and warranties, violation of covenants, cross-default to certain other existing indebtedness, bankruptcy or insolvency events, and certain judgment defaults as specified in the Term Loan Agreements. If an event of default occurs, the maturity of the amounts owed under the Term Loan Agreements may be accelerated. The obligations under the Term Loan Agreements are guaranteed by the Company and Innovative Food Properties LLC and are secured by mortgages on their real estate located in Florida, Illinois, and Pennsylvania and substantially all of their assets, in each case, subject to certain exceptions and permitted liens.		
The Company created a discount on the MapleMark Term Loan 3 for costs in the amount of \$385,803 which will be amortized over the life of the loan. During the three months ended March 31, 2025, the Company amortized \$1,284 of these costs to interest expense. During the three months ended March 31, 2025, the Company made principal payments and interest payments in the amount of \$30,403 and \$197,087, respectively, on this loan. At March 31, 2025, accrued interest on this note was \$72,273.	\$ 8,864,709	\$ 8,895,112
A note payable in the amount of \$20,000. The note was due in January 2006 and the Company is currently accruing interest on this note at 1.9%. During the three months ended March 31, 2025, the Company accrued interest in the amount of \$96 on this note. At March 31, 2025, accrued interest on this note was \$18,962.	\$ 20,000	\$ 20,000
A note payable in the amount of \$350,000 issued in connection with the GO Acquisition (the GO Note”). The GO Note is payable in 60 equal monthly instalments of \$6,766 and bears interest at the rate of 6.0%. During the three months ended March 31, 2025, the Company made principal and interest payments on the GO note in the amount of \$15,201 and \$3,295, respectively.	\$ 329,783	\$ 344,984
Total	\$ 9,214,492	\$ 9,260,096
Discount	(376,086)	(377,370)
Net of discount	<u>\$ 8,838,406</u>	<u>\$ 8,882,726</u>
Current portion	\$ 179,981	\$ 190,052
Long-term maturities, net of discount	8,658,425	8,692,674
Total	<u>\$ 8,838,406</u>	<u>\$ 8,882,726</u>

There was a total of \$91,235 and \$91,347 accrued interest on notes payable at March 31, 2025 and December 31, 2024, respectively.

Aggregate maturities of notes payable as of March 31, 2025 are as follows:

For the period ended December 31,

2025	148,868
2026	184,967
2027	201,256
2028	219,050
2029	231,728
Thereafter	8,228,623
Total	<u>\$ 9,214,492</u>

## 17. EQUITY

### Common Stock

As of March 31, 2025, total number of shares of common stock issued and outstanding was 56,831,090 and 53,986,793, respectively. As of December 31, 2024, total number of shares of common stock issued and outstanding was 56,009,032 and 53,164,735, respectively. At March 31, 2025 and December 31, 2024, a total of 2,844,297 shares of common stock, respectively, were deemed issued but not outstanding. At March 31, 2025 and December 31, 2024, an additional 798,091 and 738,032 shares, respectively, were classified as common stock to be issued. These shares represent shares of common stock vested under the Company's executive stock compensation plans, and are in the process of being administratively issued.

For the three months ended March 31, 2025:

On January 9, 2025, the Company issued 60,000 shares of common stock pursuant to the cashless exercise of options held by an ex-employee to purchase 130,000 shares of common stock at a price of \$1.25 per share and an additional 130,000 shares of common stock at a price of \$1.75 per share. There was no gain or loss recorded on this transaction.

On January 13, 2025, the Company issued 24,026 shares of common stock pursuant to the cashless exercise of options held by an ex-employee to purchase 50,000 shares of common stock at a price of \$1.00 per share. There was no gain or loss recorded on this transaction.

On March 14, 2025, the Company issued the following shares of common stock to its executive officers pursuant to executive compensation plans: 530,665 shares were issued to its CEO; 133,632 shares were issued to its COO; and 73,735 shares were issued to its CFO. These shares were classified as shares to be issued on the Company's balance sheet at December 31, 2024. There was no gain or loss recorded on this transaction.

For the three months ended March 31, 2024:

### Common Stock Received from Sale of Subsidiary

On February 26, 2024, the Company sold 100% of the equity interests in Haley for the return of 21,126 shares of the Company's common stock held by the buyer. (see note 3). The Company Haley had no assets or liabilities at the time of the sale; the Company valued the 21,126 shares of common stock at the market price on the date of the acquisition of \$1.00 per share and recorded a gain in the amount of \$21,126 on this transaction.

Share based executive compensation plans*CEO Stock Plan*

On February 3, 2023, the Company entered into an employment agreement with Bill Bennett to become the Company's CEO. On November 3, 2023, the Company recognized that the hiring of Mr. Bennett was protracted, and the original employment agreement calculated the number of shares of common stock to be granted in connection with the CEO Stock Plan on the basis of the number of shares of common stock outstanding as of October 2022, which did not take into consideration the number of shares that were issued to a departing executive and to certain other employees of the Company thereafter. Accordingly, the number of shares issuable to Mr. Bennett at each price target was adjusted, effective as of the original date of the plan. Pursuant to this agreement, Mr. Bennett was provided with an incentive compensation plan (the "CEO Stock Plan") whereby Mr. Bennett would be granted shares of the Company's common stock upon the common stock meeting certain price points at various 60-day volume weighted prices, as described below:

Stock Price Target	Number of Shares Granted - Lower of:		
	Number of Shares Issued and Outstanding on Grant Date Multiplied by:		Maximum Number of Shares
\$ 0.60	2.00%		975,133
\$ 0.80	1.50%		731,350
\$ 1.00	1.00%		487,567
\$ 1.20	0.75%		365,675
\$ 1.40	0.75%		365,675
\$ 1.60	0.50%		243,783
\$ 1.80	0.50%		243,783
\$ 2.00	0.50%		243,783

The value of the CEO Stock Plan was determined via a Monte Carlo market-based performance stock awards model to be \$660,541. This amount will be recorded as a charge to additional paid-in capital on a straight-line basis over 34 months. During the three months ended March 31, 2025 and 2024, the amount of \$58,283 was charged to operations pursuant to the CEO Stock Plan.

