

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2024

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 000-09376

innovative
food Holdings

INNOVATIVE FOOD HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or Other Jurisdiction of Incorporation or Organization)

20-1167761

(I.R.S. Employer Identification No.)

9696 Bonita Beach Rd., Ste. 208

Bonita Springs, Florida

(Address of Principal Executive Offices)

34135

(Zip Code)

(239) 596-0204

(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act: **NONE**

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, Par Value \$0.0001 Per Share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Accelerated filer

Smaller reporting company

Emerging Growth 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting stock held by non-affiliates was approximately \$23,176,767 as of June 28, 2024, based upon a closing price of \$1.22 per share for the registrant’s common stock on such date.

On March 17, 2025, a total of 53,986,793 shares of our common stock were outstanding.

INNOVATIVE FOOD HOLDINGS, INC.
INDEX TO ANNUAL REPORT ON FORM 10-K

	PART I	<u>PAGE</u>
Item 1.	Business	5
Item 1A.	Risk Factors	9
Item 1B.	Unresolved Staff Comments	20
Item 1C.	Cybersecurity	20
Item 2.	Properties	21
Item 3.	Legal Proceedings	21
Item 4.	Mine Safety Disclosures	21
PART II		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	22
Item 6.	Reserved	23
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	24
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	N/A
Item 8.	Financial Statements and Supplementary Data	30
	Reports of Independent Registered Public Accounting Firm (PCAOB ID Number 5036)	30
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	63
Item 9A.	Controls and Procedures	63
Item 9B.	Other Information	64
Item 9C.	Disclosures Regarding Foreign Jurisdictions That Prevent Inspections	64
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	
Item 11.	Executive Compensation	
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	
Item 13.	Certain Relationships and Related Transactions, and Director Independence	
Item 14.	Principal Accountant Fees and Services	
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	66
Item 16.	Form 10-K Summary	
	Signatures	70

**FORWARD-LOOKING INFORMATION
MAY PROVE INACCURATE**

This Annual Report on Form 10-K contains, or may contain, certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve significant risks and uncertainties. Such statements may include, without limitation, statements with respect to the Company’s plans, objectives, projections, expectations and intentions and other statements identified by words such as “may,” “will,” “could,” “would,” “should,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “potential” or similar expressions. These statements are based upon the current beliefs and expectations of the Company’s management and do not constitute guarantees of future performance. Actual results could differ materially from those contained in the forward-looking statements and are subject to significant risks and uncertainties, including those discussed under “Risk Factors,” as well as those discussed elsewhere in this Form 10-K. Actual results may differ significantly from those set forth in the forward-looking statements. These forward-looking statements involve risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company’s control).

You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-K or, in the case of documents referred to or incorporated by reference, the date of those documents.

All subsequent written or oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events, except as may be required under applicable U.S. securities law. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Unless the context requires otherwise, references in this Annual Report on Form 10-K to “we,” “us,” “our,” “our company,” the “Company,” “IVFH,” or similar terminology refer to Innovative Food Holdings, Inc., a Florida corporation.

PART I

ITEM 1. Business

Our History

We were incorporated on June 14, 1979 under the laws of the State of Colorado originally under the name Alpha Solarco Inc. From June 1979 through February 2003, we were either inactive or involved in discontinued business ventures. On February 18, 2003, we changed our name to Fiber Application Systems Technology, Ltd. On February 17, 2004, we changed our state of incorporation by merging into Innovative Food Holdings, Inc., a Florida shell corporation formed for that purpose.

Our Operations

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.

Our team is adept at evaluating and certifying the food safety and supply chain capabilities of small batch producers who do not 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 cannot 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. ("Artisan"), 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 ("USF"). Between this variety of sales channels, we are able to serve our Professional Chef customers wherever they are located.

We service our customers from three warehouses: a 200K square foot facility in Mountain Top, Pennsylvania (an important industry distribution hub for the Northeast), a 28K square foot facility in the greater Chicago area, and a 22K square foot facility in the greater Denver area. 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 Chef Advisors, as ex-chefs themselves, go beyond customer service to offer our Professional Chefs customer support, menu ideas, and preparation guidance.

Our Products

As of the date of this report, we distribute over 6,000 perishable and specialty food products, including origin-specific seafood, domestic and imported meats, exotic game and poultry, artisanal cheeses, freshly prepared meals, caviar, wild and cultivated mushrooms, micro-greens, organic farmed and manufactured food products, estate-bottled olive oils and aged vinegars, and expertly curated food gift baskets and subscription-based offerings. Products are sold under both the vendor's brands and various Company-owned brands.

Our selection includes high-quality items like Alaskan wild king salmon, Gulf of Mexico day-boat snapper, prime rib of American kurobuta pork, dry-aged buffalo tenderloin, white asparagus, free-range and organic chicken, truffle oils, fennel pollen, fresh morels, Trumpet Royale mushrooms, and artisanal cheeses such as Truffle Gouda and Halloumi. These offerings ensure that our nationwide customers have access to the best food products from around the world, delivered quickly and cost-effectively.

Customer Service and Logistics

Our chef-inspired customer service department is available by telephone, email, and on social media platforms. This department is made up of a team of chefs and culinary experts who are experienced in all aspects of perishable and specialty products. By employing chefs and culinary experts to handle customer service, we can provide our customers with extensive information about our products, including flavor profile and ingredient qualities, recipe and usage ideas, origin, seasonality, and availability, as well as cross-utilization ideas and complementary uses of products.

Our logistics team manages the shipping and delivery process of every package to ensure timely delivery of products to our customers. The logistics team receives shipping information on all products ordered, and packages are monitored from origin to delivery. If delivery service is interrupted, our logistics department begins the process of expediting the package to its destination or potentially reshipping the package with a goal of 100% customer satisfaction. Our logistics team works directly with our suppliers on an ongoing basis, to ensure that the appropriate packaging and shipping specifications are in place at all times.

Acquisitions and Share Issuance

On August 30, 2024, Innovative Gourmet LLC ("Innovative Gourmet"), which is a wholly-owned subsidiary of the Company, and igourmet, LLC, a Florida limited liability company ("igourmet"), entered into an amended and restated asset purchase agreement (the "Amended and Restates APA"). Pursuant to the Amended and Restates APA, Innovative Gourmet sold to igourmet substantially all of its assets related to marketing and selling certain artisan foods and related drop-ship fulfillment services including the website www.igourmet.com (the "Purchased Assets"), for total consideration of \$700,000. This transaction was closed on October 23, 2024. In connection with the closing of the transaction, Innovative Gourmet and igourmet entered into a Transition Services Agreement, dated August 30, 2024, pursuant to which Innovative Gourmet provided certain inventory and fulfillment services related to the Purchased Assets for a period of thirty days after closing pursuant to that certain Transition Services Agreement, dated August 30, 2024, with igourmet.

On October 14, 2024, the Company entered into an asset purchase agreement (the “Golden APA”) with Golden Organics, Inc., a Colorado corporation (the “Golden Organics”), and David Rickard. Pursuant to the Golden APA, the Company (i) purchased substantially all of the properties, business, and assets of Golden Organics used and/or useful in the operation of the Golden Organics’ business of wholesaling bulk organic ingredients and other related food products and (ii) assume certain liabilities and obligations of Golden Organics (such transaction, the “Golden Transaction”) for an aggregate purchase price of \$1,580,000, which consists of (a) a cash payment of \$1,230,000 after taking into account certain working capital adjustments at the closing of the Golden Transaction and (b) a promissory note of \$350,000, payable to Golden Organics (the “Seller Financing Note”), with interest at six percent (6%) per annum for a term of sixty (60) months payable in equal monthly installments with the first payment due one month after the closing. The Seller Financing Note contains default, notice and acceleration provisions, including a default interest at twelve percent (12%), a five (5) day grace period, a five percent (5%) late fee, no prepayment penalty and a right of set-off. Under the Golden APA, David Rickard has agreed to provide assistance to the Company for a period of ninety (90) days following the closing with respect to the transitioning of the business and developing new business opportunities without any compensation. The Golden Transaction closed on November 18, 2024.

On October 31, 2024, M Innovations LLC, a Delaware corporation and a wholly owned subsidiary of the Company (“M Innovation”) entered into an asset purchase agreement (the “M Innovation APA”) with M Specialty Foods Inc., a New York corporation (“M Speciality”). Pursuant to the M innovation APA, M Speciality purchased right, title, and interest in and to the assets of M Innovation in exchange of assuming the gift card liability of \$174,637.

On November 30, 2024 and December 4, 2024, the Company entered into a series of securities purchase agreements with certain investors, pursuant to which, among other things, the Company issued the investors an aggregate of 2,031,250 shares of common stock of the Company at a purchase price of \$1.60 per share, for an aggregate purchase price of \$3,250,000.

On December 20, 2024, the Company through its subsidiary, Golden Organics, acquired substantially all of LoCo’s (defined below) properties, business, and assets used and/or useful in the operation of LoCo’s business of sourcing and wholesaling food products, and agreed to assume certain liabilities of LoCo for an aggregate purchase price of \$304,269, which is payable to LoCo’s lenders for all outstanding and unpaid indebtedness of LoCo, pursuant to that certain asset purchase agreement, dated December 20, 2024 (the “LoCo APA”), with LoCo Food Distribution LLC, a Colorado limited liability company and a wholesaler of food related products (“LoCo”), and Elizabeth G. Mozer and Benjamin Mozer. In addition, as an adjustment to the purchase price, if earned, Golden Organics will pay \$53,430 as earnout if, in the twelve-month period, LoCo achieves certain revenue and adjusted EBITDA targets. In connection with the LoCo APA, Ms. Mozer entered into a consulting services agreement with Golden Organics to provide consulting services for a period of twelve (12) months with the option to extend on a month-to-month basis with respect to the transitioning of the relationships and knowledge concerning the LoCo’s business, which agreement also contains a two-year non-solicitation provision.

Growth Strategy

Our long-term strategy is still taking shape, but there are three clear elements at this point in our evolution to a profitable, growing specialty food service business.

First, at our heart, we have focused on growing a direct-to-chef specialty foodservice platform. It is a straightforward business, generates strong cash flow, and has great growth potential. In contrast, direct-to-consumer e-commerce is not a business we will focus on. We are in the process of ramping it down, and any remaining business will focus only on items we already carry in our foodservice channels, and which we can sell profitably, with no capital.

Second, our core drop ship business (where we do not touch the inventory) needs to diversify with more partners and into additional sales channels. We have a strong relationship with US Foods, but the Company will benefit from having additional large partners. We have started this journey with the \$10 million business we have built with Gate Gourmet. Other areas of focus include onboarding additional broadline distributors, additional airline caterers, Club channel partners, Amazon.com, etc. Sales channel diversification will continue to be a focus for us.

Third, our specialty food distribution business (where we own the inventory, warehouses, and trucks) has opportunity for growth. Today, this business is called Artisan Specialty Foods, and only serves Chicago. It has doubled in size since we purchased it a decade ago, and done so with very little incremental investment. Growth opportunities in specialty distribution exist both in Chicago through category and customer expansion, as well as through mergers and acquisitions in new markets.

The Company’s revenue is dependent on a limited number of key customers, which presents a concentration risk. While we continue to expand our customer base, any material reduction in business from these customers could adversely impact our financial performance. To mitigate this risk, we are actively diversifying our customer portfolio, exploring new markets, and strengthening relationships with both existing and potential clients to enhance revenue stability.

Competition

While we face intense competition in the marketing of our products and services, it is our belief that there are few companies offering a platform similar to ours, offering a broad range of unique, high quality, chef driven specialty products, for nationwide delivery as soon as the next day. Our primary competition is from local purveyors that supply a limited local market and have a limited range of products. In addition, many purveyors are well established, have reputations for success in the development and marketing of these types of products and services and have significantly greater financial, marketing, distribution, personnel and other resources. These financial and other capabilities permit such companies to implement extensive advertising and promotional campaigns, both generally and in response to efforts by additional competitors such as us, to enter into new markets and introduce new products and services.

Insurance

We maintain a Business Owners Policy with a general liability per occurrence limit of \$1,000,000 and aggregate policy covering \$2,000,000 of liability for all entities, as well as building coverage with a limit up to \$4,100,000 for its building in IL. The Company carries an Auto Policy with non-owned automobile bodily injury and property damage coverage with a limit of \$1,000,000 for all entities. The Company also carries an Umbrella policy of up to \$14,000,000 which covers all entities, along with two excess umbrella policies that sit over the BOP and Umbrella policies. The excess umbrella policies have limits of \$5,000,000 and \$6,000,000. The Company carries a Cyber policy of up to \$2,000,000 which insures the Company and its subsidiaries. The Company carries a Commercial Property Policy for its building in PA, with a limit of up to \$18,074,530. Such insurance may not be sufficient to cover all potential claims against us and additional insurance may not be available in the future at a reasonable price.

Government Regulation

Various federal and state laws regulate the delivery of fresh food products, requiring specialty foodservice third-party vendors to maintain at least \$3,000,000 liability insurance coverage and compliance with Hazard Analysis and Critical Control Point (HACCP) standards. Key regulations include Pennsylvania's Solid Waste Management Act, Clean Streams Law, Air Pollution Control Act, FDA's Food Safety Modernization Act, Pennsylvania Food Code, FDA's Fair Packaging and Labeling Act, Nutrition Labeling and Education Act, PA Food Safety Act, and Pennsylvania's Weights and Measures Act. Compliance with these regulations is crucial to avoid penalties, ensure food safety, accurate labeling, and maintain profitability, as any changes that hinder our ability or increase costs could adversely impact our net revenues, gross margins, and cash flows.

Intellectual Property

The Company acquired certain Trade Names in connection with the acquisitions of Golden Organics and LoCo. As of December 31, 2024, we are not aware of any valid claim or challenges to our right to use the registered trademarks or any counterfeit or other infringement to the registered trademarks.

Employees

We believe engaged and empowered colleagues are key to business success. Attracting, developing, and retaining top local talent that embodies an ownership mentality drives the company's long-term value. Our diverse colleagues and inclusive culture create an environment where colleagues can develop their skills and contribute to our success. We currently employ 132 employees, 92 full-time employees, including 8 chefs and 3 executive officers and 40 part-time employees. We believe that our relations with our employees are satisfactory. None of our employees are represented by a union.

Corporate Information

Our executive offices are located at 9696 Bonita Beach Rd., Ste. 208, Bonita Springs, Florida 34135; our corporate website is www.ivfh.com; and our telephone number is (239) 596-0204. The contents of our website are not incorporated in or deemed to be a part of this Annual Report on Form 10-K.

ITEM 1A. Risk Factors**Risks Relating to Our Business and Industry****We have a history of losses requiring us to seek additional sources of capital.**

As of December 31, 2024, we had an accumulated deficit of \$36,209,764. We cannot assure you that we can achieve profitability on a quarterly or annual basis in the future. If revenues grow more slowly than we anticipate, or if operating expenses exceed our expectations or cannot be adjusted accordingly, or other extraordinary events occur, we will incur losses. Our potential success is contingent upon the effective development and commercialization of our services and products, as well as the continued expansion of our product portfolio and customer base, for which we can provide no assurance. Any future success we may achieve will be influenced by numerous factors, including those beyond our control or presently unforeseeable. These factors may include changes in or increased levels of competition, including the entry of additional competitors and increased success by existing competitors, changes in general economic conditions, increases in operating costs, including costs of supplies, personnel, marketing and promotions, reduced margins caused by competitive pressures, taxes, and other economic and non-economic factors. These conditions may have a materially adverse effect upon us or may force us to curtail operations. In addition, we could require additional funds to sustain and expand our sales and marketing activities, particularly if a well-financed competitor emerges. We can give no assurance that financing will be available in amounts or on terms acceptable to us, if at all. Our inability in such instance to obtain sufficient funds from our operations or external sources could require us to curtail operations.

We rely on a few key customers for most of our revenue and if we were to lose one or more of those clients and be unable to generate new sales to offset such loss, we may be forced to cease or curtail our operations.

In 2003, Next Day Gourmet initially contracted with our subsidiary, Food Innovations, Inc. (“Food Innovations”), to handle the distribution of over 3,000 perishable and specialty food products to customers of USF. Effective January 1, 2018, we executed a contract amendment between Food Innovations, our wholly owned subsidiary, and USF which provides for no limit on automatic annual renewals thereafter if no party gives the other 30 days’ notice of its intent not to renew. Our sales through USF generated gross revenues for us of \$31,185,864 in the year ended December 31, 2024, and \$34,070,052 in the year ended December 31, 2023. Those amounts contributed 43% and 48% of our total sales for each of 2024 and 2023, respectively. Other significant customers include Gate Gourmet and Sam’s Club. During the years ended December 31, 2024 and 2023, sales to Gate Gourmet amounted to \$11,574,069, or 16% of total sales, and \$10,742,556, or 15% of total sales, respectively. During the years ended December 31, 2024 and 2023, sales to Sam’s Club amounted to \$5,520,214, or 8% of total sales, and \$0, respectively. Our sales efforts within specialty foodservice are for the most part substantially dependent upon the efforts of the USF sales force. Although we have generated revenues from customers other than USF, if our relationship with USF were to be materially changed and we may not be able to secure alternative revenue streams to mitigate the impact of such a loss, which may result in us significantly curtailing our operations.

A variety of factors, including seasonality and the economic environment, may cause our operating results to fluctuate, leading to volatility in our stock price.

Our operational results have fluctuated in the past and may fluctuate in the future, depending upon a variety of factors, including changes in economic conditions, and shifts in the timing of holiday related purchases. Although our annual sales have historically had a significant seasonal aspect, this has become less pronounced following the divestment of the assets of igourmet.com and M Innovations LLC (“Mouth”). However, we have expanded our distribution of specialty cheeses, which are more seasonally relevant during the fourth quarter. Due to the seasonal nature of this business, we would be significantly and disproportionately affected by unforeseen events such as terrorist attacks or economic shocks (including those caused by worldwide pandemics or other factors) that negatively impact the retail environment or consumer buying patterns during our key selling season. Additionally, events such as pandemics, strikes, or weather-related delays that interfere with the shipment of goods during the critical holiday season would adversely affect us.

Computer system disruption and cyber security attacks or a data breach could damage our relationships with our customers, harm our reputation, expose us to litigation and adversely affect our business.

Our systems are subject to damage or interruption from computer viruses, malicious attacks and other security breaches. The possibility of a cyberattack on any one or all of these systems is a serious threat.

As part of our business model, we collect, retain, and transmit confidential information over public networks. In addition to our own databases, we use third party service providers to store, process and transmit this information on our behalf. Although we contractually require these service providers to implement and use reasonable security measures, we cannot control third parties and cannot guarantee that a security breach will not occur in the future either at their location or within their systems. We have confidential security measures in place to protect both our physical facilities and digital systems from attacks. Despite these efforts, we may be vulnerable to targeted or random security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events.

Given the growing nature of our e-commerce presence and digital strategy, it is imperative that we and our partners maintain uninterrupted and secure operation of our: (i) computer hardware, (ii) software systems, (iii) customer marketing databases and other customer information, and (iv) ability to email our current and potential customers.

If our systems are damaged or fail to function properly or reliably, we may incur substantial repair or replacement costs, experience data loss or theft and impediments to our ability to conduct our operations. Any material disruptions in our e-commerce presence or information technology systems could have a material adverse effect on our business, financial condition and results of operations.

If we fail to continuously improve our website, it may not attract or retain customers.

If potential or existing customers do not find our websites, a convenient place to shop, we may not attract or retain customers and our sales may suffer. To encourage the use of our website, we must continuously improve its accessibility, mobile capabilities, content and ease of use. In addition, customer traffic and our business would be adversely affected if competitors' websites are perceived as easier to use or better able to satisfy customer needs. Furthermore, e-commerce conversion rates could be adversely affected by a variety of website related factors.

Our marketing efforts to help grow our business may not be effective.

Maintaining and promoting awareness of our websites is important to our ability to attract and retain visitors. Generating a meaningful return on our investments in marketing initiatives may be difficult. The marketing efforts we implement may not succeed for a variety of reasons, including our inability to execute and implement our plans. External factors beyond our control may also impact the success of our marketing initiatives. Search engines frequently change the algorithms that determine the ranking and display of results of a user's search and may make other changes to the way results are displayed, which can negatively affect the placement of links to our websites and, therefore, reduce the number of visits to our websites.

The growing use of online ad-blocking software, including on mobile devices, may also impact the success of our marketing efforts because we may reach a smaller audience and fail to bring more visitors to our websites. In addition, ongoing privacy regulatory changes may impact the scope and effectiveness of marketing and advertising services generally, including those used related to our websites. We also seek to obtain website visitors through email. If we are unable to successfully deliver emails to potential customers or customers do not open our emails, whether by choice or because those emails are marked as low priority or spam, or for other reasons, our business could be adversely affected. Social networking websites, such as Facebook and others are another source of visits to our websites. As ecommerce and social networking evolve, we must continue to evolve our marketing tactics accordingly and, if we are unable to do so, our business could be adversely affected.

