



Innovative Food Holdings, Inc. Reports Financial Results for First Quarter of 2025

May 15, 2025

Key First Quarter data points:

- Revenue of \$19.5 million, +26.0% vs. Q1 2024
- Organic revenue growth ⁽¹⁾ of +22.9% vs. Q1 2024
- Gross margin declined by 157 basis points vs. Q1 2024 to 22.9%
- GAAP net income (loss) from continuing operations of (\$0.4) million vs. \$1.4 million in Q1 2024
- GAAP net income (loss) from continuing operations per fully diluted share of (\$0.008) vs. \$0.028 in Q1 2024
- Non-GAAP adjusted net income (loss) from continuing operations of \$49 thousand vs. \$161 thousand in Q1 2024
- Non-GAAP adjusted net income (loss) per fully diluted share of \$0.001 vs. \$0.003 in Q1 2024
- Non-GAAP adjusted EBITDA of \$346 thousand vs. \$486 thousand in Q1 2024
- Announced new cheese business with an international airline, and relocated LoCo Foods business from Fort Collins to Denver
- New retail sales channel generated \$3.7 million in revenue
- (1) Organic revenue growth excludes the impact of divestitures and acquisitions

BROADVIEW, Ill., May 15, 2025 (GLOBE NEWSWIRE) -- Innovative Food Holdings, Inc. (OTCQB: IVFH) ("IVFH" or the "Company"), a national seller of gourmet specialty foods to professional chefs, today reported its financial results for the first quarter of 2025.

Bill Bennett, Chief Executive Officer of IVFH, remarked, "The first quarter of 2025 marked additional progress against our strategic plan as we continued the second phase of our growth strategy (building the foundation for growth). Contributing to these efforts, this was our first full quarter focused on the integration of our recent acquisition of Denver-based Golden Organics and Fort Collins-based LoCo Food Distribution, and our first full quarter of our new retail sales channel. We also continue to see strong growth with our new national distributor partner announced last Spring, triple-digit growth in our Amazon sales channel, single-digit growth in our airline catering business, and single-digit growth in our Chicago Artisan business. These growth initiatives were offset by continued softness in our legacy drop ship business. Returning this business to growth through significant catalog expansion is a key initiative for the entire management team, since it continues to represent the majority of the company's revenues. Also, while our new acquisitions are adding incremental topline growth, we were still in the process of stabilizing both new businesses in Q1, as we worked through the relocation of the LoCo business from Fort Collins to Denver, and worked to build out the team and design and implement our operational playbook. Taken together, these trends resulted in revenue growing 26.0% compared to Q1 2024. Organic revenue growth, which excludes the impact of divestitures and acquisitions, was +22.9% for the quarter."

Mr. Bennett continued, "Despite a decline in gross margin by 157 basis points to 22.9% as our business mix shifted towards the lower-margin retail business, gross margin dollars rose by \$0.7 million on an additional \$4.0 million in revenue. SG&A increased by \$0.7 million, but SG&A as a percentage of revenue declined by 155 basis points to 24.1%. SG&A excluding non-cash stock compensation, separation, restructuring, and other legal and transactional costs as shown in Adjusted EBITDA, decreased by 36 basis points to 21.7% of revenue. GAAP Net Income from continuing operations was a loss of \$0.4 million vs. a gain of \$1.4 million in Q1 2024 when we recorded the \$1.8M gain from the sale of our Florida headquarters building. Adjusted EBITDA was \$346 thousand vs. \$486 thousand in Q1 2024, despite the profit headwind driven by the ramp-up of the retail business. This headwind was approximately \$425 thousand in Q1 2025, compared to the Q4 2024 headwind of approximately \$700 thousand, as we made progress on the operational cost structure of this new, large business. We remain confident we can achieve profitability in the cheese business as the year progresses."

Mr. Bennett added, "We're pleased to see our new growth businesses and acquisitions begin to materialize this quarter and demonstrate the growth potential of the Company, though we also see an opportunity to continue to make progress on the operating models of our retail cheese business and our new acquisitions. The Company has a solid foundation, a passionate and committed team, and an industry with tremendous long-term potential. We recognize the importance of maintaining a laser focus on our top priorities in a complex economic environment to create a robust, profitable, and sustainable business model. As we navigate the ever-changing landscape of the food industry, we believe in our ability to adapt, innovate, and capitalize on opportunities focused on driving long-term shareholder value," concluded Mr. Bennett.