On November 7, 2023, the Company issued 678,302 shares of common stock, net of 296,831 shares withheld for income tax purposes, to its Chief Executive Officer pursuant the achievement of the \$0.60 price target in the CEO Stock Plan.

On March 19, 2024, 731,350 shares of common stock vested pursuant to the achievement of the \$0.80 price target. These shares were issued on July 9, 2024.

On May 28, 2024, 487,567 shares of common stock vested pursuant to the achievement of the \$1.00 price target. These shares were issued on July 9, 2024.

On July 30, 2024, the price target of \$1.20 per share under the CEO Stock Plan was achieved and 365,675 shares of common stock vested; on October 7, 2024, the price target of \$1.40 per share under the CEO Stock Plan was achieved and 365,675 shares of common stock vested; on December 16, 2024, the price target of \$1.60 per share under the CEO Stock Plan was achieved and 243,783 shares of common stock vested. The total number of shares vested at for achievement of the \$1.20, \$1.40, and \$1.60 price targets was 975,133. On February 6, 2025, a total of 530,665 shares of common stock were issued in satisfaction of this obligation, net of 444,468 shares withheld for taxes.

On January 31, 2025, the price target of \$1.80 per share under the CEO Stock Plan was achieved and 243,783 shares of common stock vested, and on March 3, 2025, the price target of \$2.00 per share under the CEO Stock Plan was achieved and 243,783 shares of common stock vested. The total number of shares vested for achievement of the \$1.80 and \$2.00 price targets was 487,566; these share are classified as common stock issuable on the Company's balance sheet at March 31, 2025.

There are no shares unvested under the CEO Stock Plan at March 31, 2025.

*COO Stock Plan*

On April 14, 2023, the Company entered into an employment agreement with Brady Smallwood to become the Company’s COO, effective May 15, 2023. Pursuant to this agreement, Mr. Smallwood was provided with an incentive compensation plan (the “COO Stock Plan”) whereby Mr. Smallwood would be granted shares of the Company’s common stock upon the common stock meeting certain price points at various 60-day volume weighted prices, as described below:

Stock Price Target	Number of Shares Granted - Lower of:	
	Number of Shares Issued and Outstanding on Grant Date Multiplied by:	Maximum Number of Shares
\$ 0.87	0.40%	196,627
\$ 1.16	0.30%	147,470
\$ 1.45	0.20%	98,313
\$ 1.74	0.15%	73,735
\$ 2.03	0.15%	73,735
\$ 2.32	0.10%	49,157
\$ 2.61	0.10%	49,157
\$ 2.90	0.10%	49,157

The value of the COO Stock Plan was determined via a Monte Carlo market-based performance stock awards model to be \$199,951. This amount will be recorded as a charge to additional paid-in capital on a straight-line basis over 31.5 months. During the three months ended March 31, 2025 and 2024, the amount of \$19,043 was charged to operations pursuant to the COO Stock Plan.

On April 17, 2024, 196,627 shares of common stock vested pursuant to the achievement of the \$0.87 price target. These shares were issued on July 9, 2024.

On July 25, 2024, the price target of \$1.16 per share under the COO Stock Plan was achieved and 147,470 shares of common stock vested pursuant to this plan; on November 13, 2024, the price target of \$1.45 per share under the COO Stock Plan was achieved, and 98,313 shares of common stock vested. On March 14, 2025, 133,632 shares of common stock were issued in satisfaction of these obligations, net of 112,151 shares withheld for taxes.

On January 14, 2025, the price target of \$1.74 per share under the COO Stock Plan was achieved and 73,735 shares of common stock vested; and on March 7, 2025, the price target of \$2.03 per share under the COO Stock Plan was achieved, and 73,735 shares of common stock vested. The total number of shares vested for achievement of the \$1.74, and \$2.03 price targets was 147,470; these shares are classified as common stock issuable on the Company’s balance sheet at March 31, 2025.

At March 31, 2025, a total of 147,471 shares of common stock remain unvested under the COO Stock Plan.

*CFO Stock Plan*

On December 29, 2023, the Company entered into an employment agreement with Gary Schubert to become the Company’s CFO effective January 1, 2024. Pursuant to this agreement, Mr. Schubert was provided with an incentive compensation plan (the “CFO Stock Plan”) whereby Mr. Schubert would be granted shares of the Company’s common stock upon the common stock meeting certain price points at various 60-day volume weighted prices, as described below:

Stock Price Target	Number of Shares Granted - Lower of:	
	Number of Shares Issued and Outstanding on Grant Date Multiplied by:	Maximum Number of Shares
\$ 1.23	0.40%	131,085
\$ 1.63	0.30%	98,313
\$ 2.04	0.20%	65,542
\$ 2.45	0.15%	49,157
\$ 2.86	0.15%	49,157
\$ 3.27	0.10%	32,771
\$ 3.68	0.10%	32,771
\$ 4.08	0.10%	32,771

The value of the CFO Stock Plan was determined via a Monte Carlo market-based performance stock awards model to be \$238,747 at inception (see “Stock Plan Valuation” section below). This amount will be amortized over the 30-month life of the plan beginning January 1, 2024. During the three months ended March 31, 2025 and 2024, the amount of \$23,875 was charged to operations pursuant to the CFO Stock Plan.