If we do not accurately predict customer demand for our products, we may lose customers or experience increased costs.

As we expand the volume of products offered to our customers, we may be required or may elect, for business purposes, to increase inventory levels and the number of products maintained in our warehouses. If we overestimate customer demand for our products, excess inventory and outdated merchandise could accumulate, tying up working capital and potentially resulting in reduced warehouse capacity and inventory losses due to damage, theft and obsolescence. If we underestimate customer demand, it may disappoint customers who may turn to our competitors.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.

We are subject to income taxes in the United States, and our domestic tax liabilities are subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof; or
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

Changes in domestic and international trade policies could materially and adversely affect our business, financial condition, and results of operations. Any import tariffs may increase the cost of key food products and ingredients that we rely on, leading to higher production costs and potential supply chain disruptions. If we are unable to pass these increased costs on to customers through pricing adjustments, our profit margins could be adversely affected. The evolving trade environment may also create uncertainty in supplier relationships, cause delays in sourcing raw materials, and result in fluctuating commodity prices, further impacting our operations.

In addition, we may be subject to audits of our income, sales and other transaction taxes by federal, state and local authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

If we fail to attract and retain key personnel, our business and operating results may be harmed.

Our future success depends to a significant degree on the skills, experience and efforts of key personnel in our senior management, whose vision for our company, knowledge of our business and expertise would be difficult to replace. If any one of our key employees leaves, is unable to work, or fails to perform and we are unable to find a qualified replacement, we may be unable to execute our business strategy.

We may be unable to manage our growth which could result in our being unable to maintain our operations.

Our strategy for growth is focused on continued enhancements and expansion to our existing business model, offering a broader range of services and products, affiliating with additional vendors and through possible joint ventures. Pursuing this strategy presents a variety of challenges. We may not experience an increase in our services to our existing customers, and we may not be able to achieve the economies of scale, or provide the business, administrative and financial services, required to sustain profitability from servicing our existing and future customer base. Should we be successful in our expansion efforts, the expansion of our business would place further demands on our management, operational capacity and financial resources. To a significant extent, our future success will be dependent upon our ability to maintain adequate financial controls and reporting systems to manage a larger operation and to obtain additional capital upon favorable terms. We can give no assurance that we will be able to successfully implement our planned expansion, finance its growth, or manage the resulting larger operations, if any. In addition, we can give no assurance that our current systems, procedures or controls will be adequate to support any expansion of our operations. Our failure to manage our growth effectively could have a material adverse effect on our business, financial condition and results of operations.

The specialty food and foodservice industry is very competitive, which may result in decreased revenue for us as well as increased expenses associated with marketing our services and products.

The specialty food and foodservice businesses are highly competitive. We compete against other providers of quality foods, some of which sell their services globally, and some of these providers have considerably greater resources than we have. These competitors may have greater marketing and sales capacity, established distribution networks, significant goodwill and global name recognition. Our e-commerce and product catalog websites and paper mailings compete with other e-commerce websites and other catalogs, and other specialty foodservice providers that market products similar to ours. We compete with national, regional and local businesses utilizing a similar strategy, as well as traditional specialty food and foodservice distributors. The substantial sales growth in the direct-to-customer industry within the last decade has encouraged the entry of many new competitors, new business models, and an increase in competition from established companies. Furthermore, it may become necessary for us to reduce our prices in response to competition. This could negatively impact our ability to be profitable.

We rely upon outside vendors and shippers for our specialty food products and interruption in the supply of our products or their failure to adhere to our quality standards may negatively impact our revenues.

Shortages in supplies of the food products we sell may impair our ability to provide our services. Our vendors are independent and we cannot guarantee their ability to source the products that we sell. Many of our products are wild-caught, and we cannot guarantee their availability in the future. Unforeseen strikes and labor disputes as well as adverse weather conditions may result in our inability to deliver our products in a timely manner. Also, if our suppliers fail to supply quality product in a timely and effective manner it could lead to an increase in recalls and customer litigation against us which could harm our brands' images and negatively affect our business and operating results. The success of our business depends, in part, on our ability to timely and effectively deliver merchandise (e.g. fresh products) to our customers. We cannot control all of the various factors that might affect our fulfilment rates in direct-to-customer sales. We are heavily dependent upon one national carrier for the delivery of our fresh products to our customers. Accordingly, we are subject to risks, including labor disputes, union organizing activity, inclement weather, technology breakdowns, natural disasters, the closure of their offices or a reduction in operational hours due to an economic slowdown or health related crisis, possible acts of terrorism, their ability to provide delivery services to meet our shipping needs, disruptions or increased fuel costs, and costs associated with any regulations to address climate change. Since our customers rely on us to deliver their orders daily or within 24-72 hours, delivery delays could significantly harm our business.

In order to be successful, we must be able to enhance our existing products and develop and introduce new products and services to respond to changing market demand.

The markets in which we operate are characterized by frequently changing customer demand and the introduction of new "flavors of the month" as certain foods become more and less popular. Changes in customer preferences and buying trends may also affect our products differently. We must be able to stay current with preferences and trends in specialty food and address the customer tastes for each of our target customer demographics. We must also be able to identify and adjust products to cater to customer demands and dietary needs. For example, a change in customer preferences for gluten free items may not correlate to a similar change in buying trends for other specialty food. In order to be successful, we must be able to enhance our existing products and anticipate and develop and introduce new products and services to respond to changing market demand for new tastes. The development and enhancement of services and products entails significant risks, including:

- o the inability to effectively adapt new food types to our business;
- o the failure to conform our services and products to evolving industry standards;
- o the inability to develop, introduce and market enhancements to our existing services and products or new services and products on a timely basis; and
- o the non-acceptance by the market of such new service and products.

If we misjudge either the market for our products or our customers' purchasing habits, our sales may decline significantly which would negatively impact our business and operating results.

Any acquisitions we make or have made could result in difficulties in successfully managing our business and consequently harm our financial condition.

We seek to expand by acquiring complementary businesses or assets in our current or ancillary markets. We cannot accurately predict the timing, size and success of our acquisition efforts and the associated capital commitments that might be required. We expect to face competition for acquisition candidates, which may limit the number of acquisition opportunities available to us and may lead to higher acquisition prices. There can be no assurance that we will be able to identify, acquire or profitably manage additional businesses or successfully integrate acquired businesses, if any, without substantial costs, delays or other operational or financial difficulties. In addition, acquisitions involve a number of other risks, including:

- failure of the acquired businesses or assets acquired to achieve expected results;
- failure to integrate acquired business or assets into current operations
- diversion of management's attention and resources to acquisitions;
- failure to retain key customers or personnel of the acquired businesses or assets;
- disappointing quality or functionality of acquired equipment and people; and
- risks associated with unanticipated events, liabilities or contingencies.

Client dissatisfaction or performance problems at a single acquired business could negatively affect our reputation. The inability to acquire businesses on reasonable terms or successfully integrate and manage acquired companies, or the occurrence of performance problems at acquired companies, both prior and after acquisition, could result, or has resulted, in dilution, potential violations of bank covenants, unfavorable accounting treatment or one-time charges, and difficulties in successfully managing our business, requiring us to expend additional effort and expense in obtaining waivers, settling matters and otherwise addressing any such issues.

If we are unable to effectively manage our IT dependent business our reputation and operating results may be harmed.

The success of our business depends, in part, on third parties and factors over which we have limited control. We are also vulnerable to certain additional risks and uncertainties associated with our e-commerce and product catalog websites, our internal IT systems and IT integration with our partners, including: changes in required technology interfaces; system issues and limitations, website downtime and other technical failures; internet connectivity issues; costs and technical issues as we upgrade our website software; computer viruses; changes in applicable federal and state regulations; security breaches; and consumer privacy concerns. In addition, we must keep up to date with competitive technology trends, including the use of new or improved technology, creative user interfaces and other e-commerce marketing tools such as paid search and mobile applications, among others, which may increase our costs and which may not succeed in increasing sales or attracting customers. Our failure to successfully respond to these risks and uncertainties might adversely affect our sales, as well as damage our reputation and brands.

We may be exposed to risks and costs associated with credit card fraud and identity theft that could cause us to incur unexpected expenses and loss of revenue.

An increasing portion of our customer orders are placed through our e-commerce websites and a significant portion of our orders are submitted via networked applications. In addition, a significant portion of sales made through our retail channel require the collection of certain customer data, such as credit card information. In order for our sales channels to function and develop successfully, we and other parties involved in processing customer transactions must be able to transmit confidential information, including credit card information, securely over public networks. Third parties may have the technology or knowledge to breach the security of customer transaction data. Although we take the security of our systems and the privacy of our customers' confidential information extremely seriously, we cannot guarantee that our security measures will effectively prevent others from obtaining unauthorized access to our information and our customers' information. Any person who circumvents our security measures could destroy or steal valuable information or disrupt our operations. Any security breach could cause consumers to lose confidence in the security of our websites and choose not to purchase from us. Any security breach could also expose us to risks of data loss, litigation and liability and could seriously disrupt our operations and harm our reputation, any of which could harm our business.

In addition, states and the federal government are increasingly enacting laws and regulations to protect consumers against identity theft. Compliance with these laws will likely increase the costs of doing business and, if we fail to implement appropriate safeguards or to detect and provide prompt notice of unauthorized access as required by some of these new laws, we could be subject to potential claims for damages and other remedies, which could harm our results of operations.

Pandemics and epidemics, natural disasters, terrorist activities, political unrest, and other outbreaks could disrupt our operations, which could materially and adversely affect our business, financial condition, and results of operations.

Global pandemics, epidemics in China or elsewhere in the world, or fear of spread of contagious diseases, such as Ebola virus disease (EVD), coronavirus disease 2019 (COVID-19), Middle East respiratory syndrome (MERS), severe acute respiratory syndrome (SARS), H1N1 flu, H7N9 flu, and avian flu, as well as hurricanes, earthquakes, tsunamis, or other natural disasters could disrupt our business operations, reduce or restrict our supply of products and services, incur significant costs to protect our employees and facilities, or result in regional or global economic distress, which may materially and adversely affect our business, financial condition, and results of operations. Actual or threatened war, terrorist activities, political unrest, civil strife, and other geopolitical uncertainty could have a similar adverse effect on our business, financial condition, and results of operations. Any one or more of these events may impede our production and delivery efforts and adversely affect our sales results, or even for a prolonged period of time, which could materially and adversely affect our business, financial condition, and results of operations.

We are also vulnerable to natural disasters and other calamities. We cannot assure you that we are adequately protected from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks, or similar events. Any of the foregoing events may give rise to interruptions, damage to our property, delays in production, breakdowns, system failures, technology platform failures, or internet failures, which could cause the loss or corruption of data or malfunctions of our facilities, as well as adversely affect our business, financial condition, and results of operations.

Earthquakes, inclement weather or other events out of our control may damage or limit production from our facilities and our ability to timely deliver products thereby adversely affecting our results of operations.

We have significant operations in Colorado, Illinois, Pennsylvania, and in other areas where weather or other events such as an earthquake, tsunami, hurricane, flood, fire, high winds, extreme heat or cold, or other natural or manmade events, could disrupt our operations and impair production or distribution of our products, damage inventory, interrupt critical functions, or otherwise affect our business negatively, adversely affecting our results of operations.

Declines in general economic conditions and the resulting impact on consumer confidence and consumer spending could adversely impact our results of operations.

Our financial performance is subject to declines in general economic conditions and the impact of such economic conditions on levels of consumer confidence and consumer spending. Consumer confidence and consumer spending may deteriorate significantly and could remain depressed for an extended period of time, whether due to pandemic, inflation, bank failure, or other unrelated reasons. Consumer purchases of discretionary items, including specifically our merchandise, generally decline during periods when disposable income is limited, unemployment rates increase, and consumer perceptions of personal well-being and security declines or there is economic uncertainty. An uncertain economic environment could adversely impact our business and operating results.

We are and may be subject to regulatory compliance and legal uncertainties.

Changes in government regulation and supervision or proposed Department of Agriculture or other regulatory agency reforms or rule changes could impair our sources of revenue and limit our ability to expand our business. In the event any future laws or regulations are enacted which apply to us, we may have to expend funds and/or alter our operations to ensure compliance. New legislation or regulation, or the application of existing laws and regulations to the areas related to our business could add additional costs and risks to doing business. In addition, we are subject to regulations applicable to businesses generally and laws and regulations directly applicable to communications over the Internet and access to e-commerce. In addition, it is possible that a number of laws and regulations may be adopted with respect to the Internet and other areas of our business, covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust, taxation and characteristics and quality of products and services.

We may be subject to legal proceedings that could be time consuming, result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources.

We are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. Litigation is inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly arbitration or litigation, require significant amounts of management time and result in the diversion of significant operational resources. Even if we believe that we have meritorious defenses against these actions, and we resolve to vigorously defend against them, the cost of defending against all these types of claims against us or the ultimate resolution of such claims, whether by settlement or adverse court decision, may harm our business and operating results and may be in excess of any amounts previously reserved for legal expenses. In addition, the increasingly regulated business environment and the nature of our products may result in a greater number of enforcement actions and private litigation. This could subject us to increased exposure to stockholder lawsuits. Also, we (and our affiliates) may be subject to attempts to bring legal claims by creditors and other third parties related to the liabilities or potential liabilities, of our former subsidiaries, or of the liabilities related to any company whose assets we acquired or do business with.

We are a smaller reporting company, and we cannot be certain if the reduced reporting requirements applicable to smaller reporting companies will make our common stock less attractive to investors.

We are a smaller reporting company, as defined in the Securities Act of 1933, as amended (the “Securities Act”). For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding historical financial statements, executive compensation in our periodic reports, registration statements, and proxy statements and exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will remain a smaller reporting company until the beginning of a year in which we had a public float of \$250 million held by non-affiliates or revenues below \$100 million and a public float below \$700 million, in each case as determined as of the last business day of the second quarter of the Company’s fiscal year.

We may not be able to realize benefits of acquisitions or successfully integrate the businesses we acquire.

Our growth strategy includes growth through strategic acquisitions. If we are unable to integrate acquired businesses successfully or to realize anticipated economic, operational, and other benefits and synergies in a timely manner, our profitability could be adversely affected. Integration of an acquired business may be more difficult when we acquire a business in a market in which we have limited expertise or with a company culture different from ours. A significant expansion of our business and operations, in terms of geography or magnitude, could strain our administrative and operational resources. Additionally, we may be unable to retain qualified management and other key personnel employed by acquired companies and may fail to build a network of acquired companies in new markets. We could face significantly greater competition from broadline foodservice distributors in these markets than we face in our existing markets.

We regularly evaluate opportunities to acquire other companies. To the extent our future growth includes acquisitions, we may not be able to obtain any necessary financing for such acquisitions, consummate such potential acquisitions effectively, effectively and efficiently integrate any acquired entities, or successfully expand into new markets.

In connection with our acquisition of businesses in the future, if any, we may decide to consolidate the operations of any acquired business with our existing operations or make other changes with respect to the acquired business, which could result in special charges or expenses. Our results of operations also may be adversely affected by expenses we incur in making acquisitions, by amortization of acquisition-related intangible assets with definite lives and by additional depreciation attributable to acquired assets. Moreover, in connection with contemplated or completed acquisitions or divestitures, we may incur related asset impairment charges that reduce our profitability.

We rely on trademarks, trade secrets, and other forms of intellectual property protections, however, these protections may not be adequate.

We rely on a combination of trademark, trade secret and other intellectual property laws in the United States. We have applied in the United States and in certain countries for registration of a limited number of trademarks, some of which have been registered or issued. We cannot guarantee that our applications will be approved by the applicable governmental authorities, or that third parties will not seek to oppose or otherwise challenge our registrations or applications. We also rely on unregistered proprietary rights, including common law trademark protection. However, third parties may use trademarks identical or confusingly similar to ours, or independently develop trade secrets or know-how similar or equivalent to ours. If our proprietary information is divulged to third parties, including our competitors, or our intellectual property rights are otherwise misappropriated or infringed, our competitive position could be harmed.

Our products may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or potentially prevent us from selling our products.

We cannot be certain that our products do not and will not infringe intellectual property rights of others. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of intellectual property rights of third parties by us or our customers in connection with their use of our products. Any such claims, whether or not meritorious, could result in costly litigation and divert the efforts of our management and personnel. Moreover, should we be found liable for infringement, we may be required to enter into licensing agreements (if available on acceptable terms or at all) or to pay damages and to cease making or selling certain products. Any of the foregoing could cause us to incur significant costs and prevent us from manufacturing or selling our products.

Our business is subject to governmental regulation, which could impact our operations.

Our business is subject to extensive federal and state regulations governing the delivery of fresh food products. Various laws and regulatory frameworks, including but not limited to the FDA's Food Safety Modernization Act, Pennsylvania's Solid Waste Management Act, Clean Streams Law, Air Pollution Control Act, Pennsylvania Food Code, FDA's Fair Packaging and Labeling Act, Nutrition Labeling and Education Act, PA Food Safety Act, and Pennsylvania's Weights and Measures Act, impose stringent operational, food safety, packaging, and labeling requirements on our company and third-party vendors.

Additionally, specialty foodservice vendors are required to maintain a minimum of \$3,000,000 in liability insurance coverage and comply with Hazard Analysis and Critical Control Point (HACCP) standards. Compliance with these regulations is critical to our operations, as noncompliance could result in significant penalties, legal liabilities, operational disruptions, and reputational harm.

While we currently maintain compliance with applicable laws and regulations, we cannot guarantee that we will continue to be in compliance in the future, particularly as regulations evolve or become more stringent. Regulatory changes or increased enforcement efforts could impose additional costs, limit our ability to operate efficiently, or require modifications to our business practices. Any failure to comply with existing or future regulatory requirements could adversely affect our net revenues, gross margins, and cash flows. Any regulatory actions or changes that increase our compliance costs or restrict our ability to source, distribute, or label products effectively may materially impact our financial condition and results of operations.

Risks Relating to Our Indebtedness

The loss of availability of our bank loans could adversely impact our business and financial condition.

We currently have multiple loans with MapleMark Bank. All of these contain cross-default provisions which means that all outstanding borrowings can be accelerated and can become immediately due and payable in the event of a default in any of such loans, which includes, among other things, failure to comply with certain financial covenants or breach of representations contained in the loan documents, defaults under other loans or obligations or involvement in bankruptcy proceedings (as such terms are defined in the loan documents). We are also subject to negative covenants which, during the life of the loans, prohibit and/or limit us from, among other things, incurring certain types of other debt, acquiring other companies, making certain expenditures or investments, and changing the character of our business. Any material change to the business and economic landscape negatively impacting our business, including among other things, an outbreak of infectious disease, a pandemic or a similar public health threat, such as the COVID-19 outbreak, or bank failures, inflation, recession, or other significant economic turmoil, could adversely impact our ability to comply with such covenants. Our failure to comply with such covenants or any other breach of the loan documents could cause a default and we may then be required to repay all of such borrowings with capital from other sources. Under these circumstances, other sources of capital may not be available or may be available only on unfavorable terms. In the event of a default, it is possible that our assets and certain of our subsidiaries' assets may be attached or seized by the lenders. Any (i) failure by us to comply with the covenants or other provisions of the loan documents, (ii) difficulty in securing any required future financing, or (iii) any such seizure or attachment of assets could have a material adverse effect on our business and financial condition.

Our ability to generate sufficient cash to service our indebtedness depends on many factors, some of which are not within our control.

Our ability to make payments on our indebtedness will depend on our ability to generate cash in the future. To a certain extent, this ability is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If we are unable to generate sufficient cash flow to service our debt, we may need to restructure or refinance all or a portion of our debt, sell material assets or operations, or raise additional debt or equity capital. We may not be able to affect any of these actions on a timely basis, on commercially reasonable terms, or at all, and these actions may not be sufficient to meet our debt service requirements. In addition, any refinancing of our indebtedness could be at a higher interest rate, and the terms of our existing or future debt arrangements may restrict us from effecting any of these alternatives. Our failure to make the required interest and principal payments on our indebtedness would result in an event of default under the agreement governing such indebtedness, which may result in the acceleration of some or all of our outstanding indebtedness.

Despite our level of indebtedness, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our level of indebtedness.

We and our subsidiaries may incur substantial additional indebtedness in the future. Although the agreements governing our indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial.

The agreements governing our outstanding indebtedness contain restrictions that limit our flexibility in operating our business.

The agreements governing our outstanding indebtedness contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit the ability of our subsidiaries to, among other things:

- incur, assume, or permit to exist additional indebtedness or guarantees;
- incur liens;
- make investments and loans;
- pay dividends, make payments, or redeem or repurchase capital stock;
- engage in mergers, liquidations, dissolutions, asset sales, and other dispositions (including sale leaseback transactions);
- amend or otherwise alter terms of certain indebtedness;
- enter into agreements limiting subsidiary distributions or containing negative pledge clauses;
- engage in certain transactions with affiliates;
- alter the business that we conduct;
- change our fiscal year; and
- engage in any activities other than permitted activities.