Conference Call

The Company's management will hold an investor call on May 15, 2025 at 10:00 am Eastern Time to discuss the Company's results for the first quarter ended March 31, 2025. At the end of the meeting, the Company will host a question-and-answer session with investors. All interested participants may attend the call on the web or by phone. The Company encourages those who wish to ask questions to join the call virtually through Zoom, rather than on the phone, as Zoom's "raise hand" feature makes it easier for management to identify questioners. Details for the meeting are as follows:

Join Zoom Meeting: <https://us02web.zoom.us/j/88587278031?pwd=HMHKZdgPhobu0bqftzulaMfHbAZTWE.1>

Meeting ID: 885 8727 8031
Passcode: 343676
One tap mobile: +16694449171..88587278031# US

About Innovative Food Holdings, Inc.

At IVFH, we help make meals special. We provide access to foods that are hard to find, have a compelling story, or are on the forefront of food trends. Our gourmet foods marketplace connects the world's best artisan food makers with top professional chefs nationwide. We curate the assortment, experience, and tech enabled tools that help our professional chefs create unforgettable experiences for their guests. Additional information is available at www.ivfh.com.

Forward-Looking Statements

This release contains certain forward-looking statements and information relating to the Company that are based on the current beliefs of the Company's management, as well as assumptions made by, and information currently available to, the Company. Such statements, including those related to the Company's growth plans, reflect the current views of the Company with respect to future events and are subject to certain assumptions, including those described in this release. Should one or more of these underlying assumptions prove incorrect, actual results may vary materially from those described herein, which include words such as "should," "could," "will," "anticipate," "believe," "intend," "plan," "might," "potentially" "targeting" or "expect", or similar expressions. Additional factors that could also cause actual results to differ materially relate to current conditions and expected future developments, international crises, environmental and economic issues and other risk factors described in the Company's public filings. As a result, readers are cautioned not to place undue reliance on these forward-looking statements and should understand that these statements are not guarantees of performance or results and that there are a number of risks, uncertainties and other important factors, many of which are beyond the Company's control, that could cause the Company's actual results to differ materially from those expressed in these statements, including, among others: economic factors affecting consumer confidence and discretionary spending; cost inflation/deflation and commodity volatility; competition; reliance on third party suppliers and interruption of product supply or increases in product costs; and changes in the Company's relationships with vendors and customers. The Company does not intend to update these forward-looking statements.

For a detailed discussion of these risks, uncertainties and other factors that could cause the Company's actual results to differ materially from those anticipated or expressed in any forward-looking statements, see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the Securities and Exchange Commission ("SEC"). Additional risks and uncertainties are discussed from time to time in current, quarterly and annual reports filed by the Company with the SEC, which are available on the SEC's website at <https://www.sec.gov/>.

Investor and Media contact:

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

	March 31, 2025 (unaudited)	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,105,274	\$ 2,330,880
Accounts receivable, net	7,494,670	9,039,232
Inventory, net	6,796,302	6,290,488
Other current assets	349,918	238,526
Assets held for sale	5,941,933	5,941,933
Current assets - discontinued operations	-	49,315
Total current assets	21,688,097	23,890,374
Property and equipment, net	1,690,084	1,584,878
Right of use assets - operating leases, net	644,007	705,476
Right of use assets - finance leases, net	494,390	524,273
Amortizable intangible assets, net	402,794	424,372
Tradenames and other unamortizable intangible assets	217,000	217,000
Total assets	\$ 25,136,372	\$ 27,346,373
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,989,390	\$ 6,653,622
Accrued separation costs, related parties, current portion	308,891	334,532
Accrued interest	91,155	91,347
Deferred revenue	347,700	349,600
Stock appreciation rights liability	1,413,745	1,353,150
Notes payable - current portion	179,981	190,052
Lease liability - operating leases, current	241,317	239,660
Lease liability - finance leases, current	110,994	147,797
Contingent liability, current	54,430	54,430
Total current liabilities	7,737,603	9,414,190
Note payable, net of discount	8,658,425	8,692,674
Accrued separation costs, related parties, non-current	400,000	457,692

Lease liability - operating leases, non-current	407,072	467,569
Lease liability - finance leases, non-current	87,850	139,591
Total liabilities	<u>17,290,950</u>	<u>19,171,716</u>
Commitments & Contingencies (see note 21)		
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 56,831,090 and 56,009,032 shares issued, and 53,986,793 and 53,164,735 shares outstanding at March 31, 2025 and December 31, 2024, respectively	5,680	5,598
Common stock to be issued; 798,891 and 738,032 shares at March 31, 2025 and December 31, 2024, respectively	79	74
Additional paid-in capital	45,621,235	45,520,121
Treasury stock: 2,644,297 shares outstanding at March 31, 2025 and December 31, 2024	(1,141,372)	(1,141,372)
Accumulated deficit	<u>(36,640,200)</u>	<u>(36,209,764)</u>
Total stockholders' equity	<u>7,845,422</u>	<u>8,174,657</u>
Total liabilities and stockholders' equity	<u>\$ 25,136,372</u>	<u>\$ 27,346,373</u>