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On July 31, 2024, the price target of \$1.23 per share under the CFO Stock Plan was achieved and 131,085 shares of common stock vested pursuant to this plan. On February 6, 2025, 73,735 shares of common stock were issued in satisfaction of this obligation, net of 57,350 shares withheld for taxes.

On December 27, 2024, the price target of \$1.63 per share under the CFO Stock Plan was achieved and 98,313 shares of common stock vested; and on March 10, 2025, the price target of \$2.04 per share under the CFO Stock Plan was achieved and 65,542 shares of common stock vested. The total number of shares vested for achievement of the \$1.63 and \$2.04 price targets was 163,855; these share are classified as common stock issuable on the Company's balance sheet at March 31, 2025.

At March 31, 2025, a total of 196,627 shares of common stock remain unvested under the CFO Stock Plan.

Stock Appreciation Rights

Effective May 15, 2023, the Company issued 1,500,000 stock appreciation rights (the "Smallwood SARs") to Brady Smallwood, its COO. The Smallwood SARs vest upon issuance, and expire on December 31, 2026; 750,000 of the Smallwood SARs are priced at \$1.50 per share, and 750,000 are priced at \$2.00 per share. It is the Company's intention to settle the Smallwood SARs in cash if the stock price exceeds the \$1.50 and \$2.00 per share price prior to the expiration date. The Smallwood SARs were valued utilizing the Black-Scholes valuation model, and had an aggregate fair value of \$9,794 upon issuance; this amount was charged to operations and credited to stock appreciation rights liability. The Smallwood SARs are revalued each quarter, and any gain or loss in the fair value is charged to non-cash compensation expense. At March 31, 2025, the Smallwood SARs had a fair value of \$1,413,746; the increase in fair value in the amount of \$60,595 during the three months ended March 31, 2025 was charged to non-cash compensation. See Note 14.

The Smallwood SARs were valued using the Black-Scholes valuation model utilizing the following variables:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Volatility	135.88%	86.58 - 131.55%
Dividends	\$ -	\$ 0
Risk-free interest rates	3.89%	3.66 - 4.71%
Remaining expected term (years)	1.75	2 - 2.75

Options

Transactions involving stock options are summarized as follows:

On January 9, 2025, the Company issued 60,000 shares of common stock pursuant to the cashless exercise of options held by an ex-employee to purchase 130,000 shares of common stock at a price of \$1.25 per share and an additional 130,000 shares of common stock at a price of \$1.75 per share. There was no gain or loss recorded on this transaction.

On January 13, 2025, the Company issued 24,026 shares of common stock pursuant to the cashless exercise of options held by an ex-employee to purchase 50,000 shares of common stock at a price of \$1.00 per share. There was no gain or loss recorded on this transaction.

	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>
Options outstanding at December 31, 2024	310,000	\$ 1.42
Granted	-	\$ -
Exercised	(310,000)	\$ 1.42
Cancelled / Expired	-	\$ -
Options outstanding at March 31, 2025 (unaudited)	-	\$ -
Options exercisable at March 31, 2025 (unaudited)	-	\$ -

Aggregate intrinsic value of options outstanding and exercisable at March 31, 2025 was \$0. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the fiscal period, which was \$1.87 at March 31, 2025 and the exercise price multiplied by the number of options outstanding.

During the three months ended March 31, 2025 and 2024, the Company charged the amount of \$0 and \$2,034, respectively, to operations for the vesting of stock options.

## 18. SEGMENTS

The CODM has determined that the Company operates in one reportable segment: the delivery of specialty foods. This determination was made based upon the characteristics of our business and the information used by the CODM in order monitor the business and allocate resources.

The analysis of the Company's segments is determined by the Chief Operating Decision Maker ("CODM"). The Company's CODM is a group consisting of our executive management team: Bill Bennett, CEO; Brady Smallwood, COO; and Gary Schubert, CFO.

The CODM uses net income to monitor budget versus actual results. The CODM also uses revenue by category to monitor the growth of the business in each of our target markets.

The following table presents our segment results:

	March 31, 2025		March 31, 2024		\$ Change	% Change
	Amount	%	Amount	%		
<b>Revenue:</b>						
Digital Channels	\$ 8,299,715	42.5%	\$ 8,908,936	57.4%	\$ (609,221)	-7.0%
National distribution	\$ 6,562,167	33.6%	\$ 2,811,095	18.1%	\$ 3,751,072)	133.4%
Local distribution	\$ 4,433,618	22.7%	\$ 2,355,045	15.2%	\$ 2,078,573	88.3%
Direct to consumer	\$ -	-%	\$ 1,234,866	8.0%	\$ (1,234,866)	-100.0%
Other services	\$ 253,066	1.3%	\$ 208,211	1.3%	\$ 44,855	21.5%
Total revenue	\$ 19,548,566	100.0%	\$ 15,518,153	100.0%	\$ 4,030,413	26.0%
Cost of sales	\$ 15,062,759	77.1%	\$ 11,713,219	75.5%	\$ 3,349,540	28.6%
Gross margin	\$ 4,485,807	22.9%	\$ 3,804,934	24.5%	\$ 680,873	17.9%
<b>Cash OpEx:</b>						
Payroll & related costs	\$ 2,852,101	14.6%	\$ 2,474,852	15.9%	\$ 377,249	15.2%
Computer and IT	\$ 101,769	0.5%	\$ 138,656	0.9%	\$ (36,887)	-26.6%
Office, facility, vehicles	\$ 481,211	2.5%	\$ 221,373	1.4%	\$ 259,838	117.4%
Insurance	\$ 149,973	0.8%	\$ 195,670	1.3%	\$ (45,697)	-23.4%
Commissions	\$ -	0.0%	\$ 147,300	0.9%	\$ (147,300)	0.0%
Travel & entertainment	\$ 20,400	0.1%	\$ 51,942	0.3%	\$ (31,542)	-60.7%
Advertising & marketing	\$ 3,758	0.0%	\$ 22,472	0.1%	\$ (18,714)	-83.3%
Banking and credit card processing	\$ 8,546	0.0%	\$ 1,629	0.0%	\$ 6,917	424.6%
Professional fees	\$ 762,489	3.9%	\$ 290,432	1.9%	\$ 472,057	162.5%
	\$ 4,380,247	22.4%	\$ 3,544,326	22.8%	\$ 835,921	23.62%
<b>Non-cash OpEx:</b>						
Bad debt expense	\$ 27,555	0.1%	\$ 22,882	0.1%	\$ 4,673	20.4%
Share based compensation	\$ 161,796	0.8%	\$ 222,133	1.4%	\$ (60,337)	-27.2%
Depreciation & amortization	\$ 108,302	0.6%	\$ 110,261	0.7%	\$ (1,959)	-1.8%
Taxes & fees	\$ 31,077	0.2%	\$ 79,238	0.5%	\$ (48,161)	-60.8%
	\$ 328,730	1.7%	\$ 434,514	2.8%	\$ (105,784)	-24.3%
<b>Non-Operating (Income) Expense:</b>						
Interest expense	\$ 209,166	1.1%	\$ 215,450	1.4%	\$ (6,284)	-2.9%
(Gain) loss on sale of subsidiaries	\$ -	0.0%	\$ (21,126)	-0.1%	\$ 21,126	-100.0%
(Gain) loss on sale of assets	\$ -	0.0%	\$ (1,807,516)	-11.6%	\$ 1,807,516	-100.0%
Other (income) expense	\$ (1,900)	0.0%	\$ (1,900)	0.0%	\$ (1,314)	69.2%
Total other (income) expense	\$ 207,266	1.1%	\$ (1,615,092)	-10.4%	\$ 1,821,044	-112.8%
<b>Net income (loss) from continuing operations</b>						
	\$ (430,436)	-2.2%	\$ 1,441,186	9.3%	\$ (1,871,622)	-129.9%
<b>Other segment disclosures:</b>						
Segment assets	\$ 25,136,372		\$ 19,049,823			
Expenditures for segment assets	\$ 163,366		\$ 1,406			

## **19. RELATED PARTY TRANSACTIONS**

### Payments to Prior Executive Officers under Separation Agreements

Three months ended March 31, 2025:

The Company paid cash in the amount of \$83,333 to Mr. Klepfish, its prior CEO, in connection with the SK Agreements.

Three months ended March 31, 2024:

The Company paid cash in the amount of \$83,333 to Mr. Klepfish.

The Company made Cobra payments on behalf of Mr. Weirnasz, its prior Director of Strategic Acquisitions and previous board member, in the amount of \$967.

The Company made cash payments to Mr. Tang, its prior CFO, in the amount of \$41,125, and made Cobra payments on behalf of Mr. Tang in the amount of \$2,885.

## **20. MAJOR CUSTOMERS**

During the three months ended March 31, 2025 and 2024, the Company's largest customer, U.S. Foods, Inc. and its affiliates, accounted for approximately 34% and 49% of total sales, respectively; Sam's Club, a membership-based warehouse retailer and subsidiary of Walmart Inc. represented 19% and 0% of total sales, respectively; and Gate Gourmet, the leading global provider of airline catering solutions and provisioning services for airlines, represented 12% and 17% of total sales, respectively.

## **21. COMMITMENTS AND CONTINGENCIES**

### Litigation

From time to time, the Company has become and may become involved in certain lawsuits and legal proceedings which arise in the ordinary course of business, or as the result of current or previous investments, or current or previous subsidiaries, or current or previous employees, or current or previous directors, or as a result of acquisitions and dispositions or other corporate activities. The Company intends to vigorously defend its positions. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our financial position or our business and the outcome of these matters cannot be ultimately predicted.

## **22. SUBSEQUENT EVENTS**

On May 1, 2025, the Company agreed to a settlement in the amount of \$210,000 in connection with a contractual dispute with High-Impact Analytics, LLC. This amount has been charged to operations and accrued on the Company's balance sheet at March 31, 2025.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References in this report to "we," "us," "IVFH" or the "Company" refer to Innovative Food Holdings, Inc. and all of its wholly-owned subsidiaries.

### FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the consolidated financial statements and the related notes thereto, as well as all other related notes, and financial and operational references, appearing elsewhere in this document.