As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross default provisions, and acceleration of amounts due, and exercise of lender's rights and remedies, including rights with respect to the collateral securing the obligations.

We utilize derivative financial instruments to reduce our exposure to market risks from changes in interest rates on our variable rate indebtedness, and we are exposed to risks related to counterparty credit worthiness or non-performance of these instruments.

We enter into pay-fixed interest rate swaps to limit our exposure to changes in variable interest rates. Such instruments may result in economic losses should interest rates decline to a point lower than our fixed rate commitments. We are also exposed to credit-related losses, which could affect the results of operations in the event of fluctuations in the fair value of the interest rate swaps due to a change in the credit worthiness or non-performance by the counterparties to the interest rate swaps.

Risk Relating to Our Securities

Since we do not intend to pay any cash dividends on our shares of common stock, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them at a price higher than that which they initially paid for such shares.

Our common stock is subject to the “penny stock” rules of the Securities and Exchange Commission (the “SEC”) and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The SEC has adopted Rule 15c-9 which establishes the definition of a “penny stock,” for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price, for warrants or options or conversion price for convertible notes, of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person’s account for transactions in penny stocks; and
- the broker or dealer receives from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person’s account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form:

- Sets forth the basis on which the broker or dealer made the suitability determination, and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

The market price of our common stock has been and will likely continue to be volatile, and you could lose all or part of your investment.

The market price of our common stock may be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance. In addition to the factors discussed in this “*Risk Factors*” section and elsewhere in this Annual Report on Form 10-K, factors that could cause fluctuations in the market price of our common stock include the following:

- general economic, regulatory, and market conditions;
- public health crises and related measures to protect the public health;
- sales of shares of our common stock by us or our stockholders;
- issuance of shares of our common stock, whether in connection with an acquisition or disposition of our subsidiaries or assets;
- short selling of our common stock or related derivative securities;
- from time to time we make investments in equity that is, or may become, publicly held, and we may experience volatility due to changes in the market prices of such equity investments;

- reports by securities or industry analysts, media or other third parties, that are interpreted either negatively or positively by investors, failure of securities analysts to maintain coverage and/or to provide accurate consensus results of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial or other projections we may provide to the public, any changes in those projections, or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- rumors and market speculation involving us or other companies in our industry;
- actual or perceived security incidents that we or our service providers may suffer; and
- actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Such litigation could result in substantial costs and a diversion of our management's attention and resources.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity Risk

Our cybersecurity risks include theft of business data, fraud or extortion, lack of access to our information systems, harm to employees, harm to business partners, violation of privacy laws, potential reputational damage, and litigation or other legal risk if a cybersecurity incident were to occur. It is difficult to assign a monetary materiality assessment to these risks or to the impact if we were to sustain a breach of our systems. Our approach is based on the premise that any cybersecurity incident could result in material harm to the Company.

We utilize Information Technology Associates ("ITA"), an outsourced IT provider which has been designated with oversight responsibility for our cybersecurity risks. ITA possesses a deep understanding of our information technology systems, including methods to manage and monitor cybersecurity risks. It also provides active monitoring and risk assessments of cybersecurity threats and communicates such threats to our Company. Low risk threats are communicated to our systems analysts, and high risk threats are first communicated to Bill Bennett (our CEO and director), Brady Smallwood (our COO and director), and Gary Schubert, our CFO, and are then discussed with our board of directors.

We conduct annual assessments of risks posed by cybersecurity threats in conjunction with our insurance renewal cycles. This includes a thorough review of our systems and vulnerabilities. As a result of these assessments, we have implemented tools and practices to proactively monitor our systems and user accounts including, but not limited to, deploying solutions to constantly monitor users accessing systems, implementation of two factor authentication for logins, and improved rules for password maintenance. Additionally, we require our associates to complete cybersecurity awareness training provided by NINJIO.

Like many companies, we make use of cloud-based solutions provided by several large service providers for critical information technology infrastructure such as email and file storage. We do not maintain stand-alone servers for our emails. However, we do maintain a standalone server for our main enterprise resource planning (ERP) program (Great Plains), and we maintain two servers dedicated to processing orders for Artisan Specialty Foods and Food Innovations, Inc. We also maintain a file server that currently houses approximately one terabyte of data. Each of our servers is protected by firewall and two-factor-authentication. Additionally, we take multiple snapshots of our servers several times throughout the day and store encrypted backups of our data both locally and in a cloud server to mitigate loss in the event of any malicious attacks on these resources. In the normal course of our relationships with the providers of our services not controlled in-house, we regularly monitor their message boards and other formal and informal communications channels for signs of breaches of their systems. We also survey available public information for indications that they have suffered a breach of their systems.

ITEM 2. Properties

We believe our existing facilities meet our current needs. We will need additional office space or facilities in the future as we continue to build our development, commercial and support teams. We believe we can find suitable additional space in the future on commercially reasonable terms.

The following table summarizes our properties as of December 31, 2024:

Location	End of the Term	Type	Own/Lease	Square Feet
Bonita Springs, FL	January 31, 2025 (a)	Office	Lease	1,500
Mountain Top, PA (held for sale) (b)	N/A	Office/Warehouse	Own	200,000
Broadview, IL	N/A	Office/Warehouse	Own	28,711
Denver, CO	August 31, 2027	Office/Warehouse	Lease	20,000

(a) This lease will not be renewed.

(b) This property is encumbered under the terms of the Maple Mark Term Loan 3.

ITEM 3. Legal Proceedings

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.

To the knowledge of our management team, except as set forth below, there is no material litigation, arbitration or governmental proceeding currently pending against us or any members of our management team in their capacity as such.

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. The Company denies any liability to High Impact and is examining its legal options in response to the foregoing complaint.

ITEM 4. Mine Safety Disclosure

Not Applicable.

PART II**ITEM 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Market Information**

Prices for our common stock are quoted on the OTCQB. Since March 2004, our common stock has traded under the symbol “IVFH”. Prior thereto, our common stock traded under the symbol “FBSN”. At March 12, 2025, there were 53,986,793 shares of our common stock outstanding.

Security Holders

On March 5, 2025, there were approximately 1,450 record holders of our common stock. In addition, we believe there are at least several hundred additional beneficial owners of our common stock whose shares are held in “street name.”

Dividends

We have not paid dividends during the three most recently completed fiscal years and have no current plans to pay dividends on our common stock. We currently intend to retain all earnings, if any, for use in our business.

Recent Sales and Other Issuances of Our Equity Securities

The table below provides information regarding our issuance of stock during the periods indicated.

Period	Total Number of Shares Issued	Average Price Issued per Share
Jan. 1, 2024 to Mar. 31, 2024	None	N/A
Apr. 1, 2024 to Jun. 30, 2024 (1)	24,138	\$ 0.60
Jul. 1, 2024 to Sep. 30, 2024 (2)	1,415,544	\$ 1.25
Oct. 1 2024 to Dec. 31, 2024 (3)	2,031,250	\$ 1.60
Total	3,470,932	

- (1) Cashless conversion of options to purchase 50,000 shares of common stock by an ex-employee for a net amount of 24,138 shares issued.
- (2) Consists of shares issued to executive officers pursuant to stock compensation plans based upon the market price of the Company’s common stock. Shares were issued to the Company’s CEO as follows: 731,350 shares when the market price was \$1.16, and 487,567 shares when the market price was \$1.45. Shares were issued to the Company’s COO as follows: 196,627 shares when the market price was \$1.23.
- (3) Shares of common stock sold for cash. On November 30, 2024 and December 4, 2024, the Company entered into a series of securities purchase agreements with certain investors (the “Investors”), pursuant to which, among other things, the Company issued the Investors an aggregate of 2,031,250 shares of common stock of the Company at a purchase price of \$1.60 per share, for an aggregate purchase price of \$3,250,000.

All of the issuances described above were exempt from registration pursuant to Section 4(2) of the Securities Act for the following reasons: (1) none of the issuances involved a public offering or public advertising for the payment of any commissions or fees; (2) the issuances to investors were to “accredited investors”; (3) the issuances upon conversion of notes were for notes held at least 12 months and did not involve the payment of any other consideration; and (4) all issuances to affiliates and to non-affiliates holding the securities for less than six months carried restrictive legends.

Dilutive Securities

As of December 31, 2024, there were 310,000 options to purchase shares of the Company’s common stock with a weighted average remaining contractual life of 1.42 years.

Securities Authorized for Issuance Under Equity Compensation Plans

As of December 31, 2024, the following shares are issuable pursuant to outstanding stock options, warrants, and rights issued under the 2011 Stock Option Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	310,000	\$ 1.42	97,772,500
Equity compensation plans not approved by shareholders	-	\$ N/A	\$ N/A

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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, 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 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,
- Our ability to generate sufficient cash to pay our lenders and other creditors,
- Our dependence on one major customer,
- 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 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, bank failures, 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.

Acquisitions and Share Issuance

On August 30, 2024, Innovative Gourmet, which is a wholly-owned subsidiary of the Company, and iGourmet, entered into an amended and restated asset purchase agreement (the "Amended and Restates APA"). Pursuant to the Amended and Restates APA, Innovative Gourmet sold to iGourmet substantially all of its assets related to marketing and selling certain artisan foods and related drop-ship fulfillment services including the website www.igourmet.com (the "Purchased Assets"), for total consideration of \$700,000. This transaction was closed on October 23, 2024. In connection with the closing of the transaction, Innovative Gourmet and iGourmet entered into a Transition Services Agreement, dated August 30, 2024, pursuant to which Innovative Gourmet provided certain inventory and fulfillment services related to the Purchased Assets for a period of thirty days after closing pursuant to that certain Transition Services Agreement, dated August 30, 2024, with iGourmet.

On October 14, 2024, the Company entered into the Golden APA with Golden Organics, and David Rickard. Pursuant to the Golden APA, the Company (i) purchased substantially all of the properties, business, and assets of Golden Organics used and/or useful in the operation of the Golden Organics' business of wholesaling bulk organic ingredients and other related food products and (ii) assume certain liabilities and obligations of Golden Organics (such transaction, the "Golden Transaction") for an aggregate purchase price of \$1,580,000, which consists of (a) a cash payment of \$1,230,000 after taking into account certain working capital adjustments at the closing of the Golden Transaction and (b) a Seller Financing Note of \$350,000, payable to Golden Organics, with interest at six percent (6%) per annum for a term of sixty (60) months payable in equal monthly installments with the first payment due one month after the closing. The Seller Financing Note contains default, notice and acceleration provisions, including a default interest at twelve percent (12%), a five (5) day grace period, a five percent (5%) late fee, no prepayment penalty and a right of set-off. Under the Golden APA, David Rickard has agreed to provide assistance to the Company for a period of ninety (90) days following the closing with respect to the transitioning of the business and developing new business opportunities without any compensation. The Golden Transaction closed on November 18, 2024.

On November 30, 2024 and December 4, 2024, the Company entered into a series of securities purchase agreements with certain investors, pursuant to which, among other things, the Company issued the investors an aggregate of 2,031,250 shares of common stock of the Company at a purchase price of \$1.60 per share, for an aggregate purchase price of \$3,250,000.

On December 20, 2024, the Company through its subsidiary, Golden Organics, acquired substantially all of LoCo's properties, business, and assets used and/or useful in the operation of LoCo's business of sourcing and wholesaling food products, and agreed to assume certain liabilities of LoCo for an aggregate purchase price of \$304,269, which is payable to LoCo's lenders for all outstanding and unpaid indebtedness of LoCo, pursuant to the LoCo APA, with LoCo, Elizabeth G. Mozer and Benjamin Mozer. In addition, as an adjustment to the purchase price, if earned, Golden Organics will pay \$53,430 as earnout if, in the twelve-month period, LoCo achieves certain revenue and adjusted EBITDA targets. In connection with the LoCo APA, Ms. Mozer entered into a consulting services agreement with Golden Organics to provide consulting services for a period of twelve (12) months with the option to extend on a month-to-month basis with respect to the transitioning of the relationships and knowledge concerning the LoCo's business, which agreement also contains a two-year non-solicitation provision.

RESULTS OF OPERATIONS

Overview

Innovative Food Holdings, Inc. (IVFH) experienced a transformative year in 2024, marked by strategic initiatives aimed at stabilizing the business and laying the foundation for future growth. The Company focused on enhancing its digital presence, expanding its specialty foodservice platform, and diversifying its distribution channels. Key milestones included the acquisition of Golden Organics and LoCo, the sale of non-core assets, and the onboarding of a new CFO.

Financial Highlights

For the fiscal year ended December 31, 2024, IVFH reported revenue of \$72.1 million, a 2.5% increase compared to \$70.4 million in 2023. Our organic revenue growth, which excludes the impact of divestitures and acquisitions, was an impressive 11.4% for the full year. Revenue growth was particularly strong in Q4, with total revenue increasing 19.2% and organic revenue increasing 44.3%. These results reflect our strategic efforts to enhance our market presence and expand our customer base.

Revenue Breakdown:

- **Digital Channels:** Largely made up of our Distributor Relationships and supported by our Drop Ship model. This category contributed \$37.9 million, which is 52.5% of our total revenue. This represents a decrease of 3.9% from \$39.4 million in 2023, 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 \$18.0 million, or 24.9% of total revenue, marking a 67.4% increase from \$10.7 million in 2023. 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 \$12.1 million, or 16.8% of total revenue, an increase of 21.8% from \$9.9 million in 2023, supported by the expansion of local distribution channels and the acquisition of LoCo Foods.
- **Direct-to-Consumer:** Divested, however, will remain through 2025 as we overlap the historical revenues generated from the iGourmet.com in 2024. For 2024, Direct-to-Consumer revenue was \$3.1 million, or 4.3% of total revenue, a decrease of 66.2% from \$9.2 million in 2023.
- **Other Services:** Consists of numerous activities, mainly monetizing the excess space in Pennsylvania. This category contributed \$1.1 million, or 1.5% of total revenue, a decrease of 4.6% from \$1.2 million in 2023.

Cost of goods sold for the year was \$55.3 million, an increase of 3.6% compared to \$53.3 million in 2023. Gross margin declined by 85 basis points to 23.4%, primarily due to liquidation of inventory from divested businesses and the ramp-up of the lower-margin retail business. However, this decline was offset by a reduction in operating expenses and positive non-operating income driven by strategic divestments and cost reductions.

Operating Expenses

Cash Operating Expenses (Cash OpEx):

- Payroll and Related Costs: Decreased by \$272 thousand to \$10.3 million, mainly due to a lower incentive payout to our leadership and executive teams compared to 2023.
- Computer and IT Costs: Reduced by \$122 thousand to \$391 thousand, reflecting the Company's efforts to streamline IT operations and reduce software and hardware expenses.
- Office, Facilities, and Vehicles Costs: Decreased by \$227 thousand to \$963 thousand, driven by the consolidation of office spaces and more efficient use of facilities and vehicles.
- Advertising and Digital Marketing Costs: Significant reduction of \$555 thousand to \$30 thousand, resulting from the restructuring of marketing programs and a strategic shift away from direct-to-consumer advertising.
- Professional and Legal Fees: Increased by \$310 thousand to \$1.6 million, due to various legal and transactional activities related to acquisitions, divestitures, and other corporate actions.

Total Cash OpEx Reduction: The total Cash OpEx decreased by \$904 thousand, reflecting the Company's cost-cutting efforts and restructuring initiatives.

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

- Share-Based Compensation: Increased by \$869 thousand to \$1.5 million, due to revaluation of stock options and other equity-based incentives to attract and retain key personnel.
- Depreciation and Amortization Costs: Decreased by \$279 thousand to \$278 thousand, reflecting the Company's efforts to optimize its asset base driven by the sale of our Florida headquarters building.
- Bad Debt Expense: Decreased by \$69 thousand to \$5 thousand, as a result of improved credit management and collection efforts.
- Impairment of Intangible Assets: No impairment costs in 2024, compared to \$1.1 million in 2023, due to the absence of significant write-downs of intangible assets.

Total Non-Cash OpEx Reduction: The total Non-Cash OpEx decreased by \$557 thousand, primarily due to the absence of impairment costs and reduced depreciation and amortization expenses.

Non-Recurring Expenses:

- No separation costs in 2024, compared to \$2.1 million in 2023 related to the departure of several executive officers.

Non-Operating Income (Expense):

During the year, IVFH recorded several gains and losses:

- Gain on Sale of Assets: \$2.8 million, including \$1.8 million from the sale of the headquarters building and \$1.0 million from the sale of certain intangible assets.
- Gain on Sale of Subsidiaries: \$21 thousand from the sale of Haley Group, Inc.
- Other Income: \$6 thousand from leasing space in the Mountaintop warehouse facility.

The total non-operating income was \$1.8 million, contributing positively to the Company's overall financial performance.

Net Income

Net income from continuing operations improved significantly, reaching \$2.5 million compared to a net loss of \$3.7 million in 2023.

Liquidity and Capital Resources

As of December 31, 2024, IVFH had current assets of \$23.9 million, including cash and cash equivalents of \$2.3 million, and current liabilities of \$9.4 million. The company had net working capital of \$14.5 million.

Cash Flow Analysis:

- **Operating Activities:** Used \$6.3 million, primarily due to changes in working capital components. The significant changes in working capital included:
 - Accounts Receivable: Increased by \$3.8 million, reflecting higher sales from our new customers, indicating strong demand and expanding market reach.
 - Inventory: Increased by \$1.9 million, primarily due to the acquisition of Golden Organics and LoCo, as well as higher inventory levels to support new retail and distribution channels.
 - Accounts Payable and Accrued Liabilities: Decreased by \$850 thousand, mainly due to the lower annual incentive plan payout recorded in 2024 but paid in 2025, and the elimination of accrued liabilities related to the divestiture of eCommerce operations.
 - Deferred Revenue: Decreased by \$791 thousand, primarily a result of the sale of our eCommerce business, we no longer sell or service gift cards or subscription services.
- **Investing Activities:** Provided \$1.2 million, mainly driven by the sales proceeds of assets, offset by the acquisition of Golden Organics and property and equipment. Key investments and proceeds included:
 - Proceeds from Sale of Assets: \$2.1 million from the sale of the headquarters building.
 - Proceeds from Sale of Intangible Assets: \$617 thousand from the sale of certain intangible assets associated with iGourmet.com.
 - Acquisition of Golden Organics: \$1.2 million.
 - Acquisition of Property and Equipment: \$317 thousand.
- **Financing Activities:** Provided \$2.0 million, primarily from the sale of common stock. Key financing activities included:
 - Proceeds from Sale of Common Stock: \$3.3 million.
 - Payment for taxes related to net share settlement of equity awards: \$908 thousand.
 - Principal Payments on Financing Leases: \$228 thousand.
 - Principal Payments on Notes Payable: \$96 thousand.

Future Capital Needs

IVFH anticipates significant capital expenditures 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.

Cash Management Strategies

IVFH employs several cash management strategies to ensure adequate liquidity and optimize financial performance:

- **Cash Flow Forecasting:** Regularly updating cash flow projections to anticipate and manage cash needs effectively.
- **Working Capital Management:** Implementing strategies to optimize inventory levels, manage accounts receivable, and extend payment terms with suppliers.
- **Credit Facilities:** Maintaining access to credit lines and other financing options to provide flexibility in managing short-term cash needs.
- **Investment of Excess Cash:** Investing surplus cash in short-term, low-risk instruments to generate returns while preserving liquidity.

Outlook

- **Growth Opportunities:** IVFH aims to continue its growth trajectory by focusing on stabilizing the business, growing the direct-to-chef specialty foodservice platform, diversifying the drop ship business, and expanding the specialty food distribution business. The company is well-positioned to capitalize on growth opportunities in the specialty foodservice market.
- **Strategic Initiatives:** The Company plans to invest in digital transformation, enhance its e-commerce capabilities, and expand its distribution network. These initiatives are expected to drive revenue growth and improve profitability.

Risk Factors

IVFH faces several risks that could impact its financial performance. These include:

- **Dependence on Major Customers:** The Company has historically derived a substantial portion of its revenue from one client, U.S. Foods, Inc., and if this relationship were to change materially, it could significantly impact IVFH's operations.
- **Economic Conditions:** Changes in economic conditions, including both COVID-19 related and non-related conditions, can affect consumer confidence and spending, which in turn can impact IVFH's sales.
- **Competition:** The specialty food and foodservice industries are highly competitive, and IVFH competes against other providers of quality foods, some of which have significantly greater resources.
- **Supply Chain Disruptions:** IVFH relies on outside vendors and shippers for its specialty food products, and any interruption in the supply of these products or failure to adhere to quality standards could negatively impact the company's revenues.
- **Regulatory Compliance:** Changes in government regulation and supervision could impair IVFH's sources of revenue and limit its ability to expand its business.

Off-Balance Sheet Arrangements

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

Critical Accounting Policy and Estimates

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of these 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. 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 allowance for credit losses, 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.