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

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

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

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

Innovative Food Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Measures Adjusted EBITDA Calculations
(unaudited)

	Q1 2025	Q1 2024
Net Income (Loss) From Continuing Operations (GAAP)	\$ (430,436)	\$ 1,441,186
Depreciation & Amortization (1)	\$ 109,621	\$ 110,260
Interest expense - net	209,166	\$ 215,450
Income tax provision	\$ -	\$ -
EBITDA (Non-GAAP) (2)	\$ (111,649)	\$ 1,766,896
<i>Adjustments:</i>		
Separation Costs	\$ -	\$ 68,791
Other Restructuring Costs	\$ 7,392	\$ 48,200
Stock Compensation Expense (3)	\$ 161,796	\$ 222,133
Legal Fees - JIT Lawsuit	\$ -	\$ 24,515
Gain on Sale of Subsidiaries	\$ -	\$ (21,126)
Other Legal & Transactional	\$ 288,257	\$ 37,159
Commission on Sale of Asset	\$ -	\$ 147,300
Gain on sale of assets	\$ -	\$ (1,807,516)
Adjusted EBITDA (Non-GAAP) (4)	\$ 345,796	\$ 486,352
<i>Adjustments:</i>		
Depreciation	\$ (88,043)	\$ (110,260)
Interest expense - net	\$ (209,166)	\$ (215,450)
Income tax provision	\$ -	\$ -
Adjusted Net Income (Non-GAAP) (5)	\$ 48,587	\$ 160,642
Adjusted Diluted EPS (Non-GAAP)	\$ 0.001	\$ 0.003
Weighted-average diluted shares outstanding (Non-GAAP) (6)	53,962,273	50,603,891

	Q1 2025	Q1 2024
Revenue (GAAP)	\$ 19,548,566	\$ 15,518,153
Gross profit (GAAP)	4,485,807	3,804,934
Inventory Reserve	\$ -	\$ -
Adjusted Gross profit (Non-GAAP) (7)	\$ 4,485,807	\$ 3,804,934
Adjusted Gross profit margin % (Non-GAAP)	22.95%	24.52%

	Q1 2025	Q1 2024
Adjusted EBITDA (Non-GAAP) (4)	\$ 345,796	\$ 486,352
Interest Expense -net	\$ (209,166)	\$ (215,450)
Income Tax Expense - net	\$ -	\$ -
Maintenance Capital Expenditures (8)	\$ (9,221)	\$ (1,406)
Adjusted Free Cash Flow (Non-GAAP) (9)	\$ 127,409	\$ 269,496

(1) Includes non-cash depreciation and amortization charges.

(2) Earnings before interest, taxes, depreciation, and amortization

(3) Includes stock and options-based compensation and expenses.

(4) Adjusted EBITDA is a non-GAAP metric. Management believes that the presentation of Adjusted EBITDA and other non-GAAP financial measures provides useful information to investors because the information may allow investors to better evaluate ongoing business performance and certain components of the Company's results. In addition, the Company believes that the presentation of these financial measures enhances an investor's ability to make period-to-period comparisons of the Company's operating results. This information should be considered in addition to the results presented in accordance with GAAP, and should not be considered a substitute for the GAAP results.

(5) Adjusted Net Income accounts for the impact of non-core expenses including addback for one-time organizational restructure expenses, gains or losses on sale of assets or subsidiaries, tradename impairments, amortization expense, expense on the extinguishment of debt, and stock related expenses in both 2025 and 2024

(6) GAAP weighted average shares outstanding.

(7) Adjusted Gross profit is gross profit adjusted to remove the impact of inventory reserve adjustments or non-recurring inventory related gains or losses.

(8) Maintenance Capital Expenditures is a component of "Acquisition of property and equipment (GAAP)" on the consolidated statement of cash flows. It represents management's assumptions of capital spending to maintain the company's current level of operations. It does not include expenditures on acquisitions (less cash acquired), nor does it include other capital expenditures made to fund growth of the current business.

(9) Adjusted Free Cash Flow is defined as Adjusted EBITDA less interest expense, income tax expense, and maintenance capital expenditures. The company believes adjusted free cash flow is useful to investors in understanding how existing cash flow from operations before working capital changes and non-recurring items after maintenance capital expenditures (which we believe the best proxy for over time is Adjusted EBITDA less interest expense, income tax expense, and maintenance capital expenditures) is utilized as a source of growing our business. Adjusted Free Cash Flow is not a measure of cash available for discretionary expenditures since the company has certain non-discretionary obligations that were not deducted from the measure.