Certain information contained in this discussion and elsewhere in this report may include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Private Securities Litigation Reform Act"), and is subject to the safe harbor created by that act. The safe harbor created by the Private Securities Litigation Reform Act will not apply to certain "forward-looking statements" because we issued "penny stock" (as defined in Section 3(a)(51) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 3(a)(51-1) under the Exchange Act) during the three year period preceding the date(s) on which those forward-looking statements were first made, except to the extent otherwise specifically provided by rule, regulation or order of the Securities and Exchange Commission (the "SEC"). We caution readers that certain important factors may affect our actual results and could cause such results to differ materially from any forward-looking statements which may be deemed to have been made in this report or which are otherwise made by or on our behalf. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "explore," "consider," "anticipate," "intend," "could," "estimate," "plan," "propose" or "continue" or the negative variations of those words or comparable terminology are intended to identify forward-looking statements. Factors that may affect our results include, but are not limited to, the risks and uncertainties associated with:

- Our ability to raise capital necessary to sustain our anticipated operations and implement our business plan,
- Our ability to implement our business plan, including sale and acquisition of certain operations,
- Our ability to generate sufficient cash to pay our lenders and other creditors,
- Our dependence on three major customers,
- Our ability to employ and retain qualified management and employees,
- Our dependence on the efforts and abilities of our current employees and executive officers,
- Changes in government regulations that are applicable to our current or anticipated business,
- Changes in the demand for our services and different food trends,
- The imposition of tariffs or other trade restrictions that may increase costs or disrupt our supply chain,
- The degree and nature of our competition,
- The lack of diversification of our business plan,
- The general volatility of the capital markets and the establishment of a market for our shares, and
- Disruption in the economic and financial conditions primarily from the impact of past terrorist attacks in the United States, threats of future attacks, police and military activities overseas and other disruptive worldwide political and economic events, health pandemics, rising inflation and energy costs, and environmental weather conditions.

We are also subject to other risks detailed from time to time in our other filings with the SEC and elsewhere in this report. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

## **Critical Accounting Policy and Estimates**

### Use of Estimates in the Preparation of Financial Statements

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates include certain assumptions related to, among others, doubtful accounts receivable, valuation of stock-based services, operating right of use assets and liabilities, and income taxes. On an on-going basis, we evaluate these estimates, including those related to revenue recognition and concentration of credit risk. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Accounts subject to estimate and judgements are accounts receivable reserves, income taxes, intangible assets, contingent liabilities, and equity-based instruments. Actual results may differ from these estimates under different assumptions or conditions. We believe our estimates have not been materially inaccurate in past years, and our assumptions are not likely to change in the foreseeable future.

### Provision for Doubtful Accounts Receivable

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts pursuant to the guidance of Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), as codified in Accounts Standards Codification (“ASC”) 326, *Financial Instruments – Credit Losses*. Under ASC 326, the Company utilizes a current and expected credit loss (CECL) impairment model. ASU 2016-13 became effective for us on January 1, 2023. The Company’s estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Company’s estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$40,002 at March 31, 2025 and December 31, 2024.

### Fair Value of Financial Instruments

The Company measures its financial assets and liabilities in accordance with accounting principles generally accepted in the United States of America. The estimated fair values approximate their carrying value because of the short-term maturity of these instruments or the stated interest rates are indicative of market interest rates. These fair values have historically varied due to the market price of the Company’s stock at the date of valuation.

### Income Taxes

The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. The measurement of deferred tax assets and liabilities is based on provisions of applicable tax law. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance based on the amount of tax benefits that, based on available evidence, is not expected to be realized.

### Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use assets (“ROU assets”) and short-term and long-term lease liabilities are included on the face of the condensed consolidated balance sheet. Finance lease ROU assets are presented within other assets, and finance lease liabilities are presented within accrued liabilities.

ROU assets represent the right of use to an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also excludes lease incentives. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component. For lease agreements with terms less than 12 months, the Company has elected the short-term lease measurement and recognition exemption, and it recognizes such lease payments on a straight-line basis over the lease term.

## **Our Business Activities**

We build dynamic scalable businesses by selling specialty foods that are difficult to find through traditional channels. Our expertise is forging close relationships with the producers, growers, makers and distributors of specialty products, then carefully selecting our suppliers based on their quality, uniqueness and reliability.

The IVFH team is adept at evaluating and certifying the food safety and supply chain capabilities of small batch producers who don’t typically sell through broad-based sales channels. We seek out the freshest, most unique, origin-specific gourmet cheese, meat, produce, and premium ingredients available, and distribute them directly from our robust network of vendors and warehouses within 24 – 72 hours of an order being placed. We also source, package, and brand a meaningful segment of these products ourselves, enabling us to better control the assortment, offer more flexibility and variety to our customers, and capture additional margin.

We leverage this unique, premium assortment to serve the needs of Professional Chefs in settings such as restaurants, hotels, country clubs, national chain accounts, casinos, hospitals and catering houses. We provide these premium customers with products that can't typically be found through their broadline distributor's warehouse assortment. We distribute these products directly to Professional Chefs in Chicago through our subsidiary, Artisan Specialty Foods, Inc., and nationally through our e-commerce businesses on Amazon.com and our own website. We also drop ship specialty foods to Professional Chefs nationally through the websites of broadline distributors, such as US Foods, Inc. Lastly, we sell these food to large retailers for resale on their shelves to the end customer. Between this variety of sales channels, we are able to serve our Professional Chef customers wherever they are located.