Stock options and stock appreciation rights (“SARS”):

The Company accounts for options in accordance with FASB ASC 718-40. Options are valued upon issuance utilizing the Black-Scholes valuation model. Option expense is recognized over the requisite service period of the related option award. The following table illustrates certain key information regarding our options, SARS, and valuation assumptions at December 31, 2024 and 2023:

	December 31,	
	2024	2023
Black-Scholes model variables:		
Volatility	24.43-131.55%	53.3-95.5%
Dividends	-	-
Risk-free interest rates	2.63-4.64%	3.67-5.03%
Term (years)	.00-2.75	3.00-3.63

Allowance for Credit Losses

The Company maintained an allowance in the amount of \$40,002 and \$46,477 for credit losses at December 31, 2024 and 2023, respectively. The Company has an operational relationship of several years with our major customers, and we believe this experience provides us with a solid foundation from which to estimate our expected losses on accounts receivable. Should our sales mix change or if we develop new lines of business or new customers, these estimates and our estimation process will change accordingly. These estimates have been accurate in the past.

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 (“U.S. GAAP”). 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. At December 31, 2024, the Company has a net operating loss carryforward of approximately \$3,875,000.

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. The Company used our incremental borrowing rate of 6.75% in calculating the value of the ROU assets and liabilities.

ITEM 8. Financial Statements and Supplementary Data



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders' and Board of Directors
Innovative Food Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Innovative Food Holdings, Inc. and Subsidiaries (the Company) as of December 31, 2024 and 2023 and the related consolidated statements of operations, stockholders' equity and cash flows for the each of the two years in the period ended December 31, 2024 and the related consolidated notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

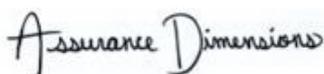
We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

We did not identify any critical audit matters that need to be communicated.



We have served as the Company's auditor since 2022
Coral Springs, Florida
March 20, 2025

**ASSURANCE DIMENSIONS, LLC
also d/b/a McNAMARA and ASSOCIATES, LLC**

TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 7800 Belfort Parkway, Suite 290 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
ORLANDO: 1800 Pembroke Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 3111 N. University Drive, Suite 621 | Coral Springs, FL 33065 | Office: 754.800.3400 | Fax: 813.443.5053
www.assurancedimensions.com

"Assurance Dimensions" is the brand name under which Assurance Dimensions, LLC including its subsidiary McNamara and Associates, LLC (referred together as "AD LLC") and AbitOs Advisors, LLC ("AbitOs Advisors"), provide professional services. AD LLC and AbitOs Advisors practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations, and professional standards. AD LLC is a licensed independent CPA firm that provides attest services to its clients, and AbitOs Advisors provide tax and business consulting services to their clients. AbitOs Advisors, and its subsidiary entities are not licensed CPA firms.

Innovative Food Holdings, Inc.
Consolidated Balance Sheets

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,330,880	\$ 5,235,102
Accounts receivable, net	9,039,232	4,298,435
Inventory, net	6,290,488	2,962,191
Other current assets	238,526	287,528
Assets held for sale	5,941,933	649,884
Current assets - discontinued operations	49,315	208,009
Total current assets	<u>23,890,374</u>	<u>13,641,149</u>
Property and equipment, net	1,584,878	7,000,015
Right of use assets, operating leases, net	705,476	28,519
Right of use assets, finance leases, net	524,273	436,403
Amortizable intangible assets, net	424,372	-
Tradenames and other unamortizable intangible assets	217,000	217,000
Total assets	<u>\$ 27,346,373</u>	<u>\$ 21,323,086</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,653,622	\$ 6,005,512
Accrued separation costs, related parties, current portion	334,532	463,911
Accrued interest	91,347	95,942
Deferred revenue	349,600	1,014,847
Stock appreciation rights liability	1,353,150	255,020
Notes payable - current portion	190,052	121,041
Lease liability - operating leases, current	239,660	17,131
Lease liability - finance leases, current	147,797	115,738
Contingent liability, current	54,430	-
Current liabilities - discontinued operations	-	551,851
Total current liabilities	<u>9,414,190</u>	<u>8,640,993</u>
Note payable, net of discount	8,692,674	8,855,000
Accrued separation costs, related parties, non-current	457,692	791,025
Lease liability - operating leases, non-current	467,569	11,388
Lease liability - finance leases, non-current	139,591	219,266
Total liabilities	<u>19,171,716</u>	<u>18,517,672</u>
Commitments & Contingencies (see Note 21)		
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 56,009,032 and 52,538,100 shares issued, 53,164,735 and 49,714,929 shares outstanding at December 31, 2024 and 2023, respectively	5,598	5,251
Common stock to be issued; 738,032 and 0 shares at December 31, 2024 and 2023, respectively	74	-
Additional paid-in capital	45,520,121	42,762,811
Treasury stock: 2,644,297 and 2,623,171 shares outstanding at December 31, 2024 and 2023, respectively	(1,141,372)	(1,141,370)
Accumulated deficit	(36,209,764)	(38,821,278)
Total stockholders' equity	<u>8,174,657</u>	<u>2,805,414</u>
Total liabilities and stockholders' equity	<u>\$ 27,346,373</u>	<u>\$ 21,323,086</u>

See notes to consolidated financial statements.

Innovative Food Holdings, Inc.
Consolidated Statements of Operations

	For the Twelve Months Ended December 31, 2024	For the Twelve Months Ended December 31, 2023
Revenue	\$ 72,134,376	\$ 70,388,962
Cost of goods sold	55,280,668	53,347,220
Gross margin	16,853,708	17,041,742
Selling, general and administrative expenses	16,314,986	16,720,523
Separation costs - executive officers	-	2,074,063
Impairment of intangible assets	-	1,055,400
Total operating expenses	16,314,986	19,849,986
Operating income (loss)	538,722	(2,808,244)
Other income (expense):		
Interest expense, net	(849,581)	(876,452)
Gain on sale of assets	2,816,616	9,360
Gain (loss) on sale of subsidiary	21,126	(45,022)
Other income	-	14,925
Other leasing income	5,700	7,600
Total other income (expense)	1,993,861	(889,589)
Net income (loss) before taxes	2,532,583	(3,697,833)
Income tax expense	-	15,834
Net income (loss) from continuing operations	\$ 2,532,583	\$ (3,713,667)
Net income (loss) from discontinued operations	\$ 78,931	\$ (641,485)
Consolidated net income (loss)	\$ 2,611,514	\$ (4,355,152)
Net income (loss) per share from continuing operations - basic	\$ 0.05	\$ (0.08)
Net income (loss) per share from continuing operations - diluted	\$ 0.05	\$ (0.08)
Net (loss) per share from discontinued operations - basic	\$ 0.01	\$ (0.01)
Net (loss) per share from discontinued operations - diluted	\$ 0.01	\$ (0.01)
Weighted average shares outstanding - basic	50,563,992	49,076,880
Weighted average shares outstanding - diluted	51,315,879	49,076,880

See notes to consolidated financial statements.

Innovative Food Holdings, Inc.
Consolidated Statement of Changes in Stockholders' Equity
For the Years Ended December 31, 2024 and 2023

	Common Stock		Common Stock to be issued		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Total
	Amount	Value	Amount	Value		Amount	Value		
Balance - December 31, 2022	49,427,297	\$ 4,938	1,499,940	\$ 150	\$ 42,189,471	2,623,171	\$ (1,141,370)	\$ (34,466,126)	\$ 6,587,063
Shares issued for compensation	-	-	222,380	22	50,658	-	-	-	50,680
Shares issued to management and employees from common stock subscribed	875,000	87	(875,000)	(87)	-	-	-	-	-
Fair value of shares under compensation plan	-	-	-	-	242,654	-	-	-	242,654
Shares issued under severance agreement	400,000	40	-	-	167,960	-	-	-	168,000
Shares issued to employees for compensation	267,030	27	-	-	112,142	-	-	-	112,169
Shares issued under management compensation plan	678,302	68	-	-	(68)	-	-	-	-
Shares issued from common stock subscribed	832,911	85	(847,320)	(85)	-	-	-	-	-
Shares issued for cashless conversion of stock options	57,560	6	-	-	(6)	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	-	-	-	(4,355,152)	(4,355,152)
Balance - December 31, 2023	<u>52,538,100</u>	<u>\$ 5,251</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 42,762,811</u>	<u>2,623,171</u>	<u>\$ (1,141,370)</u>	<u>\$ (38,821,278)</u>	<u>\$ 2,805,414</u>
Balance - December 31, 2023	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	-	-	-	-	437,339	-	-	-	437,339
Shares earned under compensation plans	2,029,513	203	738,032	74	(203)	-	-	-	74
Shares withheld for taxes under compensation plans	(613,969)	(61)	-	-	(908,497)	-	-	-	(908,558)
Shares issue for cashless exercise of options	24,138	2	-	-	(2)	-	-	-	-
Shares sold for cash	2,031,250	203	-	-	3,249,797	-	-	-	3,250,000
Net income for the year ended December 31, 2024	-	-	-	-	-	-	-	2,611,514	2,611,514
Balance - December 31, 2024	<u>56,009,032</u>	<u>\$ 5,598</u>	<u>738,032</u>	<u>\$ 74</u>	<u>\$ 45,520,121</u>	<u>2,644,297</u>	<u>\$ (1,141,372)</u>	<u>\$ (36,209,764)</u>	<u>\$ 8,174,657</u>

See notes to consolidated financial statements.

Innovative Food Holdings, Inc.
Consolidated Statements of Cash Flows

	For the Twelve Months Ended December 31, 2024	For the Twelve Months Ended December 31, 2023
Cash flows used in operating activities:		
Net income (loss)	\$ 2,611,514	\$ (4,355,152)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on disposition of assets	(2,816,616)	(9,360)
(Gain) Loss on sale of subsidiaries	(21,126)	45,022
Impairment of intangible assets (of which \$0 and \$260,422 is included in discontinued operations)	-	1,315,822
Depreciation and amortization	273,084	557,268
Allowance for slow moving and obsolete inventory	-	189,582
Amortization of right of use asset	54,609	51,756
Amortization of prepaid loan fees	-	3,297
Amortization of discount on notes payable	5,136	-
Stock based compensation	437,339	405,503
Value of stock appreciation rights	1,098,130	255,020
Bad debt	4,599	73,330
Changes in assets and liabilities:		
Accounts receivable, net	(3,826,006)	479,247
Inventory and other current assets, net	(1,936,193)	(135,593)
Accounts payable and accrued liabilities	(850,125)	(439,336)
Accrued separation costs - related parties	(462,713)	1,422,937
Deferred revenue	(790,769)	(243,149)
Operating lease liability	(52,856)	(51,756)
Net cash used in operating activities	<u>(6,271,993)</u>	<u>(435,562)</u>
Cash flows from investing activities:		
Cash paid for acquisition of Golden Organics	(1,231,379)	-
Cash received in acquisition of LoCo Foods	42,000	-
Acquisition of property and equipment	(316,567)	(122,403)
Cash received from sale of subsidiaries	-	75,000
Cash received from disposition of asset, net of loan payoff	2,101,185	11,071
Cash received from disposition of intangible assets, net of costs	617,000	-
Net cash provided by (used in) investing activities	<u>1,212,239</u>	<u>(36,332)</u>
Cash flows from financing activities:		
Cash received from sale of common stock, net of costs	3,250,000	-
Cash received from notes payable, net of costs	-	3,285,588
Payment for taxes related to net share settlement of equity awards, net	(908,484)	-
Principal payments on debt	(95,546)	(187,611)
Principal payments financing leases	(228,356)	(88,813)
Principal payments on line of credit	-	(2,014,333)
Net cash provided by financing activities	<u>2,017,614</u>	<u>994,831</u>
(Decrease) increase in cash and cash equivalents	(3,042,140)	522,937
Cash and cash equivalents at beginning of period	<u>5,422,335</u>	<u>4,899,398</u>
Cash and cash equivalents at end of period - continuing operations	\$ 2,330,880	\$ 5,235,102
Cash and cash equivalents at end of period - discontinued operations	\$ 49,315	\$ 187,233
Cash and cash equivalents at end of period	<u>\$ 2,380,195</u>	<u>\$ 5,422,335</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ 896,709</u>	<u>\$ 802,076</u>
Taxes	<u>\$ -</u>	<u>\$ 15,834</u>
Non-cash investing and financing activities:		
Financing lease – warehouse equipment	<u>\$ 353,815</u>	<u>\$ -</u>
Issuance of common stock for severance agreement previously accrued	<u>\$ -</u>	<u>\$ 168,000</u>
Par value of shares issued, previously accrued	<u>\$ -</u>	<u>\$ 87</u>
Reclassify fixed assets as held for sale	<u>\$ 5,941,933</u>	<u>\$ 649,984</u>

Issuance of stock for cashless exercise of options	\$ 2	\$ -
Summary of assets and liabilities acquired in asset purchase agreements:		
Assets acquired – Golden Organic	\$ 2,127,511	\$ -
Liabilities acquired – Golden Organic	\$ 1,627,698	\$ -
ROU assets and liabilities – Golden Organics	\$ 731,567	\$ -
Assets acquired – LOCO Foods	\$ 484,972	\$ -
Liabilities acquired – LOCO Foods	\$ 1,063,020	\$ -
Summary of assets and liabilities disposed:		
Assets disposed – sale of building	\$ 649,884	\$ -
Liabilities settled – sale of building	\$ 356,215	\$ -

See notes to consolidated financial statements.

INNOVATIVE FOOD HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying audited consolidated financial statements include those of Innovative Food Holdings, Inc. and all of its wholly-owned subsidiaries (collectively, 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-K. All intercompany transactions have been eliminated in consolidation. In the opinion of management, the audited consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary for fair presentation of the interim periods presented.

Business Activity

We provide difficult-to-find specialty foods primarily to both Professional Chefs and Home Gourmets through our relationships with producers, growers, makers and distributors of these products worldwide. The distribution of these products primarily originates from our three unified 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; 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 will be 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, P Innovations, and Mouth are 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 P Innovations 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.

Use of Estimates

The preparation of these 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 judgements are allowance for credit losses, allowance for slow moving and obsolete inventory, income taxes, intangible assets, contingent liabilities, 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.

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.

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 Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“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 logistic services revenue is primarily comprised of inventory management, order fulfilment and warehousing services. Warehouse & logistics services revenues are recognized at the point in time when the services are rendered to the customer.

Disaggregation of Revenue

The following table represents a disaggregation of revenue by from sales for the years ended December 31, 2024 and 2023:

	Year Ended	
	December 31,	
	2024	2023
Digital Channels	\$ 37,861,972	\$ 39,403,270
National Distribution	17,984,274	10,742,556
Local Distribution	12,089,900	9,929,068
Direct-to-Consumer	3,097,994	9,160,288
Other Services	1,100,236	1,153,780
Total	<u>\$ 72,134,376</u>	<u>\$ 70,388,962</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.

Selling, general, and administrative expenses

We have included in selling, general, and administrative expenses all other costs which support the Company’s operations, but which are not includable as a cost of sales. These include primarily payroll, facility costs such as rent and utilities, selling expenses such as commissions and advertising, amortization of intangible assets, depreciation, and other administrative costs including professional fees and costs associated with non-cash stock compensation. Advertising costs are expensed as incurred.

Cash and Cash Equivalents

Cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

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. At December 31, 2024 and 2023, trade receivables from the Company's largest customer amounted to 10% and 26%, respectively, of total trade receivables. During the year ended December 31, 2024 and 2023, sales from the Company's largest customer amounted to 43% and 48% of total sales, respectively.

The Company maintains cash balances in excess of Federal Deposit Insurance Corporation limits. At December 31, 2024 and 2023, the total cash in excess of these limits was \$1,016,918 and \$988,825, respectively.

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 credit losses of \$40,002 and \$46,477 at December 31, 2024, and 2023, respectively.

Assets Held for Sale

Assets held for sale include the net book value of property and equipment that the Company plans to sell within the next year. Long-lived assets that meet the held for sale criteria are held for sale and reported at the lower of their carrying value or fair value, less estimated costs to sell. If the determination is made that the Company no longer expects to sell an asset within the next year, the asset is reclassified out of assets held for sale.

Property and Equipment

Property and equipment are valued at cost. Depreciation is provided over the estimated useful lives up to five years using the straight-line method. Leasehold improvements are depreciated on a straight-line basis over the term of the lease.

[Index](#)

The estimated service lives of property and equipment are as follows:

Computer Equipment	3 years
Warehouse Equipment	5 years
Warehouse Equipment - Heavy	10 years
Office Furniture and Fixtures	5 years
Vehicles	5 years
Buildings	30 years

Inventories

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

Deferred Revenue

Certain customer arrangements in the Company's business such as gift cards and e-commerce subscription purchases result in deferred revenues when cash payments are received in advance of performance. Gift cards issued by the Company generally have an expiration of five years from the date of purchase. The Company records a liability for unredeemed gift cards and advance payments for monthly club memberships as cash is received, and the liability is reduced when the card is redeemed or the product delivered.

On October 8, 2024, the Company sold substantially all of the assets of Mouth, and the buyer assumed the liability for deferred revenue in the amount of \$174,637.

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

Balance as of December 31, 2022	\$ 1,146,167
Cash payments received	3,162,005
Net sales recognized	(3,293,325)
Balance as of December 31, 2023	<u>\$ 1,014,847</u>
Deferred revenue assumed by buyer	\$ (174,637)
Cash payments received	8,987,984
Net sales recognized	(9,478,594)
Balance as of December 31, 2024	<u>\$ 349,600</u>

Income Taxes

The Company accounts for income taxes under the asset and liability method in accordance with ASC 740. The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The components of the deferred tax assets and liabilities are classified as current and non-current based on their characteristics. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. This standard was adopted by the Company effective January 1, 2021.

Fair Value of Financial Instruments

The carrying amount of the Company's cash and cash equivalents, accounts receivable, notes payable, line of credit, accounts payable and accrued expenses, none of which is held for trading, approximates their estimated fair values due to the short-term maturities of those financial instruments.

The Company adopted ASC 820-10, "Fair Value Measurements", which provides a framework for measuring fair value under GAAP. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Long-Lived Assets

The Company reviews its property and equipment and any identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted operating cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. During the year ended December 31, 2023, the Company made the strategic decision to allocate fewer resources to our D2C products; pursuant to this decision, we made the determination that the carrying value of the tradenames held by our subsidiaries igourmet and Mouth could not be recovered. Accordingly, the Company recorded impairment charges in the amounts of \$1,055,400 and \$260,422 against the tradenames held by igourmet and Mouth, respectively, reducing the carrying value of these intangible assets to \$0.

Basic and Diluted Income 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 convertible debt. 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 December 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 December 31, 2024:

	Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)
\$	1.00	50,000	1.50
\$	1.25	130,000	1.50
\$	1.75	130,000	0.99
\$	1.42	310,000	1.41

Restricted Stock Awards

At December 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 Company also has in place a share-based incentive plan for its executive team. See note 17.

When shares are granted under the Company's incentive stock plans, the Company withholds the number of shares required to satisfy income tax withholding requirements on the award, calculated at the market value of the Company's stock on the date the award is granted.

Stock-based Compensation

During the year ended December 31, 2024, the Company charged the amount of \$404,804 to operations in connection with management stock-based compensation plans. See Note 17.

At December 31, 2024, there were a total of 1,450,314 shares of common stock which have vested and are issuable pursuant to Executive Stock Compensation Plans.

Dilutive shares at December 31, 2023: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 December 31, 2023:

	Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)
\$	0.41	125,000	0.32
\$	0.50	125,000	0.32
\$	0.60	50,000	1.99
\$	1.00	50,000	1.99
\$	0.55	350,000	0.80

When shares are granted under the Company's stock option, the Company withholds the number of shares required to satisfy income tax withholding requirements on the award, calculated at the market value of the Company's stock on the date the options is exercised.

Restricted Stock Awards

At December 31, 2023, 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.

Stock-based compensation

During the year ended December 31, 2023, the Company charged the amount of \$293,334 to operations in connection with management stock-based compensation plans. The Company also charged the amount of \$112,169 to operations in connection with 267,030 shares of common stock granted to three employees as compensation. See Note 17.

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 (“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.

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; and on October 8, 2024, the Company sold substantially all of the assets of Mouth (see Note 3). In addition, the operations of P Innovations have been 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:

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Current assets - discontinued operations:		
Cash	\$ 49,315	\$ 187,233
Accounts receivable	-	9,792
Inventory	-	10,984
Total current assets - discontinued operations	<u>\$ 49,315</u>	<u>\$ 208,009</u>
Current liabilities - discontinued operations:		
Accounts payable and accrued liabilities	\$ -	\$ 243,353
Accrued payroll and related liabilities	-	8,339
Deferred revenue	-	300,159
Total current liabilities - discontinued operations	<u>\$ -</u>	<u>\$ 551,851</u>

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

	<u>Year Ended</u>	
	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Revenue	\$ 292,625	\$ 3,072,707
Cost of goods sold	240,169	1,403,094
Gross margin	52,456	1,669,613
Selling, general, and administrative expenses	128,900	2,051,811
Other (income) expense	(155,375)	259,287
Loss from discontinued operations, net of tax	<u>\$ 78,931</u>	<u>\$ (641,485)</u>

The following information presents the major classes of line items constituting significant operating and investing cash flow activities in the consolidated statements of cash flows relating to discontinued operations:

	<u>Year Ended</u>	
	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Accounts receivable	\$ 21,292	\$ -
Other assets	\$ 9,291	\$ (54,459)
Inventory	\$ 10,984	\$ -
Accounts payable and accrued liabilities	\$ (259,345)	\$ (17,285)
Deferred revenue	\$ (300,159)	\$ 245

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.