We operate our new retail business, as well as our airline catering distribution business, out of our 200,000 square foot facility in Mountain Top, Pennsylvania. We also operate warehouse activities in our owned 28,000 square foot facility in the greater Chicago area. Once our acquisition of Golden Organics closes, we will have another warehouse, operating out of Denver, CO, measuring approximately 20,000 square feet. We have the capabilities to pack and ship frozen, refrigerated, and ambient products, enabling us to sell a broad range of specialty foods. We also have GFSI/SQF certifications, allowing compatibility with the highest standards of food handling supply chains in the world, and the quality and food safety that our premium customers expect from us. These warehouses have the ability to ship packages and pallets of all sizes through overnight shipping. We also leverage our own fleet of trucks to deliver directly to our Professional Chef customers within our reach.

Our proprietary technology platform underpins our entire business, driving transparency and efficiency up and down the supply chain. Orders flow in real time, whether to our warehouses or to our vendor partners, to allow for fast handling and fulfillment. Our picking is enabled by efficient scan-based, handheld devices, ensuring order and inventory accuracy. Our warehouse management software optimizes pick routes for common items and order types, recommends a box size, and calculates the appropriate amount of packaging and ice required based on forecasted temperatures along the delivery route.

We have built a team consisting of passionate, committed, and food-obsessed people: our average tenure (outside of seasonal workers) across the Company is over five years. Our merchandising team has deep connections within the specialty food space around the globe. Our customer service and sales teams, as ex-chefs themselves, go beyond customer service to offer our Professional Chefs customer support, menu ideas, and preparation guidance.

## RESULTS OF OPERATIONS

This discussion may contain forward-looking statements that involve risks and uncertainties. Our future results could differ materially from the forward-looking statements discussed in this report. This discussion should be read in conjunction with our consolidated financial statements, the notes thereto and other financial information included elsewhere in the report.

**Financial Highlights** For the fiscal quarter ended March 31, 2025, IVFH reported revenue of \$19.5 million, a 26% increase compared to \$15.5 million in 2024. Our organic revenue growth, which excludes the impact of divestitures and acquisitions, was an impressive 23% for the full quarter. Revenue growth was particularly strong in our national distribution, with total revenue increasing 133%. These results reflect our strategic efforts to enhance our market presence and expand our customer base.

### Q1 Revenue Breakdown:

- **Digital Channels:** Largely made up of our Distributor Relationships and supported by our Drop Ship model. This category contributed \$8.3 million, which is 42.5% of our total revenue. This represents a decrease of 7% from \$8.9 million in 2024, primarily due to continued headwinds in our legacy drop ship business.
- **National Distribution:** Captures our growing partnerships with airline caterers and our new national retail customer. This category generated \$6.6 million, or 33.6% of total revenue, marking a 133% increase from \$2.8 million in 2024. These sales are generally delivered to the customer through 3PL carriers or FedEx.
- **Local Distribution:** Consists mainly of local sales team relationships and our local fleet delivering direct from warehouse. This category brought in \$4.4 million, or 22.7% of total revenue, an increase of 88% from \$2.3 million in 2024, supported by \$2.0 million from the recent acquisitions of LoCo Foods and Golden Organics.
- **Direct-to-Consumer:** Divested; however, will continue to impact revenue throughout much of 2025 due to the historical revenues generated by igourmet.com through Q3 2024. In Q1 2025, Direct-to-Consumer revenue declined by 100%, compared to \$1.2 million in Q1 2024.
- **Other Services:** Consists of numerous activities, mainly monetizing the excess space in Pennsylvania. This category contributed \$253k, or 1.3% of total revenue, an increase of 22% from \$208k in 2024.

Cost of goods sold for the quarter increased 28.6% to \$15.1 million compared to \$11.7 million last year. Gross margin dropped by 157 basis points to 22.9%, mainly due to changes in our sales mix as we expanded our cheese business. Cheese products sold to retailers carry lower margins than our other offerings and accounted for 19% of Q1 2025 sales, versus 0% in Q1 2024. Excluding cheese, gross margins improved 282 bps. However, the cheese business is expected to improve with better volume costing and cutting efficiency. The margin decline was partially offset by lower shipping costs, which boosted 280 bps, representing 9.6% of revenue in Q1 2025 compared to 12.4% last year.

## Operating Expenses

### Cash Operating Expenses (Cash OpEx):

- Payroll and related costs increased by \$377 thousand to \$2.9 million. This increase was mainly due to higher headcount to support national distribution business, amounting to \$320 thousand, and employees added through acquisitions completed in Q4 2024, which amounted to \$307 thousand. These increases were partially offset by reduced benefits expense of \$100 thousand, reduced payroll taxes of \$70 thousand, and bonus accrual reduced by \$91 thousand compared to the prior year period.
- Computer and IT Costs: Reduced by \$37 thousand to \$101 thousand, reflecting the Company's efforts to streamline IT operations and reduce software and hardware expenses.
- Office expenses increased by \$259 thousand. The increase is attributed to new office locations costing \$139 thousand and larger truck fleet costs of \$65k as a result of the acquisition of Golden Organics and LoCo Foods. As part of this acquisition, LoCo Foods relocated from Fort Collins to Denver, consolidating offices. By consolidating offices, Q1 results reflect \$50 thousand in rent and utilities related to the closed facility that will not continue in subsequent quarters. Additionally, additional building-related costs at our cheese distribution facility amount to \$56 thousand. These costs are anticipated to continue in subsequent quarters.
- Advertising and Digital Marketing Costs: Significant reduction of \$166 thousand to \$5 thousand, resulting from the restructuring of marketing programs and a strategic shift away from direct-to-consumer advertising.
- Professional and legal fees increased by \$472 thousand to \$762 thousand, with approximately \$288 thousand attributable to various legal and transactional activities related to acquisitions, contractual dispute settlement, and other corporate actions which are not expected to recur.