On August 30, 2024, the Company sold certain intangible assets of igourmet including but not limited to copyrights, trademarks, tradenames, and customer lists for net cash proceeds of \$617,000. The buyer also assumed certain liabilities in the net amount of \$309,463. A gain in the amount of \$834,463 was recorded on this transaction.

On October 8, 2024, we sold substantially all of the assets of Mouth including copyrights, trademarks, tradenames, and customer lists; these assets were fully amortized at the time of the sale. In addition, the buyer assumed the liability for deferred revenue in the amount of \$174,637. A gain in the amount of \$174,637 was recorded on this transaction.

4. SALE OF SUBSIDIARIES

On December 29, 2023, the Company sold 100% of the equity interests in Organic Food Brokers, LLC (“OFB” or “GROW”) and Oasis Sales Corp. (“Oasis”) to a single buyer for a purchase price of \$75,000. The Company recorded a loss in the amount of \$45,022 on this transaction.

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. ACQUISITIONS

Golden Organics, Inc.

On October 14, 2024, the Company entered into an asset purchase agreement (the “GO APA”) with Golden Organics, Inc., a wholesaler of bulk organic and other related food products. Pursuant to the GO APA, the Company acquired substantially all the properties, business, and assets of Golden Organics, Inc. for an aggregate purchase price of \$1,580,000, subject to net accounts receivable and accounts payable adjustments. The Company accounted for the GO APA pursuant to the guidance of ASC 805 – Accounting for Business Combinations (“ASC 805”). The \$1,580,000 purchase price consisted of a cash payment of \$1,230,000 at closing and a promissory note in the amount of \$350,000 bearing interest at the rate of 6% per annum and payable in 60 equal monthly installments. At December 31, 2024, the Company had made cash payments in the aggregate amount of \$1,231,379 on the GO APA and recorded ROU operating assets and liabilities of \$731,566; intangible assets of \$198,593; property and equipment of \$131,250; accounts receivable of \$611,132; inventory of \$1,102,536, and other current assets of \$84,000; accounts payable of \$546,132; and note payable of \$350,000.

LoCo Foods

On December 20, 2024, the Company through its subsidiary, Golden Organics, Inc., entered into an asset purchase agreement (the “LoCo APA”) with LoCo Food Distribution LLC, a Colorado limited liability company (“LoCo”), a wholesaler of food related products, and Elizabeth G. Mozer and Benjamin Mozer (each an “Owner,” collectively, the “Owners” and together with LoCo, collectively, the “Seller Parties”). The Company accounted for the LoCo APA pursuant to the guidance of ASC 805. Pursuant to the LoCo APA, the Company acquired substantially all of LoCo’s properties, business, and assets used and/or useful in the operation of LoCo’s business of sourcing and wholesaling food products, and agreed to assume certain liabilities of LoCo for an aggregate purchase price of \$304,269, which is payable to LoCo’s lenders for all outstanding and unpaid indebtedness of LoCo. The Company also entered into an earnout agreement with LoCo in the amount of \$53,430, payable by Golden Organics to the Owners based upon twelve month revenue and earnings targets. The Company expects these targets to be met. At December 31, 2024, the Company had recorded the following assets and liabilities pursuant to the LoCo APA: Cash received of \$42,000; intangible assets of \$232,972; property and equipment of \$252,000; accounts payable and accrued liabilities of \$1,008,590; and contingent liability payable of \$54,430.

6. ACCOUNTS RECEIVABLE

At December 31, 2024 and 2023, accounts receivable consisted of:

	2024	2023
Accounts receivable from customers	\$ 9,079,234	\$ 4,344,912
Allowance for credit losses	(40,002)	(46,477)
Accounts receivable, net	<u>\$ 9,039,232</u>	<u>\$ 4,298,435</u>

During the years ended December 31, 2024 and 2023, the Company charged the amount of \$4,599 and \$73,330, respectively, to bad debt expense.

7. INVENTORY

Inventory consists of specialty food products. At December 31, 2024 and 2023, inventory consisted of the following:

	2024	2023
Finished goods inventory	\$ 6,290,488	\$ 3,151,773
Allowance for slow moving & obsolete inventory	-	(189,582)
Finished goods inventory, net	<u>\$ 6,290,488</u>	<u>\$ 2,962,191</u>

8. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Land	\$ 208,140	\$ 1,079,512
Building	904,593	6,571,496
Computer and Office Equipment	260,702	597,834
Warehouse Equipment	617,587	477,090
Furniture and Fixtures	952,870	940,960
Vehicles	277,353	58,353
Total before accumulated depreciation	3,221,245	9,725,245
Less: accumulated depreciation	(1,636,367)	(2,725,230)
Total	<u>\$ 1,584,878</u>	<u>\$ 7,000,015</u>

Depreciation expense for property and equipment amounted to \$173,021 and \$392,354 for the years ended December 31, 2024 and 2023, respectively, which is recorded in selling, general & administrating expenses on the Company's statement of operations. During the year ended December 31, 2024, the Company disposed of a vehicle with a cost of \$51,091 and accumulated depreciation of \$49,380.

9. 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 December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Land	\$ 871,372	\$ 177,383
Building	5,070,561	431,147
Furniture, fixtures, and equipment	-	41,314
Total	<u>\$ 5,941,933</u>	<u>\$ 649,844</u>

10. RIGHT OF USE 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 years ended December 31, 2024 and December 31, 2023 was entirely comprised of operating leases and amounted to \$62,686 and \$58,915, respectively. The Company's ROU asset amortization for the years ended December 31, 2024 and 2023 was \$54,609 and \$51,756, respectively. The difference between the lease expense and the associated ROU asset amortization consists of interest.

Right of use assets – operating leases are summarized below:

	December 31, 2024	December 31, 2023
Building	565,931	-
Vehicles	128,158	-
Warehouse equipment	\$ 7,950	\$ 21,869
Office equipment	3,437	6,650
Right of use assets, net	<u>\$ 705,476</u>	<u>\$ 28,519</u>

Operating lease liabilities are summarized below:

	December 31, 2024	December 31, 2023
Building	567,684	-
Vehicles	128,158	-
Warehouse equipment	\$ 7,950	\$ 21,869
Office equipment	3,437	6,650
Lease liability	\$ 707,229	\$ 28,519
Less: current portion	(239,660)	(17,131)
Lease liability, non-current	<u>\$ 467,569</u>	<u>\$ 11,388</u>

Maturity analysis under these lease agreements are as follows:

Year ended December 31, 2025	\$ 281,503
Year ended December 31, 2026	277,981
Year ended December 31, 2027	180,101
Year ended December 31, 2028	34,950
Year ended December 31, 2029	8,737
Total	\$ 783,272
Less: Present value discount	(76,043)
Lease liability	<u>\$ 707,229</u>

During the year ended December 31, 2024, the Company recorded an operating lease of a building in the amount of \$599,116 and an operating lease of vehicles in the amount of \$132,451 in connection with the acquisition of Golden Organics. During the year ended December 31, 2023, the Company recorded the removal of a right to use asset and lease liability in the amount of \$72,150 due to the termination of an office lease.

11. RIGHT OF USE ASSETS – FINANCING LEASES

The Company has financing leases for vehicles and warehouse equipment. See Note 16. Right of use asset – financing leases are summarized below:

	December 31, 2024	December 31, 2023
Vehicles	404,858	404,858
Warehouse Equipment	736,156	555,416
Total before accumulated depreciation	1,141,014	960,274
Less: accumulated depreciation	(616,741)	(523,871)
Total	<u>\$ 524,273</u>	<u>\$ 436,403</u>

Depreciation expense on right of use assets for the years ended December 31, 2024 and 2023 was \$92,870 and \$133,920, respectively. During the year ended December 31, 2024, the Company recorded right of use assets and lease liabilities in the amount of \$180,740 related to warehouse equipment.

Financing lease liabilities are summarized below:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financing lease obligation under a lease agreement for a forklift dated July 12, 2021 in the original amount of \$16,070 payable in thirty-six monthly installments of \$489 including interest at the rate of 6.01%. During the year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amounts of \$2,884 and \$65, respectively. During the year ended December 31, 2023, the Company made principal and interest payments on this lease obligation in the amounts of \$5,512 and \$354, respectively.	\$ -	\$ 2,884
Financing lease obligation under a lease agreement for a pallet truck dated July 15, 2021 in the original amount of \$5,816 payable in thirty-six monthly installments of \$177 including interest at the rate of 6.01%. During the year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amounts of \$1,044 and \$24, respectively. During the year ended December 31, 2023, the Company made principal and interest payments on this lease obligation in the amounts of \$1,996 and \$128, respectively.	\$ -	\$ 1,044
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 year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amount of \$110,429 and \$8,868, respectively. During the year ended December 31, 2023, the Company made principal and interest payments on this lease obligation in the amount of \$104,019 and \$15,289, respectively.	\$ 87,278	\$ 197,707
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 year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amounts of \$22,669 and \$3,588, respectively. During the year ended December 31, 2023, the Company made principal and interest payments on this lease obligation in the amounts of \$21,467 and \$4,788, respectively.	\$ 53,549	\$ 76,218
Financing lease obligation under a lease agreement for a truck dated November 5, 2018 in the original amount of \$128,587 payable in seventy monthly installments of \$2,326 including interest at the rate of 8.33%. During the year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amounts of \$18,035 and \$568, respectively. During the year ended December 31, 2023, the Company made principal and interest payments on this lease obligation in the amounts of \$25,252 and \$2,657, respectively.	\$ -	\$ 18,035
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 year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amounts of \$12,293 and \$1,385, respectively. During the year ended December 31, 2023, the Company made principal and interest payments on this lease obligation in the amounts of \$11,787 and \$1,988, respectively.	\$ 20,929	\$ 33,322
Financing lease obligation under a lease agreement for a truck dated February 4, 2022 in the original amount of \$42,500 payable in twenty-four monthly installments of \$1,963 including interest at the rate of 10.1%. During the year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amounts of \$5,794 and \$1,564, respectively. During the year ended December 31, 2023, the Company made principal and interest payments on this lease obligation in the amounts of \$20,032 and \$1,564, respectively.	\$ -	\$ 5,794
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 year ended December 31, 2024, the Company made principal and interest payments on this lease obligation in the amounts of \$55,108 and \$2,154, respectively.	\$ 125,632	-
Total	\$ 287,388	\$ 335,004
Current portion	\$ 147,797	\$ 115,738
Long-term maturities	139,591	219,266
Total	\$ 287,388	\$ 335,004

Aggregate maturities of lease liabilities – financing leases as of December 31, 2024 are as follows:

For the year ended December 31,

2025	\$ 147,797
2026	58,189
2027	30,909
2028	28,203
2029	22,290
Total	<u>\$ 287,388</u>

12. INTANGIBLE ASSETS

The Company acquired certain intangible assets pursuant to the acquisitions through Artisan, Oasis, igourmet, OFB, Haley, and M Innovations. 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 if being amortized over a period of 60 months.

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

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Total Trade Names	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Total amortization expense for the years ended December 31, 2024 and 2023 was \$7,193 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:

	December 31, 2024		
	Gross	Accumulated Amortization	Net
Trade Names	\$ 217,000	\$ -	\$ 217,000

	December 31, 2023		
	Cost	Accumulated Amortization	Net
Total Trade Names	\$ 217,000	\$ -	\$ 217,000

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at December 31, 2024 and December 31, 2023 are as follows:

	December 31, 2024	December 31, 2023
Trade payables and accrued liabilities	\$ 5,829,506	\$ 5,772,986
Accrued payroll and commissions	824,116	232,526
Total	\$ 6,653,622	\$ 6,005,512

14. 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 with Sam Klepfish (the “SK Agreements”), 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 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, its prior 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 with Richard Tang, its Chief Financial Officer (the “Tang Separation Agreement”) effective as of December 31, 2023. Pursuant to the Tang Separation Agreement, the Company will 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 this 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 Mr. Tang timely elects to continue his group health insurance benefits under the Consolidated Omnibus Reconciliation Act (“COBRA”), the Company will reimburse Mr. Tang’s group health insurance premiums (“COBRA 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 year ended December 31, 2024, the Company made the following payments in connection with the SK Agreements: The Company paid cash in the amount of \$333,333 to Mr. Klepfish.

During the year ended December 31, 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 \$967.

During the year ended December 31, 2024, the Company made the following payments in connection with the Tang Separation Agreement: The Company made cash payments to Mr. Tang in the amount of \$113,918, and Cobra payments on behalf of Mr. Tang in the amount of \$14,495.

The following table represents the amounts accrued, paid, and outstanding on these agreements as of December 31, 2024:

	<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	\$ (608,975)	\$ 391,025	\$ 333,333	\$ 57,692
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>\$ (1,026,975)</u>	<u>\$ 792,224</u>	<u>\$ 334,532</u>	<u>\$ 457,692</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>\$ (1,281,839)</u>	<u>\$ 792,224</u>	<u>\$ 334,532</u>	<u>\$ 457,692</u>

15. 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. 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 December 31, 2024, the Smallwood SARs had a fair value of \$1,353,150; the increase in fair value in the amount \$1,098,130 was charged to non-cash compensation during the year ended December 31, 2024.

The following assumption were utilized in the valuation of the Smallwood SARs:

	December 31,	
	2024	2023
Black-Scholes model variables:		
Volatility	86.58-131.55%	53.3-95.5%
Dividends	-	-
Risk-free interest rates	3.66-4.71%	3.67-5.03%
Term (years)	1.00-1.38	3.00-3.63

16. NOTES PAYABLE

	December 31, 2024	December 31, 2023
<p>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 December 31, 2024, 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 Term Loan Agreements also provides that the Company and its subsidiaries on a consolidated basis, meet a Fixed Charge Coverage Ratio as described in detail in the Loan Agreements. The Term Loan Agreements contain 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 IFP 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 year ended December 31, 2024, the Company amortized \$5,136 of these costs to interest expense. During the year ended December 31, 2024, the Company made principal payments in the amount of \$90,530 on this loan. During the year ended December 31, 2024, the Company accrued interest in the amount of \$876,018 on the MapleMark term Loan 3. At December 31, 2024, accrued interest on this note was \$72,273.</p>	\$ 8,895,112	\$ 8,985,642

December 31, December 31,
2024 2023

On June 6, 2022, the Company entered into a term loan agreement with MapleMark (the “MapleMark Term Loan 2”) for the original amount of \$356,800. This amount was paid by MapleMark directly to Fifth Third Bank in satisfaction of the outstanding principal and interest due under existing loans with Fifth Third Bank. The MapleMark Term Loan 2 originally matured on May 27, 2023. On June 9, 2023, the USDA approved the Guarantee of MapleMark Term Loan 1 which allowed the Company to extend the term of the MapleMark Term Loan 2 from May 27, 2023 to May 27, 2033 with monthly payments in the amount of approximately \$2,311 commencing July 1, 2023 and continuing through June 1, 2033. On July 1, 2033, a final payment in the amount of approximately \$303,536 will be due on the MapleMark Term Loan 2. The MapleMark Term Loan 2 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 Term Loan Agreements also provides that the Company and its subsidiaries on a consolidated basis, meet a Fixed Charge Coverage Ratio as described in detail in the Loan Agreements. The Term Loan Agreements contain 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 IFP 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 recorded a discount to this loan in the amount of \$23,367 in connection with financing costs which was amortized to interest expense during the year ended December 31, 2023. On February 14, 2024, The Company sold its Race Track Road Facility in Bonita Springs, Florida, which had been pledged as security for the MapleMark Term Loan 2. Proceeds from the sale in the amount of \$352,905 and \$910 were used to pay the remaining principal and interest, respectively, on the MapleMark Term Loan 2. At December 31, 2024, there were no amounts due under the MapleMark Term Loan 2.

\$ - \$ 352,905

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 year ended December 31, 2024, the Company accrued interest in the amount of \$378 on this note. At December 31, 2024, accrued interest on this note was \$18,860.

\$ 20,000 \$ 20,000

A note payable in the amount of \$350,000 issued in connection with the GO Acquisition (the GO Note”). See Note 5. The GO Note is payable in 60 equal monthly instalments of \$6,766 and bears interest at the rate of 6.0%. During the year ended December 31, 2024, the Company made principal and interest payments on the GO note in the amount of \$5,016 and \$1,750, respectively.

\$ 344,984 \$ -

Total	\$ 9,260,096	\$ 9,358,547
Discount	(377,370)	(382,506)
Net of discount	<u>\$ 8,882,726</u>	<u>\$ 8,976,041</u>
Current portion	\$ 190,052	\$ 121,041
Long-term maturities	8,692,674	8,855,000
Total	<u>\$ 8,882,726</u>	<u>\$ 8,976,041</u>

There was a total of \$91,347 and \$95,942 accrued interest on notes payable at December 31, 2024 and 2023, respectively.

Aggregate maturities of notes payable as of December 31, 2024 are as follows:

For the period ended December 31,

2025	\$	190,054
2026		184,967
2027		201,256
2028		219,050
2029		231,728
Thereafter		8,233,041
Total	\$	<u>9,260,096</u>

17. EQUITY

Common Stock

As of December 31, 2024 and 2023 a total of 2,844,297 and 2,823,171 shares, respectively, were issued but deemed not outstanding by the Company.

For the year ended December 31, 2024:

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 4). 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.

On May 30, 2024, the Company issued a net amount of 24,138 shares of common stock pursuant to the cashless exercise of 50,000 options by a previous CFO at an exercise price of \$0.60 per shares. There was no gain or loss on this transaction because the shares were issued at the fair value of \$1.16 per share.

On July 9, 2024, the Company issued a total of 1,415,544 shares of common stock pursuant to the Company's executive stock plans. These shares were recorded at the aggregate par value of \$142; there was no gain or loss recorded on these transactions as the shares were issued pursuant to the terms of the compensation plans.

On November 29, 2024, the Company sold 1,906,250 shares of common stock and on December 4, 2024 the Company sold an additional 125,000 shares of common stock (a total of 2,031,250 shares) at a price of \$1.60 per share for total proceeds of \$3,250,000.

On December 31, 2024, the Company issued the following shares pursuant to executive stock plans: 517,429 shares of common stock were issued to its CEO, net of 455,991 shares withheld for the payment of taxes in the amount of \$664,431; 133,631 shares of common stock were issued to its COO, net of 112,151 shares withheld for the payment of taxes in the amount of \$163,763; and 73,735 shares were issued to its CFO, net of 57,350 shares withheld for the payment of taxes in the amount of \$80,290.

For the year ended December 31, 2023:

On February 1, 2023, the Company issued 875,000 shares of common stock, net of 207,839 shares withheld for income taxes, to its previous Chief Financial Officer compensation. These shares were previously accrued and were carried on the Company's balance sheet as common stock to be issued.

On February 28, 2023, the Company issued 267,030 shares with a value of \$112,169 to three employees as compensation.

On March 31, 2023, the Company accrued the issuance of 207,274 shares of common stock with a value of \$45,680 to its then officers and directors for compensation. These shares were recorded to common stock to be issued.

On April 26, 2023, the Company issued 400,000 shares of common stock to the previous Chief Executive Officer pursuant to the SK Agreements. See Note 14.

On June 30, 2023, the Company accrued the issuance of 15,106 shares of common stock with a value of \$5,000 to two directors for compensation. These shares were recorded to common stock to be issued.

On July 7, 2023, the Company issued 178,626 shares of common stock to a designee of its previous Chief Executive Officer as compensation. These shares were previously accrued and were carried on the Company's balance sheet as common stock to be issued.

On August 31, 2023, the Company issued 14,754 shares of common stock to its previous Director of Strategic Acquisitions as compensation. These shares were previously accrued and were carried on the Company's balance sheet as common stock to be issued.

On September 6, 2023, the Company issued 236,810 shares of common stock to a board member as compensation. These shares were previously accrued and were carried on the Company's balance sheet as common stock to be issued.

On September 6, 2023, the Company issued 222,401 shares of common stock, net of 14,409 shares owed to the Company from a previous transaction to a board member as compensation. These shares were previously accrued and were carried on the Company's balance sheet as common stock to be issued.

On September 6, 2023, the Company issued 320 shares of common stock to a previous employee as compensation. These shares were previously accrued and were carried on the Company's balance sheet as common stock to be issued.

On October 2, 2023, the Company issued 30,000 shares of common stock to a service provider as compensation. These shares were previously accrued and were carried on the Company's balance sheet as common stock to be issued.

On November 7, 2023, the Company issued 678,302 shares of common stock, net of 265,229 shares withheld for income tax purposes, to its Chief Executive Officer pursuant to his compensation plan. The fair value of these shares at the inception of the plan in the amount of \$190,072 is charged to operations over the thirty-four month life of the plan.

On December 30, 2023, the Company issued the net amount of 57,560 shares of common stock in a cashless exercise of 360,000 options at a price of \$0.62 per share.

On February 15, 2024, the Company issued 150,000 shares of common stock to a previous director for options previously exercised. These shares were recorded as issued on the Company's balance sheet effective December 31, 2023.

Stock Appreciation Rights

Effective May 15, 2023, the Company issued 1,500,000 stock appreciation rights (the "Smallwood SARs") to Brady Smallwood, its Chief Operating Officer. 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. 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 non-cash compensation and credited to a current liability on the Company's balance sheet. The Smallwood SARs will be revalued each reporting period and any change in value will be charged to compensation expense. At December 31, 2024, the Smallwood SARs had a fair value of \$1,353,150; the increase in value during the year ended December 31, 2024 in the amount of \$1,098,130 was charged to compensation expense. See Note 15.

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

	For the Year Ended December 31,	
	2024	2023
Volatility	86.58-131.55 %	45.0-53.3%
Dividends	0	0
risk-free interest rates	3.66-4.71%	3.67-5.03%
Expected term (years)	2.00-2.75	3.00-3.63

Share-based Incentive Plans

CEO Stock Plan

On February 3, 2023, the Company entered into an employment agreement with Bill Bennett to become the Company's CEO. See Note 17. 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 CEO Stock Plan had a fair value of \$660,541 at inception (see "Stock Plan Valuation" section below). This amount is being amortized over the 34 month life of the plan. During the year ended December 31, 2024 and 2023, \$233,132 and \$195,047 of this amount was charged to operations, respectively.

During the year ended December 31, 2023, the first of the price targets under the CEO Stock Plan was achieved, and Mr. Bennett was eligible to receive 943,531 shares of the Company's common stock. On November 7, 2023, 678,302 of these shares were issued to Mr. Bennett and of 265,229 shares were withheld for income tax purposes.

During the year ended December 31, 2024, the price targets of \$0.80, \$1.00, \$1.20, \$1.40, and \$1.60 were achieved, and Mr. Bennett became eligible to receive an additional total of 2,194,050 shares. A total of 1,218,917 shares were issued to Mr. Bennett, and an additional 530,665 shares were recorded as to be issued to Mr. Bennett, net of 444,468 shares withheld for taxes; at December 31, 2024, 487,566 shares were unearned.

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. See Note 17. 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 COO Stock Plan had a fair value of \$199,951 at inception (see “Stock Plan Valuation” section below). This amount is being amortized over the 31.5-month life of the plan. During the year ended December 31, 2024 and 2023, \$76,172 and \$47,607 of this amount was charged to operations, respectively.

During the year ended December 31, 2024, the price targets of \$0.87, \$1.16, and \$1.45 were achieved, and Mr. Smallwood became eligible to receive a total of 442,410 shares. A total of 196,627 shares were issued to Mr. Smallwood, and an additional 133,632 shares were recorded as to be issued, net of 112,151 shares withheld for taxes; at December 31, 2024, 294,941 shares were unearned.

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. See Note 17. 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 CFO Stock Plan had a fair value of \$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 year ended December 31, 2024 and 2023, \$95,500 and \$0 of this amount was charged to operations, respectively.

During the year ended December 31, 2024, the price targets of \$1.23 and \$1.63 were achieved, and Mr. Schubert became eligible to receive a total of 229,398 shares, of which 131,085 were approved for issuance by the Company’s board of directors. A total of 73,735 shares were issued to Mr. Schubert, net of 57,350 shares withheld for taxes; at December 31, 2024, 98,313 shares were earned and issuable pending approval of the Company’s board of directors, and 262,169 shares were unearned.

Valuation of Stock Plans

The Company relied upon the guidance of Statement of Financial Account Standards No. 718 Compensation – Stock Compensation (“ASC 718”) in accounting for the CEO Stock Plan, the COO Stock Plan, and the CFO Stock Plan (collectively, the “Officer Stock Plans”). A Monte Carlo market-based performance stock awards model was used in valuing the plan, with the following assumptions:

- The stock price for each trading day would fluctuate with an estimated projected volatility using a normal distribution. The stock price of the underlying instrument is modeled such that it follows a geometric Brownian motion with constant drift and volatility.
- The Company would award the stock upon triggering the thresholds.
- Annual attrition or forfeiture rates (i.e., pre-vesting forfeiture assumption) are assumed to be zero given the Holder’s position with the Company.
- No Projected capital events were included in the adjustments to the shares issued and outstanding in the projected simulations.
- Awards/Payouts were discounted at the risk-free rate.

The Officer Stock Plans were not valued during the year ended December 31, 2024.

The Officer Stock Plans were valued using the following variables during the year ended December 31, 2023:

Volatility	103.9%-113.7%
Dividends	\$ 0
Risk-free interest rates	4.29%-4.45%
Expected term (years)	2.63-2.91

Options

For the year ended December 31, 2024:

The Company issued 130,000 options with an exercise price of \$1.25 per share and a grant date fair value of \$20,847 to an employee. These options vested upon issuance and will expire on June 30, 2026.

The Company issued 130,000 options with an exercise price of \$1.75 per share and a grant date fair value of \$11,688 to an employee. These options vested upon issuance and will expire on June 30, 2026.

For the year ended December 31, 2023:

None.

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 as of December 31, 2024:

Range of exercise Prices	Number of options Outstanding	Weighted average Remaining contractual life (years)	Weighted average exercise price of outstanding Options	Number of options Exercisable	Weighted average exercise price of exercisable Options
\$ 1.00	50,000	0.99	\$ 1.00	50,000	\$ 1.00
\$ 1.25	130,000	1.50	\$ 1.25	130,000	\$ 1.25
\$ 1.75	130,000	1.99	\$ 1.75	130,000	\$ 1.750
	310,000	1.41	\$ 1.42	310,000	\$ 1.42

Transactions involving stock options are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2022	2,300,000	\$ 0.93
Granted	-	-
Exercised	(360,000)	0.62
Cancelled / Expired	(1,590,000)	0.83
Options outstanding at December 31, 2023	350,000	\$ 0.93
Granted	260,000	1.50
Exercised	(50,000)	0.60
Cancelled / Expired	(250,000)	0.46
Options outstanding at December 31, 2024	310,000	\$ 1.42

Aggregate intrinsic value of options outstanding and exercisable at December 31, 2024 and 2023 was \$111,800 and \$77,530, respectively. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the fiscal period, which was \$1.78 and \$0.74 as of December 31, 2024 and 2023, respectively, and the exercise price multiplied by the number of options outstanding.

During the year ended December 31, 2024 and 2023, the Company charged \$32,535 and \$0, respectively, to operations related to recognized stock-based compensation expense for stock options.

The exercise price at grant dates in relation to the market price during 2024 and 2023 are as follows:

	2024	2023
Exercise price lower than market price	-	-
Exercise price equal to market price	-	-
Exercise price exceeded market price	\$ 1.25-1.75	\$ -

As of December 31, 2024, and 2023, there were no non-vested options outstanding.

Accounting for stock options

The Company valued stock options using the Black-Scholes valuation model utilizing the following variables:

	December 31, 2024	December 31, 2023
Volatility	69.96%	-%
Dividends	\$ -	\$ -
Risk-free interest rates	4.64%	-%
Term (years)	2.36	-

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:

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Revenue:				
Digital Channels	37,861,972	52.5%	39,403,270	56.0%
National distribution	\$ 17,984,274	24.9%	\$ 10,742,556	15.3%
Local distribution	12,089,900	16.8%	9,929,068	14.1%
Direct to consumer	3,097,994	4.3%	9,160,288	13.0%
Other services	1,100,236	1.5%	1,153,780	1.6%
Total revenue	\$ 72,134,376	100.0%	\$ 70,388,962	100.0%
Cost of sales	55,280,668	76.6%	53,347,220	75.8%
Gross margin	\$ 16,853,708	23.4%	\$ 17,041,742	24.2%
Cash Opex:				
Payroll & related costs	\$ 10,279,315	14.3%	\$ 10,551,437	15.0%
Computer and IT	391,466	0.5%	513,275	0.7%
Office, facility, vehicles	962,917	1.3%	1,190,114	1.7%
Insurance	752,595	1.0%	798,502	1.1%
Travel & entertainment	215,349	0.3%	199,780	0.3%
Advertising & marketing	29,861	0.0%	584,363	0.8%
Banking and credit card processing	12,312	0.0%	19,921	0.0%
Professional fees	1,644,488	2.3%	1,334,988	1.9%
	\$ 14,288,303	19.8%	\$ 15,192,380	21.6%
Non-cash Opex:				
Bad debt expense	4,599	0.0%	73,330	0.1%
Impairment of intangible assets	-	0.0%	1,055,400	1.5%
Share based compensation	1,529,413	2.1%	660,509	0.9%
Depreciation & amortization of assets	273,084	0.4%	557,268	0.8%
Amortization of discount on notes payable	5,136	0.0%	-	-
Taxes & fees	214,451	0.3%	237,036	0.3%
	\$ 2,026,683	2.8%	\$ 2,583,543	3.7%
Non-recurring expenses:				
Separation costs - executive officers	-	0.0%	2,074,063	2.9%
	\$ -	0.0%	\$ 2,074,063	2.9%
Non-Operating (Income) expense:				
Interest expense	849,581	1.2%	876,452	1.2%
(Gain) loss on sale of subsidiaries	(21,126)	0.0%	45,022	0.1%
(Gain) loss on sale of assets	(2,816,616)	-3.9%	-	0.0%
Other (income) expense	(5,700)	0.0%	(31,885)	0.0%
Total other (income) expense	\$ (1,993,861)	-2.8%	\$ 889,589	1.3%
Net income (loss) before taxes	\$ 2,532,583	3.3%	\$ (3,697,833)	5.3%
Income tax expense	-	-	\$ 15,834	0.0%
Net income (loss) from continuing operations	\$ 2,532,583	3.3%	\$ (3,713,667)	-5.3%
Other segment disclosures:				
Segment assets	\$ 28,254,857		\$ 21,323,086	
Expenditures for segment assets	\$ 316,567		\$ 122,403	

19. RELATED PARTY TRANSACTIONS

Separation of prior CEO and of a board member

For the year ended December 31, 2024

The Company made the following payments in connection with the SK Agreements: The Company paid cash in the amount of \$333,333 to Mr. Klepfish.

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 \$967.

The Company made the following payments in connection with the Tang Separation Agreement: The Company made cash payments to Mr. Tang in the amount of \$113,918, and Cobra payments on behalf of Mr. Tang in the amount of \$14,495.

For the year ended December 31, 2023

The Company made the following payments in connection with separation agreements with Sam Klepfish, its prior CEO and current board member, and Justin Weirnasz, its prior Director of Strategic Acquisitions and board member. See Note 14.

The Company paid cash in the amount of \$525,643 to Mr. Klepfish. The Company also issued 400,000 shares of common stock with a fair value of \$168,000.

The Company paid cash in the amount of \$100,000 to Mr. Weirnasz and made Cobra payments on behalf of Mr. Weirnasz in the amount of \$25,484.

20. INCOME TAXES

Deferred income taxes result from the temporary differences primarily attributable to amortization of intangible assets and debt discount and an accumulation of net operating loss carryforwards for income tax purposes with a valuation allowance against the carryforwards for book purposes.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Included in deferred tax assets are Federal and State net operating loss carryforwards of approximately \$11,380,000 which can be carried forward indefinitely subject to limitation, except \$2,660,000 which can be carried forward through 2037. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Due to significant changes in the Company's ownership, the Company's future use of its existing net operating losses may be limited.

The provision (benefit) for income taxes for the years ended December 31, 2024 and 2023 consist of the following:

	2024	2023
Current	\$ -	\$ -
Deferred	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

The provision (benefit) for income taxes differs from the amount of income tax determined by applying the applicable statutory income tax rate of 27.6% for the years ended December 31, 2024 and 2023 to the loss before taxes as a result of the following differences:

	<u>2024</u>	<u>2023</u>
Income (loss) before income taxes	\$ 2,611,514	\$ (4,143,188)
Statutory tax rate	27.6%	27.6%
Total tax (benefit) at statutory rate	721,000	(1,143,500)
Permanent difference	5,000	197,000
Other adjustments	112,000	(188,966)
Changes in valuation allowance	(838,000)	1,151,300
Income tax expense	<u>\$ -</u>	<u>\$ 15,834</u>

Deferred income taxes reflect the tax impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations.

Deferred income taxes include the net tax effects of net operating loss (NOL) carryforwards and the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As of December 31, 2024, and 2023 significant components of the Company's deferred tax assets are as follows:

	<u>2024</u>	<u>2023</u>
Deferred Tax Assets:		
Net operating loss carryforwards	\$ 3,875,000	\$ 5,104,000
Allowance for credit losses	11,000	51,000
Property and equipment	282,000	307,000
Stock based compensation	422,000	-
Intangible assets	476,000	442,000
Net deferred tax assets	5,066,000	5,904,000
Valuation allowance	(5,066,000)	(5,904,000)
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

The Company's tax returns for the previous three years remain open for audit by the respective tax jurisdictions.

21. COMMITMENTS AND CONTINGENT LIABILITIES

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. MAJOR CUSTOMERS

The Company's largest customer, U.S. Foods, Inc. and its affiliates, accounted for approximately 43% and 48% of total sales in each of the years ended December 31, 2024 and 2023, respectively. In addition, Gate Gourmet, the leading global provider of airline catering solutions and provisioning services for airlines, in partnership with igourmet, represented 16% and 15% of total sales for the year ended December 31, 2024 and 2023, respectively.

23. FAIR VALUE MEASUREMENTS

Our short-term financial instruments, including cash, accounts payable and other liabilities, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, reasonably approximate their book value. The fair value of the Company's stock options is determined using option pricing models.

As a result of the adoption of ASC 815-40, the Company is required to disclose the fair value measurements required by ASC 820, "Fair Value Measurements and Disclosures." Hierarchical levels, defined by ASC 820 are directly related to the amount of subjectivity associated with the inputs to fair valuations of these liabilities are as follows:

- Level 1 Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 Inputs other than Level 1 inputs that are either directly or indirectly observable; and
- Level 3 Unobservable inputs, for which little or no market data exist, therefore requiring an entity to develop its own assumptions.

During the year ended December 31, 2024, the Company recorded the fair value of the Smallwood SARs at each reporting period. At December 31, 2023, the Company did not have financial assets or liabilities that are required to be accounted for at fair value on a recurring basis.

24. SUBSEQUENT EVENTS

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. 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.

On March 14, 2025, the Company 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. See Note 17.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under 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, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer (together, the "Certifying Officers"), or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Certifying Officers, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were effective as of the end of the fiscal year ended December 31, 2024.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of our consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth in Internal Control Over Financial Reporting — Guidance for Smaller Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Management concluded that the Company's internal control over financial reporting as of December 31, 2024 is effective at the reasonable assurance level.

Inherent Limitations over Internal Controls

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, our internal controls and procedures are designed to provide reasonable assurance of achieving their objectives.

Changes in Internal Control over Financial Reporting

We have made no change in our internal control over financial reporting during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm as we are not a large accelerated filer or an accelerated filer.

ITEM 9B. Other Information

During the three months ended December 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. Disclosures Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

PART III

The information required by Part III is incorporated by reference to the Company's proxy statement to be filed for the 2025 Annual Meeting.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

EXHIBIT NUMBER	
3.1	<u>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)</u>
3.2	<u>Amended Bylaws of the Company (incorporated by reference to exhibit 3.2 of the Company's annual report Form 10-K for the year ended December 31, 2010 filed with the Securities and Exchange Commission on March 16, 2011)</u>
3.2.1	<u>Amended Bylaws of the Company (incorporated by reference to exhibit 3.2 of the Company's current report Form 8-K filed with the Securities and Exchange Commission on January 23, 2018)</u>
3.2.2	<u>Amended Bylaws of the Company (incorporated by reference to exhibit 3.1 of the Company's current report Form 8-K filed with the Securities and Exchange Commission on September 14, 2021)</u>
4.1	<u>Description of Securities</u>
10.1	<u>Loan Sale Agreement dated as of January 10, 2018 between Food Funding, LLC, a subsidiary of the registrant and UPS Capital Business Credit (incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on January 30, 2018)</u>

- 10.2 [Fifth Amendment to Restated Loan Agreement dated February 28, 2018 between Fifth Third Bank and the registrant and its subsidiaries \(incorporated by reference to the Company's Form 10-K filed with the Securities and Exchange Commission on March 29, 2018\).](#)
- 10.3 [Promissory Note of the registrant and its subsidiaries in favor of Fifth Third Bank dated as of February 28, 2018 \(incorporated by reference to the Company's Form 10-K filed with the Securities and Exchange Commission on March 29, 2018\).](#)
- 10.4 [Draw Promissory Note of the registrant and its subsidiaries in favor of Fifth Third Bank dated as of March 13, 2018 \(incorporated by reference to the Company's Form 10-K filed with the Securities and Exchange Commission on March 29, 2018\).](#)
- 10.5 [Master Loan and Security Agreement dated March 13, 2018 between Fifth Third Bank and the registrant and its subsidiaries \(incorporated by reference to the Company's Form 10-K filed with the Securities and Exchange Commission on March 29, 2018\).](#)
- 10.6 [Form of Director Agreement dated as of January 28, 2019 \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on February 1, 2019\).](#)
- 10.7 [Eighth Amendment to Restated Loan Agreement dated as of November 9, 2019 between Fifth Third Bank, National Association, and the Registrant and certain of its subsidiaries \(incorporated by reference to the Company's Form 10-Q filed with the Securities and Exchange Commission on November 14, 2019\).](#)
- 10.8 [Promissory Note effective November 9, 2019 between Fifth Third Bank, National Association, and Innovative Food Properties, LLC, a wholly-owned subsidiary of the Registrant \(incorporated by reference to the Company's Form 10-Q filed with the Securities and Exchange Commission on November 14, 2019\).](#)
- 10.9 [Mortgage, Assignment of Leases, Fixture Filing and Security Agreement date as of November 9, 2019 between Fifth Third Bank, National Association, and Innovative Food Properties, LLC, a wholly-owned subsidiary of the Registrant \(incorporated by reference to the Company's Form 10-Q filed with the Securities and Exchange Commission on November 14, 2019\).](#)
- 10.10 [Agreement for Purchase and Sale of Real Estate dated as of August 9, 2019 \(incorporated by reference to the Company's Form 10-Q filed with the Securities and Exchange Commission on August 14, 2019\).](#)
- 10.11 [Securities Purchase Agreement dated August 26, 2021 between the Company and each of JCP Investment Partnership LP, Bandera Master Fund L.P. and SV Asset Management LLC. *\(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on August 31, 2021\).](#)
- 10.12 [Loan Agreement dated as of June 6, 2022 between the Registrant, Innovative Food Properties, LLC and MapleMark Bank \(FL, IL\) \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 14, 2022\).](#)
- 10.13 [Loan Agreement dated as of June 6, 2022 between the Registrant, Innovative Food Properties, LLC and MapleMark Bank \(PA\) \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 14, 2022\).](#)
- 10.14 [Loan Agreement dated as of June 6, 2022 between the Registrant and MapleMark Bank \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 14, 2022\).](#)

- 10.15 [Board Observer Agreement dated as of November 28, 2022 between the Registrant and Denver J. Smith \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on November 29, 2022\).](#)
- 10.16 [Employment Agreement with Robert William Bennett dated as of February 3, 2023 \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on February 7, 2023\).](#)
- 10.17 [First Amendment to the Employment Agreement with Robert William Bennett dated as of November 3, 2023 \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on November 9, 2023\).](#)
- 10.18 [Employment Agreement with Brady Smallwood dated as of April 14, 2023 \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on May 17, 2023\).](#)
- 10.19 [Form of Non-Plan Stock-Appreciation Right Award Grant Notice and Award Agreement with Brady Smallwood dated as of July 7, 2023 \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on July 12, 2023\).](#)
- 10.20 [Employment Agreement with Gary Schubert dated as of December 29, 2023 \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on January 3, 2024\).](#)
- 10.21 [Amended and Restated Asset Purchase Agreement, dated August 30, 2024, between Innovative Gourmet LLC, iGourmet LLC and Advansiv Gourmet Group, Inc. \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on September 4, 2024\).](#)
- 10.22 [Transition Services Agreement, dated August 30, 2024, between Innovative Gourmet LLC, iGourmet LLC and Advansiv Gourmet Group, Inc. \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on September 4, 2024\).](#)
- 10.23 [Asset Purchase Agreement, dated October 14, 2024, by and among Innovative Food Holdings, Inc., Golden Organics, Inc. and David Rickard \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on October 18, 2024\).](#)
- 10.24 [Form of Seller Financing Note \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on October 18, 2024\).](#)
- 10.25 [Purchase Agreement by and between the Company and Gulf Coast Aluminum, dated December 12, 2023 \(incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on February 16, 2024\).](#)
- 10.26 [Asset Purchase Agreement by and between M Innovations LLC and M Specialty Foods Inc., dated October 31, 2024.](#)

[Index](#)

14.1	Code of Ethical Conduct (incorporated by reference to exhibit 14.1 of the Company's Form 8-K filed with the Securities and Exchange Commission on July 12, 2023)
19.1	Insider Trading Policy
21	Subsidiaries of the Company
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Principal Accounting Officer
32.1	Rule 1350 Certification of Chief Executive Officer
32.2	Rule 1350 Certification of Principal Accounting Officer
97.1	Compensation Recovery Policy
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)

* Certain schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K under the Securities Act. The Company agrees to furnish supplementally any omitted schedules to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

INNOVATIVE FOOD HOLDINGS, INC.