Total Cash OpEx increased: The total Cash OpEx increased by \$835 thousand, reflecting growth in our national distribution channels and M&A activity in Q4 2024.

### Non-Cash Operating Expenses (Non-Cash OpEx):

- Share-Based Compensation: Decreased by \$60 thousand to \$161 thousand, due to revaluation of stock options and other equity-based incentives to attract and retain key personnel.
- Depreciation and amortization expense decreased by \$2 thousand to \$108 thousand, reflecting a similar net book value of property, plant, and equipment compared to the prior year period.
- Bad Debt Expense: Increased by \$4 thousand to \$27 thousand, as a result of customer shut downs in our local distribution sector.
- Impairment of Intangible Assets: No impairment costs in 2025 or 2024.

### Non-Recurring Expenses:

- Gain on Sale of Assets: No transactions in Q1 2025 and \$1.8 million in 2024, from the sale of the headquarters building
- Gain on Sale of Subsidiaries: No transactions in Q1 2025 and \$21 thousand from the sale of Haley Group, Inc. in 2024

## Net (Loss) Income

During the first quarter of 2025, the company reported a net loss from continuing operations of \$430 thousand, compared to a net income of \$1.4 million in 2024, representing a decline of \$1.9 million.

## Liquidity and Capital Resources at March 31, 2025

As of March 31, 2025, IVFH had current assets of \$21.7 million, including cash and cash equivalents of \$1.1 million, and current liabilities of \$7.7 million. The company had net working capital of \$14.0 million.

### Cash Flow Analysis:

- Operating Activities: Used \$1.0 million, primarily due to changes in working capital components. The significant changes in working capital included:
- Accounts receivable decreased by \$1.5 million, primarily reflecting the collection of receivables related to elevated cheese sales in Q4 2024. Cheese sales totalled approximately \$5.4 million in Q4 compared to \$3.8 million in Q1 2025, as the company completed the Q4 initial pipeline fill. The higher Q4 sales drove an increase in accounts receivable at year-end, and the subsequent collection of these balances contributed to the decrease in Q1 2025. There has been no material change in collection performance during the period.

- Inventory increased by \$617 thousand, primarily to support anticipated demand from new retail and airline customers and to replenish depleted inventory levels associated with the newly acquired LoCo Foods distribution business. This increase is consistent with the Company's overall sales growth, as revenues increased approximately 26% year-over-year, and higher inventory levels were expected to support this expanded sales volume.
- Accounts payable and accrued liabilities decreased by \$1.8 million, primarily due to paydowns of inventory purchases related to the elevated Q4 2024 cheese sales, which were settled in Q1 2025. In addition, the decrease reflects the payment of aged vendor payables associated with the acquired LocoFoods business.
- Investing activities: Net cash used in investing activities was \$163 thousand, primarily related to purchases of property and equipment. These investments included equipment for cheese cutting operations and warehouse improvements to support the consolidation of Loco Foods and Golden Organics, acquired in Q4 2024.
- Financing Activities: Used \$134 thousand, primarily from the principal payments on debt.

Future Capital Needs IVFH anticipates significant capital expenditure in the coming years to support its growth initiatives and operational improvements. Key areas of investment include:

- Expansion of Distribution Facilities: Upgrading and expanding warehouse and distribution facilities to accommodate increased demand and improve operational efficiency.
- Technology Investments: Enhancing the company's digital platforms and IT infrastructure to support e-commerce growth and improve customer experience.
- Product Development: Investing in new product lines and innovations to meet changing customer preferences and expand market share.

The Company plans to finance these capital needs through a combination of internal cash flows, debt financing, and potential equity offerings. IVFH is committed to maintaining a strong balance sheet and ensuring sufficient liquidity to support its strategic initiatives

#### **Transactions with Major Customers**

Transactions with a major customer and related economic dependence information is set forth below and following our discussion of Liquidity and Capital Resources.

The Company's largest customer, U.S. Foods, Inc. and its affiliates, accounted for approximately 34% and 50% of total sales in the three months ended March 31, 2025 and 2024, respectively; Sam's Club, a membership-based warehouse retailer and subsidiary of Walmart Inc. represented 19% and 0% of total sales, respectively; and Gate Gourmet, the leading global provider of airline catering solutions and provisioning services for airlines, represented 12% and 17% of total sales, respectively.

#### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

#### **Inflation**

In the opinion of management, inflation has had a material effect on the Company's financial condition and results of its operations. The Company has seen the impact of inflation across its costs for fuel, shipping, cost of goods, and marketing. Balancing the management of these increases with the willingness of our customers to pay higher prices will continue to be a key focus for the Company this year. However, no assurance can be given that we will be successful and inflationary pressure on our profits will likely continue through 2025.

#### **RISK FACTORS**

The Company's business and success is subject to numerous risk factors as detailed in its Annual Report on Form 10-K for the year ended December 31, 2024 and other of its Current Reports on Form 8-K, all of which reports are available at no cost at [www.sec.gov](http://www.sec.gov).