By: /s/ Robert William Bennett
Robert William Bennett
Chief Executive Officer and Director
(Principal Executive Officer)

Dated: March 20, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert William Bennett</u> Robert William Bennett	<u>Chief Executive Officer and Director</u> (Principal Executive Officer)	<u>March 20, 2025</u>
<u>/s/ Gary Schubert</u> Gary Schubert	<u>Chief Financial Officer</u> (Principal Financial and Accounting Officer)	<u>March 20, 2025</u>
<u>/s/ Hank Cohn</u> Hank Cohn	<u>Director</u>	<u>March 20, 2025</u>
<u>/s/ Jefferson Gramm</u> Jefferson Gramm	<u>Director</u>	<u>March 20, 2025</u>
<u>/s/ James C. Pappas</u> James C. Pappas	<u>Chairman</u>	<u>March 20, 2025</u>
<u>/s/ Brady Smallwood</u> Brady Smallwood	<u>Director</u>	<u>March 20, 2025</u>
<u>/s/ Mark Schmulen</u> Mark Schmulen	<u>Director</u>	<u>March 20, 2025</u>
<u>/s/ Sam Klepfish</u> Sam Klepfish	<u>Director</u>	<u>March 20, 2025</u>
<u>/s/ Denver J. Smith</u> Denver J. Smith	<u>Director</u>	<u>March 20, 2025</u>

DESCRIPTION OF REGISTRANT'S SECURITIES

The following description sets forth certain material terms and provisions of our capital stock and also summarizes relevant provisions of Florida law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Florida law and our articles of incorporation and our bylaws, copies of which are incorporated by reference as exhibits to this Annual Report on Form 10-K of which this Exhibit 4.1 is a part.

Authorized and Outstanding Capital Stock

Innovative Food Holdings, Inc., a Florida corporation (“we,” or the “Company”), has authorized common stock consisting of 500,000,000 shares of common stock, \$0.0001 par value, and 10,000,000 shares of preferred stock, \$0.0001 par value. As of March 17, 2025, there were a total of 53,986,793 shares of the Company’s common stock outstanding, all of which are fully paid and nonassessable, and no shares of outstanding preferred stock.

Common Stock

Our common stock is quoted on OTCQB under the symbol “IVFH.”

The holders of our common stock are entitled to one vote for each share held of record on all matters to be voted on by shareholders. There is no cumulative voting with respect to the election of directors.

The holders of our common stock are entitled to receive dividends when, as and if declared by the Board of Directors of the Company (the “Board”) out of funds legally available therefor. In the event of liquidation, dissolution or winding up of the Company, the holders of common stock are entitled to share ratably in all assets remaining which are available for distribution to them after payment of liabilities and after provision has been made for each class of stock, if any, having preference over the common stock. The holders of our common stock have no preemptive, subscription, redemption or conversion rights.

Anti-Takeover Effects of Provisions of our Articles of Incorporation and Bylaws

Our Articles of Incorporation and our Amended Bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Board and which may have the effect of delaying, deferring or preventing a future takeover or change in control of the Company unless such takeover or change in control is approved by the Board. In particular, the Articles of Incorporation and Amended Bylaws, as applicable, among other things:

- provide our board of directors with the ability to alter its bylaws without shareholder approval; and
- provide that vacancies on our board of directors may be filled by a majority of directors in office, although less than a quorum.

Such provisions may have the effect of discouraging a third-party from acquiring us, even if doing so would be beneficial to our shareholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by them, and to discourage some types of transactions that may involve an actual or threatened change in control of our Company. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage some tactics that may be used in proxy fights. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company outweigh the disadvantages of discouraging such proposals because, among other things, negotiation of such proposals could result in an improvement of their terms.

Section 607.0901 of the Florida Statutes

We are subject to Section 607.0901 of the Florida Statutes. In general, Section 607.0901 regulates certain transactions between a corporation and an “interested shareholder,” one who beneficially owns more than ten percent of the corporation’s outstanding voting shares. The statute provides significant protection to minority shareholders by assuring that the transactions covered by the statute are either (a) procedurally fair (i.e., the transaction is approved by disinterested directors or disinterested shareholders) or (b) substantively fair (i.e., result in a fair price to the shareholders).

Section 607.0902 of the Florida Statutes

We are subject to Section 607.0902 of the Florida Statutes. In general, Section 607.0902 focuses on the acquisition of “control shares” in an issuing public corporation. When control shares are acquired in a “control share acquisition,” the shares do not have voting rights. Voting rights may be restored only if the bidder files an acquiring person statement and requests a shareholder meeting to vote on whether the bidder’s shares should be accorded voting rights. Voting rights are restored only to the extent approved by the disinterested shareholders (which excludes both the bidder and management shareholders). Alternatively, the bidder’s shares will have voting rights if the acquisition is approved by the target company’s board of directors. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of October 31, 2024 between M Innovations, LLC, a Delaware corporation (“**Seller**”) and M Specialty Foods, Inc., a New York corporation (“**Buyer**”).

Section I.1. Purchase and Sale of Assets. Upon the terms and subject to the conditions set forth in this Agreement, Seller hereby sells, transfers, assigns, conveys, and delivers to Buyer the following acquired assets:

- (a) **Mouth trademark:** All rights, title, and interest in and to the Mouth trademark, including any associated goodwill, free and clear of any liens, claims, or encumbrances.
- (b) **GoDaddy domain:** All rights, title, and interest in and to the GoDaddy domain ‘mouth.com,’ including any hosting rights, certificates, and any other associated digital assets.
- (c) **Shopify site:** All rights, title, and interest in and to the Shopify e-commerce site, including all customer data, order histories, supplier contracts, and integrations, without any liens or encumbrances.
- (d) **Creative and Marketing assets:** All rights, title, and interest in creative and marketing assets related to the products or services being purchased. This includes, but is not limited to, logos, trademarks, advertising materials, promotional content, digital files, social media assets, and any other marketing or branding assets that have been developed or used in connection with the business since 2021 which can be located through reasonable effort by Seller.

Section I.2. Assumption of Liabilities. On and subject to the terms and conditions of this Agreement, Buyer agrees to assume and become responsible for the following liabilities:

- (a) **Gift Cards:** Buyer shall assume responsibility for all outstanding gift card liabilities as of the Closing Date. Buyer agrees to honor and service these gift cards in compliance with all applicable federal and state laws governing gift card redemption, expiration, and escheatment. Seller shall provide Buyer with a complete list of all outstanding gift cards, balances, and other relevant details, which shall be attached as Appendix A to this Agreement.
- (b) **Website Operation and Liabilities:** Buyer shall assume all liabilities, responsibilities, and risks associated with the operation, management, and content of the Shopify website after the Closing Date, including any and all creative or development work conducted prior to Closing. This includes, but is not limited to, liabilities arising from any third-party claims, regulatory violations, or legal complaints, such as any future claims or lawsuits related to the Americans with Disabilities Act (ADA) or other applicable laws resulting from development work done prior to the Closing.

Section I.3. Retained Liabilities. Seller shall maintain sole responsibility of, and solely shall retain, pay, and perform any Liabilities arising out of or relating to the operation of Seller’s business prior to the Closing.

Section I.4. Purchase Consideration.

- (a) In lieu of payment, Buyer agrees to assume the gift card liability after Closing as recorded in Appendix A. Buyer further acknowledges and accepts full responsibility for any costs or expenses arising from the redemption or servicing of these gift cards after Closing. Seller shall bear no responsibility for any future financial obligations related to the gift cards.

Section I.5. Transaction Costs. Buyer agrees to be solely responsible for and bear any and all of Seller’s costs related to the transactions contemplated by this Agreement, including, but not limited to:

- (a) Trademark registration and transfer fees,
 - (b) Transportation and logistics costs for any merchandise purchased by the Buyer,
-

- (c) Costs associated with formally filing this Agreement or any other necessary documentation with relevant governmental organizations or authorities,
- (d) Any other fees, costs, or expenses incurred in connection with the execution, implementation, or closing of this Agreement.

Seller will not bear any of Buyer's financial responsibility for the costs of these transactions unless expressly stated otherwise in this Agreement. Seller will receive written approval from buyer before agreeing to any expense, that would need to be paid or reimbursed by Buyer, that is individually over \$500. If total transaction costs exceed \$10,000, or are projected to exceed \$10,000, then Buyer may choose, in writing, to reject the expense, which would immediately terminate this Agreement. For the avoidance of doubt, transaction costs do not include operating expenses (e.g. Shopify fees, shipping costs, digital marketing and related accounts, etc.) or procurement costs.

Section I.6. Closing. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place by the remote exchange of electronic copies of documents and signatures on a date as the parties may mutually agree, no later than 7 calendar days after executing this Agreement.

Section I.7. Closing Obligations.

At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

- (a) **Ownership transfer of mouth.com domain:** Seller shall execute and deliver all necessary documents, credentials, and authorizations required to transfer ownership of the domain "mouth.com" to Buyer. Seller warrants that there are no third-party claims against the domain that would affect the transfer of ownership.
- (b) **Trademark transfer process approval:** Seller shall provide necessary approvals to commence the transfer of the Mouth trademark to Buyer. Buyer agrees to conduct required steps and to bear all costs and fees associated with the trademark transfer process.
- (c) **Ownership transfer of Shopify site:** Seller shall transfer all administrative rights and credentials for the Shopify site to Buyer, including full access to customer and supplier databases, transaction history, and other e-commerce data integral to the operation of the business.
- (d) **Transferring other Mouth-related digital accounts:** Seller shall transfer ownership, and/or provide any required authorizations to transfer ownership, administrative control, and post-closing payment responsibilities for the following accounts and tools owned by Seller or in which Seller has rights including, Google Ads, Google Search Console, Google Tag Manager, Mouth email account, Klaviyo, Help Scout, Google Analytics, Facebook Business Account, Triple Whale, Github (website code backup), Yotpo, Commission Junction (Affiliate Marketing Platform), Social Media Accounts: Tik Tok, Instagram, Facebook, Pinterest, LinkedIn, X (Twitter), and Dropbox.
- (e) **No Other Representations or Warranties.** Except as expressly set forth in this Agreement, neither party makes any other representations or warranties, express or implied, including, without limitation, any representations or warranties of merchantability, fitness for a particular purpose, or non-infringement. Any representations or warranties not specifically included in this Agreement are hereby expressly disclaimed and shall have no legal effect.

Section I.1. Governing Law. This Agreement, and any dispute arising out of, relating to, or in connection with this Agreement, shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice or conflict of Law provision or rule (whether of the State of Delaware or of any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all at or on the date and year first above written.

M Innovations, LLC, a Delaware corporation

By: /s/ Eve David

Name: Eve David

Title:

M Specialty Foods, Inc., a New York corporation

By: /s/ Bill Bennett

Name: Bill Bennett

Title: CEO

APPENDIX A

1. Gift card balance (\$174,637): filename "Mouth Gift Cards as of 2024.10.08.xls"

INSIDER TRADING COMPLIANCE MANUAL

Innovative Food Holdings, Inc.

Adopted: February 21, 2024

In order to take an active role in the prevention of insider trading violations by its officers, directors, employees, consultants, attorneys, advisors and other related individuals, the Board of Directors (the “**Board**”) of Innovative Food Holdings, Inc., a Florida corporation (the “**Company**”), has adopted the policies and procedures described in this Insider Trading Compliance Manual.

I. Adoption of Insider Trading Policy.

Effective as of the date first written above, the Board has adopted the Insider Trading Policy attached hereto as Exhibit A (as the same may be amended from time to time by the Board, the “**Policy**”), which prohibits trading based on “material, nonpublic information” regarding the Company or any company whose securities are listed for trading or quotation in the United States (“**Material Non-Public Information**”).

This Policy covers all officers and directors of the Company and its subsidiaries, all other employees of the Company and its subsidiaries, and consultants or contractors to the Company or its subsidiaries who have or may have access to Material Non-Public Information and members of the immediate family or household of any such person. This Policy (and/or a summary thereof) is to be delivered to all employees, consultants and related individuals who are within the categories of covered persons upon the commencement of their relationships with the Company.

II. Designation of Certain Persons.

A. Section 16 Individuals. All directors and executive officers of the Company will be subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and the rules and regulations promulgated thereunder (“**Section 16 Individuals**”).

B. Other Persons Subject to Policy. In addition, certain employees, consultants, and advisors of the Company as described in Section I above have, or are likely to have, from time to time access to Material Non-Public Information and together with the Section 16 Individuals, are subject to the Policy, including the pre-clearance requirement described in Section IV. A. below.

C. Post-Termination Transactions. This Policy continues to apply to transactions in Company securities even after an employee, officer or director has resigned or terminated his or her employment. If the person who resigns or separates from the Company is in possession of Material Non-Public Information at that time, he or she may not trade in Company securities until that information has become public or is no longer material.

III. Appointment of Insider Trading Compliance Officer.

By the adoption of this Policy, the Board has appointed Gary Schubert as the Insider Trading Compliance Officer (the “**Compliance Officer**”).

IV. Duties of Compliance Officer.

The Compliance Officer has been designated by the Board to handle any and all matters relating to the Company’s Insider Trading Compliance Program. Certain of those duties may require the advice of outside counsel with special expertise in securities issues and relevant law. The duties of the Compliance Officer shall include the following:

A. Pre-clearing all transactions involving the Company’s securities by the Section 16 Individuals and those individuals having regular access to Material Non-Public Information in order to determine compliance with the Policy, insider trading laws, Section 16 of the Exchange Act and Rule 144 promulgated under the Securities Act of 1933, as amended (“**Rule 144**”). Attached hereto as Exhibit B is a Pre-Clearance Checklist to assist the Compliance Officer’s performance of this duty.

B. Assisting in the preparation and filing of Section 16 reports (Forms 3, 4 and 5) for all Section 16 Individuals, bearing in mind, however, that the preparation of such reports is undertaken by the Company as a courtesy only and that the Section 16 Individuals alone (and not the Company, its employees or advisors) shall be solely responsible for the content and filing of such reports and for any violations of Section 16 under the Exchange Act and related rules and regulations.

C. Serving as the designated recipient at the Company of copies of reports filed with the Securities and Exchange Commission (“**SEC**”) by Section 16 Individuals under Section 16 of the Exchange Act.

D. Performing periodic reviews of available materials, which may include Forms 3, 4 and 5, Form 144, officers and director’s questionnaires, and reports received from the Company’s stock administrator and transfer agent, to determine trading activity by officers, directors and others who have, or may have, access to Material Non-Public Information.

E. Circulating the Policy (and/or a summary thereof) to all covered employees, including Section 16 Individuals, on an annual basis, and providing the Policy and other appropriate materials to new officers, directors and others who have, or may have, access to Material Non-Public Information.

F. Assisting the Board in implementation of the Policy and all related Company policies.

G. Coordinating with Company internal or external legal counsel regarding all securities compliance matters.

H. Retaining copies of all appropriate securities reports, and maintaining records of his or her activities as Compliance Officer.

[Acknowledgement Appears on the Next Page]

ACKNOWLEDGMENT

I hereby acknowledge that I have received a copy of Innovative Food Holdings, Inc.'s **Insider Trading Compliance Manual** (the "**Insider Trading Manual**"). Further, I certify that I have reviewed the Insider Trading Manual, understand the policies and procedures contained therein and agree to be bound by and adhere to these policies and procedures.

Dated: _____

Signature
Name:

Exhibit A

Innovative Food Holdings, Inc.

INSIDER TRADING POLICY and Guidelines with Respect to Certain Transactions in Company Securities

APPLICABILITY OF POLICY

This Policy applies to all transactions in the Company's securities, including common stock, options and warrants to purchase common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible notes, as well as to derivative securities relating to the Company's stock, whether or not issued by the Company, such as exchange-traded options. It applies to all officers and directors of the Company, all other employees of the Company and its subsidiaries, and consultants or contractors to the Company or its subsidiaries who have or may have access to Material Nonpublic Information (as defined below) regarding the Company and members of the immediate family or household of any such person. This group of people is sometimes referred to in this Policy as "**Insiders**." This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as such information is not publicly known.

DEFINITION OF MATERIAL NONPUBLIC INFORMATION

It is not possible to define all categories of material information. However, the U.S. Supreme Court and other federal courts have ruled that information should be regarded as "material" if there is *a substantial likelihood* that a *reasonable investor*:

- (1) *would consider the information important in making an investment decision; and*
- (2) *would view the information as having significantly altered the "total mix" of available information about the Company.*

"Nonpublic" information is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

While it may be difficult to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. In addition, material information may be positive or negative. Examples of such information may include:

- Financial results
- Information relating to the Company's stock exchange listing or SEC regulatory issues
- Information regarding regulatory review of Company products
- Intellectual property and other proprietary/scientific information
- Projections of future earnings or losses
- Major contract awards, cancellations or write-offs
- Joint ventures/commercial partnerships with third parties
- Research milestones and related payments or royalties
- News of a pending or proposed merger or acquisition

- News of the disposition of material assets
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial customer or supplier
- New product announcements of a significant nature
- Significant pricing changes
- Stock splits
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Changes in senior management or the Board of Directors of the Company
- Capital investment plans
- Changes in dividend policy

CERTAIN EXCEPTIONS

For purposes of this Policy:

1. Stock Options Exercises. For purposes of this Policy, the Company considers that the exercise of stock options under the Company's stock option plans (but **not** the sale of the underlying stock) to be exempt from this Policy. This Policy does apply, however, to any sale of stock as part of a broker-assisted "cashless" exercise of an option, or any market sale for the purpose of generating the cash needed to pay the exercise price of an option.

2. 401(k) Plan. This Policy does not apply to purchases of Company stock in the Company's 401(k) plan resulting from periodic contributions of money to the plan pursuant to payroll deduction elections. This Policy does apply, however, to certain elections that may be made under the 401(k) plan, including (a) an election to increase or decrease the percentage of periodic contributions that will be allocated to the Company stock fund, if any, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against a 401(k) plan account if the loan will result in a liquidation of some or all of a participant's Company stock fund balance and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

3. Employee Stock Purchase Plan. This Policy does not apply to purchases of Company stock in the Company's employee stock purchase plan, if any, resulting from periodic contributions of money to the plan pursuant to the elections made at the time of enrollment in the plan. This Policy also does not apply to purchases of Company stock resulting from lump sum contributions to the plan, provided that the participant elected to participate by lump-sum payment at the beginning of the applicable enrollment period. This Policy does apply to a participant's election to participate in or increase his or her participation in the plan, and to a participant's sales of Company stock purchased pursuant to the plan.

4. Dividend Reinvestment Plan. This Policy does not apply to purchases of Company stock under the Company's dividend reinvestment plan, if any, resulting from reinvestment of dividends paid on Company securities. This Policy does apply, however, to voluntary purchases of Company stock that result from additional contributions a participant chooses to make to the plan, and to a participant's election to participate in the plan or increase his level of participation in the plan. This Policy also applies to his or her sale of any Company stock purchased pursuant to the plan.

5. General Exceptions. Any exceptions to this Policy other than as set forth above may only be made by advance written approval of each of: (i) the Company's President or Chief Executive Officers, (ii) the Company's Insider Trading Compliance Officer and (iii) the Chairman of the Governance and Nominating Committee of the Board. Any such exceptions shall be immediately reported to the remaining members of the Board.

STATEMENT OF POLICY

General Policy

It is the policy of the Company to prohibit the unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of Material Nonpublic Information in securities trading related to the Company or any other company.

Specific Policies

1. Trading on Material Nonpublic Information. With certain exceptions, no Insider shall engage in any transaction involving a purchase or sale of the Company's or any other company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the close of business on the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. However, see Section 2 under "**Permitted Trading Period**" below for a full discussion of trading pursuant to a pre-established plan or by delegation.

As used herein, the term "**Trading Day**" shall mean a day on which national stock exchanges are open for trading.

2. Tipping. No Insider shall disclose ("**tip**") Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company's securities.