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item.

### **Item 4. Controls and Procedures**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit pursuant to the requirements of the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, among other things, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

#### **(a) Evaluation of disclosure controls and procedures**

Our Principal Executive Officer and Principal Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined as defined in Rule 13a-15(f) and 15d-(f) under the Exchange Act) as of the end of the period covered by this report, have determined that our disclosure controls and procedures were effective at March 31, 2025 at the reasonable assurance level. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013).

#### **(b) Changes in internal control over financial reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) and 15d-15 that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

On September 11, 2023, the Company entered into an agreement with High Impact Analytics, LLC (“High Impact”) whereby the latter would provide sales management and support services in exchange for a variable fee. The agreement contained a provision requiring 30 days’ written notice for “cancellation”, following which High Impact would be entitled to commissions for 120 days thereafter; the agreement also explicitly expired on September 11, 2024 (at which point, by its own terms, it was “no longer in force”), and was not renewed. High Impact demanded continuing variable fee payments on the grounds that the Company had not “cancelled” the agreement, and the Company responded that the agreement expressly terminated on September 11, 2024, such that no cancellation was required. On March 13, 2025, High Impact filed suit in Benton County, Arkansas, alleging that it is entitled to fees in the amount of \$500,000, or alternatively treble damages under Ark. Code Ann. § 4-70-301. On May 1, 2025, the Company reached a settlement agreement to resolve a dispute with High Impact. In connection with the settlement, the Company will pay \$210 thousand in Q2 2025. The related amount has been accrued for in the financial statements as of March 31, 2025.

The Company has become and may become involved in certain lawsuits and legal proceedings which arise in the ordinary course of business, or as the result of current or previous investments, or current or previous subsidiaries, or current or previous employees, or current or previous directors, or as a result of acquisitions and dispositions or other corporate activities. The Company intends to vigorously defend its positions. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our financial position or our business, and the outcome of these matters cannot be ultimately predicted.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

#### Trading Arrangements

During the quarterly period ended March 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated any “Rule 10b5-1 trading arrangement” or any “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

**Item 6. Exhibits**

- 3.1 [Articles of Incorporation \(incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004 filed with the Securities and Exchange Commission on September 28, 2005\).](#)
- 3.2 [Amended Bylaws of the Company \(incorporated by reference to Exhibit 3.2 of the Company's Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on March 16, 2011\).](#)
- 3.2.1 [Amended Bylaws of the Company \(incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on March 13, 2023\).](#)
- 10.1 [Asset Purchase Agreement between iGourmet and Advansiv Gourmet Group, Inc., dated August 6, 2024 \(incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on August 12, 2024\).](#)
- 10.2 [Amended and Restated Asset Purchase Agreement, dated August 30, 2024, between Innovative Gourmet LLC, iGourmet LLC and Advansiv Gourmet Group, Inc. \(incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on September 5, 2024\).](#)
- 10.3 [Transition Services Agreement, dated August 30, 2024, between Innovative Gourmet LLC, iGourmet LLC and Advansiv Gourmet Group, Inc. \(incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on September 5, 2024\).](#)
- 10.4<sup>^</sup> [Asset Purchase Agreement, dated October 14, 2024, by and among the Company, Golden Organics, Inc. and David Rickard \(incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on October 18, 2024\).](#)
- 10.5 [Form of Seller Financing Note \(incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on October 18, 2024\).](#)
- 31.1\* [Certification of the Principal Executive Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2\* [Certification of the Principal Financial Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1\*\* [Certification of the Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2\*\* [Certification of the Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS\* Inline XBRL Instance Document
- 101.SCH\* Inline XBRL Taxonomy Extension Schema
- 101.CAL\* Inline XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF\* Inline XBRL Taxonomy Extension Definition Linkbase
- 101.LAB\* Inline XBRL Taxonomy Extension Label Linkbase
- 101.PRE\* Inline XBRL Taxonomy Extension Presentation Linkbase
- 104\* Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith.

\*\* Furnished herewith.

+ Certain portions of this exhibit are omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because they are not material and are the type that the Company treats as private or confidential. The Company hereby agrees to furnish a copy of any omitted portion to the SEC upon request.

<sup>^</sup> Certain portions of the exhibit have been omitted pursuant to Item 601(a)(6) of Regulation S-K. The Company hereby agrees to furnish a copy of any omitted portion to the SEC upon request.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

<b>SIGNATURE</b>	<b>TITLE</b>	<b>DATE</b>
<u>/s/ Robert William Bennett</u> Robert William Bennett	Chief Executive Officer and Director (Principal Executive Officer)	May 15, 2025
<u>/s/ Gary Schubert</u> Gary Schubert	Chief Financial Officer (Principal Financial and Accounting Officer)	May 15, 2025

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert William Bennett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Innovative Food Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ Robert William Bennett

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Robert William Bennett,  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gary Schubert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Innovative Food Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ Gary Schubert

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Gary Schubert,  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002**

In connection with the Quarterly Report of Innovative Food Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert William Bennett, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert William Bennett

Robert William Bennett  
Chief Executive Officer  
(Principal Executive Officer)

May 15, 2025

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002**

In connection with the Quarterly Report of Innovative Food Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary Schubert, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Gary Schubert

Gary Schubert  
Chief Financial Officer  
(Principal Financial Officer)

May 15, 2025