Regulation FD (Fair Disclosure) is an issuer disclosure rule implemented by the SEC that addresses selective disclosure of Material Nonpublic Information. The regulation provides that when the Company, or person acting on its behalf, discloses material nonpublic information to certain enumerated persons (in general, securities market professionals and holders of the Company's securities who may well trade on the basis of the information), it must make public disclosure of that information. The timing of the required public disclosure depends on whether the selective disclosure was intentional or unintentional; for an intentional selective disclosure, the Company must make public disclosures simultaneously; for a non-intentional disclosure the Company must make public disclosure promptly. Under the regulation, the required public disclosure may be made by filing or furnishing a Form 8-K, or by another method or combination of methods that is reasonably designed to effect broad, non-exclusionary distribution of the information to the public.

It is the policy of the Company that all public communications of the Company (including, without limitation, communications with the press, other public statements, statements made via the Internet or social media outlets, or communications with any regulatory authority) be handled *only* through the Company's President and/or Chief Executive Officer (the "**CEO**"), an authorized designee of the CEO or the Company's public or investor relations firm. Please refer all press, analyst or similar requests for information to the CEO and do not respond to any inquiries without prior authorization from the CEO. If the CEO is unavailable, the Company's Chief Financial Officer (or the authorized designee of such officer) will fill this role.

3. Confidentiality of Nonpublic Information. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information (including, without limitation, via email or by posting on Internet message boards, blogs or social media) is strictly forbidden.

4. Duty to Report Inappropriate and Irregular Conduct. All employees, and particularly managers and/or supervisors, have a responsibility for maintaining financial integrity within the company, consistent with generally accepted accounting principles and both federal and state securities laws. Any employee who becomes aware of any incidents involving financial or accounting manipulation or irregularities, whether by witnessing the incident or being told of it, must report it to their immediate supervisor and to any member of the Company's Audit Committee. In certain instances, employees are allowed to participate in federal or state proceedings. For a more complete understanding of this issue, employees should consult their employee manual and/or seek the advice from their direct report or the Company's principal executive officers (who may, in turn, seek input from the Company's outside legal counsel).

**POTENTIAL CRIMINAL AND CIVIL LIABILITY
AND/OR DISCIPLINARY ACTION**

1. Liability for Insider Trading. Insiders may be subject to penalties of up to \$5,000,000 for individuals (and \$25,000,000 for a business entity) and up to twenty (20) years in prison for engaging in transactions in the Company's securities at a time when they possess Material Nonpublic Information regarding the Company. In addition, the SEC has the authority to seek a civil monetary penalty of up to three times the amount of profit gained or loss avoided by illegal insider trading. "Profit gained" or "loss avoided" generally means the difference between the purchase or sale price of the Company's stock and its value as measured by the trading price of the stock a reasonable period after public dissemination of the nonpublic information.

2. Liability for Tipping. Insiders may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities. The SEC has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to monitor and uncover insider trading.

3. Possible Disciplinary Actions. Individuals subject to the Policy who violate this Policy shall also be subject to disciplinary action by the Company, which may include suspension, forfeiture of perquisites, ineligibility for future participation in the Company's equity incentive plans and/or termination of employment.

PERMITTED TRADING PERIOD

1. Black-Out Period and Trading Window.

To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that all officers, directors, members of the immediate family or household of any such person and others who are subject to this Policy refrain from conducting any transactions involving the purchase or sale of the Company's securities, other than during the period in any fiscal quarter commencing at the close of business on the second Trading Day following the date of public disclosure of the financial results for the prior fiscal quarter or year and ending on the fifteenth day of the third month of the fiscal quarter (the "**Trading Window**"). If such public disclosure occurs on a Trading Day before the markets close, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

It is the Company's policy that the period when the Trading Window is "closed" is a particularly sensitive period of time for transactions in the Company's securities from the perspective of compliance with applicable securities laws. This is because Insiders will, as any quarter progresses, be increasingly likely to possess Material Nonpublic Information about the expected financial results for the quarter. The purpose of the Trading Window is to avoid any unlawful or improper transactions or the appearance of any such transactions.

It should be noted that even during the Trading Window any person possessing Material Nonpublic Information concerning the Company shall not engage in any transactions in the Company's (or any other companies, as applicable) securities until such information has been known publicly for at least two Trading Days. The Company has adopted the policy of delaying trading for "at least two Trading Days" because the securities laws require that the public be informed effectively of previously undisclosed material information before Insiders trade in the Company's stock. Public disclosure may occur through a widely disseminated press release or through filings, such as Forms 10-Q and 8-K, with the SEC. Furthermore, in order for the public to be effectively informed, the public must be given time to evaluate the information disclosed by the Company. Although the amount of time necessary for the public to evaluate the information may vary depending on the complexity of the information, generally two Trading Days is a sufficient period of time.

From time to time, the Company may also require that Insiders suspend trading because of developments known to the Company and not yet disclosed to the public. In such event, such persons may not engage in any transaction involving the purchase or sale of the Company's securities during such period and may not disclose to others the fact of such suspension of trading.

Although the Company may from time to time require during a Trading Window that Insiders and others suspend trading because of developments known to the Company and not yet disclosed to the public, *each person is individually responsible at all times for compliance with the prohibitions against insider trading. Trading in the Company's securities during the Trading Window should not be considered a "safe harbor," and all directors, officers and other persons should use good judgment at all times.*

Notwithstanding these general rules, Insiders may trade outside of the Trading Window provided that such trades are made pursuant to a legally compliant, pre-established plan or by delegation established at a time that the Insider is not in possession of material nonpublic information. These alternatives are discussed in the next section.

2. Trading According to a Pre-established Plan (10b5-1) or by Delegation.

The SEC has adopted Rule 10b5-1 (which was amended in December 2022) under which insider trading liability can be avoided if Insiders follow very specific procedures. In general, such procedures involve trading according to pre-established instructions, plans or programs (a "**10b5-1 Plan**") after a required "cooling off" period described below.

10b5-1 Plans must:

(a) Be documented by a contract, written plan, or formal instruction which provides that the trade take place in the future. For example, an Insider can contract to sell his or her shares on a specific date, or simply delegate such decisions to an investment manager, 401(k) plan administrator or similar third party. This documentation must be provided to the Company's Insider Trading Compliance Officer;

(b) Include in its documentation the specific amount, price and timing of the trade, or the formula for determining the amount, price and timing. For example, the Insider can buy or sell shares in a specific amount and on a specific date each month, or according to a pre-established percentage (of the Insider's salary, for example) each time that the share price falls or rises to pre-established levels. In the case where trading decisions have been delegated (i.e., to a third party broker or money manager), the specific amount, price and timing need not be provided;

(c) Be implemented at a time when the Insider does not possess material non-public information. As a practical matter, this means that the Insider may set up 10b5-1 Plans, or delegate trading discretion, only during a "Trading Window" (discussed in Section 1, above), assuming the Insider is not in possession of material non-public information;

(d) Remain beyond the scope of the Insider's influence after implementation. In general, the Insider must allow the 10b5-1 Plan to be executed without changes to the accompanying instructions, and the Insider cannot later execute a hedge transaction that modifies the effect of the 10b5-1 Plan. Insiders should be aware that the termination or modification of a 10b5-1 Plan after trades have been undertaken under such plan could negate the 10b5-1 affirmative defense afforded by such program for all such prior trades. As such, termination or modification of a 10b5-1 Plan should only be undertaken in consultation with your legal counsel. If the Insider has delegated decision-making authority to a third party, the Insider cannot subsequently influence the third party in any way and such third party must not possess material non-public information at the time of any of the trades;

(e) **Be subject to a “cooling off” period.** Effective February 27, 2023, Rule 10b5-1 contains “cooling-off period” for directors and officers that prohibit such insiders from trading in a 10b5-1 Plan until the later of (i) 90 days following the plan’s adoption or modification or (ii) two business days following the Company’s disclosure (via a report filed with the SEC) of its financial results for the fiscal quarter in which the plan was adopted or modified; and

(f) **Contain Insider certifications.** Effective February 27, 2023, directors and officers are required to include a certification in their 10b5-1 Plans to certify that at the time the plan is adopted or modified: (i) they are not aware of Material Nonpublic Information about the Company or its securities and (ii) they are adopting the 10b5-1 Plan in good faith and not as part of a plan or scheme to evade the anti-fraud provisions of the Exchange Act.

Important: In addition, effective February 27, 2023: (i) Insiders are prohibited from having multiple overlapping 10b5-1 Plans or more than one plan in any given year, (ii) a modification relating to amount, price and timing of trades under a 10b5-1 Plan is deemed a plan termination which requires a new cooling off period, and (iii) whether a particular trade is undertaken pursuant to a 10b5-1 Plan will need to be disclosed (by checkoff box) on the applicable Forms 4 or 5 of the Insider.

Pre-Approval Required: Prior to implementing a 10b5-1 Plan, all officers and directors must receive the approval for such plan from (and provide the details of the plan to) the Company’s Insider Trading Compliance Officer.

3. Pre-Clearance of Trades.

Even during a Trading Window, all Insiders, must comply with the Company’s “pre-clearance” process prior to trading in the Company’s securities, implementing a pre-established plan for trading, or delegating decision-making authority over the Insider’s trades. To do so, each Insider must contact the Company’s Insider Trading Compliance Officer prior to initiating any of these actions. The Company may also find it necessary, from time to time, to require compliance with the pre-clearance process from others who may be in possession of Material Nonpublic Information.

4. Individual Responsibility.

Every person subject to this Policy has the individual responsibility to comply with this Policy against insider trading, regardless of whether the Company has established a Trading Window applicable to that Insider or any other Insiders of the Company. Each individual, and not necessarily the Company, is responsible for his or her own actions and will be individually responsible for the consequences of their actions. Therefore, appropriate judgment, diligence and caution should be exercised in connection with any trade in the Company’s securities. An Insider may, from time to time, have to forego a proposed transaction in the Company’s securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

**APPLICABILITY OF POLICY TO INSIDE INFORMATION
REGARDING OTHER COMPANIES**

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, vendors or suppliers ("**business partners**"), when that information is obtained in the course of employment with, or other services performed on behalf of the Company. Civil and criminal penalties, as well as termination of employment, may result from trading on Material Nonpublic Information regarding the Company's business partners. All Insiders should treat Material Nonpublic Information about the Company's business partners with the same care as is required with respect to information relating directly to the Company.

**PROHIBITION AGAINST BUYING AND SELLING
COMPANY COMMON STOCK WITHIN A SIX-MONTH PERIOD
Directors, Officers and 10% Shareholders**

Purchases and sales (or sales and purchases) of Company common stock occurring within any six-month period in which a mathematical profit is realized result in illegal "short-swing profits." The prohibition against short-swing profits is found in Section 16 of the Exchange Act. Section 16 was drafted as a rather arbitrary prohibition against profitable "insider trading" in a company's securities within any six-month period regardless of the presence or absence of material nonpublic information that may affect the market price of those securities. Each executive officer, director and 10% shareholder of the Company is subject to the prohibition against short-swing profits under Section 16. Such persons are required to file Forms 3, 4 and 5 reports reporting his or her initial ownership of the Company's common stock and any subsequent changes in such ownership. The Sarbanes-Oxley Act of 2002 requires executive officers and directors who must report transactions on Form 4 to do so by the end of the second business day following the transaction date, and amendments to Form 4 adopted effective February 2023 require the reporting person to check on the form if the purchase or sale was undertaken pursuant to a 10b5-1 Plan. Profit realized, for the purposes of Section 16, is calculated generally to provide maximum recovery by the Company. The measure of damages is the profit computed from any purchase and sale or any sale and purchase within the short-swing (i.e., six-month) period, without regard to any setoffs for losses, any first-in or first-out rules, or the identity of the shares of common stock. This approach sometimes has been called the "lowest price in, highest price out" rule.

The rules on recovery of short-swing profits are absolute and do not depend on whether a person has Material Nonpublic Information. In order to avoid trading activity that could inadvertently trigger a short-swing profit, it is the Company's policy that no executive officer, director and 10% shareholder of the Company who has a 10b5-1 Plan in place may engage in voluntary purchases or sales of Company securities outside of and while such 10b5-1 Plan remains in place.

INQUIRIES

Please direct your questions as to any of the matters discussed in this Policy to the Company's Insider Trading Compliance Officer.

Exhibit B

Innovative Food Holdings, Inc.

INSIDER TRADING COMPLIANCE PROGRAM - PRE-CLEARANCE CHECKLIST

Individual Proposing to Trade: _____

Number of Shares covered by Proposed Trade: _____

Date: _____

- Trading Window.** Confirm that the trade will be made during the Company's "trading window."
- Section 16 Compliance.** Confirm, if the individual is subject to Section 16, that the proposed trade will not give rise to any potential liability under Section 16 as a result of matched past (or intended future) transactions. Also, ensure that a Form 4 has been or will be completed and will be timely filed.
- Prohibited Trades.** Confirm, if the individual is subject to Section 16, that the proposed transaction is not a "short sale," put, call or other prohibited or strongly discouraged transaction.
- Rule 144 Compliance (as applicable).** Confirm that:
 - Current public information requirement has been met;
 - Shares are not restricted or, if restricted, the one year holding period has been met;
 - Volume limitations are not exceeded (confirm that the individual is not part of an aggregated group);
 - The manner of sale requirements have been met; and
 - The Notice of Form 144 Sale has been completed and filed.
- Rule 10b-5 Concerns.** Confirm that (i) the individual has been reminded that trading is prohibited when in possession of any material information regarding the Company that has not been adequately disclosed to the public, and (ii) the Insider Trading Compliance Officer has discussed with the individual any information known to the individual or the Insider Trading Compliance Officer which might be considered material, so that the individual has made an informed judgment as to the presence of inside information.
- Rule 10b5-1 Matters.** Confirm whether the individual has implemented, or proposes to implement, a pre-arranged trading plan under Rule 10b5-1. If so, obtain details of the plan.

Signature of Insider Trading Compliance Officer

SCHEDULE OF SUBSIDIARIES

Food Innovations, Inc.	Florida Corporation
Food New Media Group, Inc.	Florida Corporation
4 The Gourmet, Inc. (d/b/a/ For The Gourmet, Inc.)	Florida Corporation
Gourmet Foodservice Group, Inc.	Florida Corporation
Artisan Specialty Foods, Inc.	Delaware Corporation
Gourmet Foodservice Group Warehouse, Inc.	Florida Corporation
Gourmeting Inc.	Delaware Corporation
Innovative Gourmet, LLC	Delaware Limited Liability Company
Food Funding, LLC	Delaware Limited Liability Company
Logistics Innovations, LLC	Delaware Limited Liability Company
M Innovations LLC	Delaware Limited Liability Company
P Innovations LLC	Delaware Limited Liability Company
Innovative Food Properties, LLC	Delaware Limited Liability Company
M Foods Innovations LLC	Delaware Limited Liability Company
MI Foods, LLC	Delaware Limited Liability Company
PlantBelly, LLC	Delaware Limited Liability Company
Plant Innovations, Inc.	Florida Corporation
Innovative Foods, Inc.	Florida Corporation
Innovative Gourmet Partnerships, LLC	Delaware Limited Liability Company

Certifications

I, Robert William Bennett, certify that:

1. I have reviewed this annual report on Form 10-K of Innovative Food Holdings, Inc. and Subsidiaries;
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(s) 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)) 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: March 20, 2025

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

Certifications

I, Gary Schubert, certify that:

1. I have reviewed this annual report on Form 10-K of Innovative Food Holdings, Inc. and Subsidiaries;
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(s) 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)) 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.

March 20, 2025

/s/ Gary Schubert

Gary Schubert,
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Annual Report of Innovative Food Holdings, Inc. and Subsidiaries (the “Company”) on Form 10-K for the year ended December 31, 2024 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 and Director
(*Principal Executive Officer*)

March 20, 2025

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

In connection with the Annual Report of Innovative Food Holdings, Inc. and Subsidiaries (the “Company”) on Form 10-K for the year ended December 31, 2024 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)

March 20, 2025

INNOVATIVE FOOD HOLDINGS, INC.

EXECUTIVE COMPENSATION CLAWBACK POLICY

The Board of Directors (the “**Board**”) of Innovative Food Holdings, Inc. (the “**Company**”) has adopted the following executive compensation clawback policy (this “**Policy**”). This Policy shall supplement any other clawback or compensation recovery policy or policies adopted by the Company or included in any agreement between the Company, or any subsidiary of the Company, and a person covered by this Policy. If any such other policy or agreement provides that a greater amount of compensation shall be subject to clawback, such other policy or agreement shall apply to the amount in excess of the amount subject to clawback under this Policy.

This Policy shall be interpreted to comply with Securities and Exchange Commission (“**SEC**”) Rule 10D-1 and Listing Rule 5608 (the “**Listing Rule**”) of The Nasdaq Stock Market, LLC (“**Nasdaq**”), as may be amended or supplemented and interpreted from time to time by Nasdaq. To the extent this Policy is any manner deemed inconsistent with the Listing Rule, this Policy shall be treated as having been amended to be compliant with the Listing Rule.

1. Definitions. Unless the context otherwise the following definitions apply for purposes of this Policy:

(a) **Executive Officer.** An executive officer is the Company’s chief executive officer, chief financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of the Listing Rule would include at a minimum executive officers identified in the Listing Rule.

(b) **Financial Reporting Measures.** Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the SEC and may be such financial measures as may be determined by the Board or the Compensation Committee thereof (the “**Compensation Committee**”).

(c) **Incentive-Based Compensation.** Incentive-based compensation is any compensation that is granted, earned or vested based wholly or in part upon the attainment of a financial reporting measure.

(d) **Received.** Incentive-based compensation is deemed “received” in the Company’s fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period.

2. Application of this Policy. This recovery of Incentive-Based Compensation from an Executive Officer as provided for in this Policy shall apply only in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of Company with any financial reporting requirement under the United States securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.¹

¹ NOTE: questions as to “materiality” will be made by the Audit Committee as part of the restatement process. Companies should review the charters for Audit and Compensation committees and consider updates authorizing them to oversee and make applicable determinations under the company’s Clawback policy.

3. Recovery Period.

(a) The Incentive-Based Compensation subject to recovery is the Incentive-Based Compensation Received during the three (3) completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in Section 2 above, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question. The date that the Company is required to prepare an accounting restatement shall be determined pursuant to the Listing Rule.

(b) Notwithstanding the foregoing, this Policy shall only apply if the Incentive-Based Compensation is Received (i) while the Company has a class of securities listed on Nasdaq and (ii) on or after October 2, 2023.

(c) The provisions of the Listing Rule shall apply with respect to Incentive-Based Compensation received during a transition period arising due to a change in the Company's fiscal year.

4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to recovery from the applicable Executive Officers under this Policy ("**Erroneously Awarded Compensation**") shall be equal to the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive Based-Compensation that otherwise would have been Received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (a) the amount shall be based on a reasonable estimate by the Company's Chief Financial Officer (or principal accounting officer, if the office of Chief Financial Officer is not then filled) of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, which estimate shall be subject to the review and approval of the Compensation Committee; and (b) the Company must maintain reasonable documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq if requested. Notwithstanding the foregoing, if the proposed Incentive-Based Compensation recovery would affect compensation paid to the Company's Chief Financial Officer, the determination shall be made by the Compensation Committee.

5. Timing of Recovery. The Company shall recover any Erroneously Awarded Compensation reasonably promptly except to the extent that the conditions of paragraphs (a), (b), or (c) below apply. The Compensation Committee shall determine the repayment schedule for each amount of Erroneously Awarded Compensation in a manner that complies with this "reasonably promptly" requirement. Such determination shall be consistent with any applicable legal guidance by the SEC, Nasdaq, judicial opinion, or otherwise. The determination of "reasonably promptly" may vary from case to case and the Compensation Committee is authorized to adopt additional rules or policies to further describe what repayment schedules satisfy this requirement.

(a) Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing (or making determinations in connection with the enforcement of) this Policy would exceed the amount to be recovered and the Compensation Committee has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall (i) make a reasonable attempt to recover such Erroneously Awarded Compensation, (ii) document such reasonable attempt or attempts to recover, and (iii) provide appropriate documentation to the Compensation Committee or Nasdaq, if requested.

(b) Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on a violation of home country law, the Company shall obtain an opinion of home country counsel, in form an substance that would be reasonably acceptable to Nasdaq, that recovery would result in such a violation and shall provide such opinion to Nasdaq, if requested.

(c) Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder (as such provision may be amended, modified or supplemented).

6. Compensation Committee Decisions. Decisions of the Compensation Committee with respect to this Policy shall be final, conclusive and binding on all Executive Officers subject to this Policy.

7. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss arising from the recovery of any Erroneously Awarded Compensation.

8. Agreement to Policy by Executive Officers². The Company shall take reasonable steps to inform Executive Officers of this Policy and obtain their express agreement to this Policy, which steps may constitute the inclusion of this Policy as an attachment to any award that is accepted by an Executive Officer. This Policy shall be deemed to apply to each employment or grant agreement between the Company or any of its subsidiaries and any Executive Officer subject to this Policy.

###

² Companies should be advised to have the executive officers acknowledge this in writing (similar to the Insider trading Policy acknowledgement). Also consider if amendments should be made to employment agreements, grant award forms, etc.