



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

August 13, 2025

Key second quarter reported data points:

- *Revenue of \$21.1 million, +26.9% vs. Q2 2024*
- *GAAP net income (loss) from continuing operations* of \$59 thousand vs. (\$60) thousand in Q2 2024*
- *GAAP net income (loss) from continuing operations* per fully diluted share of \$0.001 vs. (\$0.001) in Q2 2024*
- *Non-GAAP adjusted EBITDA of \$228 thousand vs. \$859 thousand in Q2 2024, with declines driven by the cheese conversion business*
- *Subsequent Events: Announced exit of cheese conversion business, and entered into agreement to sell Pennsylvania warehouse with intent to relocate national airline distribution business to Broadview, IL location**

**Continuing operations shown here do not yet incorporate the results of the above Subsequent Events*

BROADVIEW, Ill., Aug. 13, 2025 (GLOBE NEWSWIRE) -- Innovative Food Holdings, Inc. (OTCQB: IVFH) ("IVFH" or the "Company"), a national seller of gourmet specialty foods to professional chefs, today announced financial results for the second quarter ended June 30, 2025.

Bill Bennett, Chief Executive Officer of IVFH, remarked, "In Q2 2025, revenue increased 26.9%. However, after the end of the quarter, we announced our strategic decision to exit the cheese conversion business, sell our Pennsylvania facility, and relocate our remaining profitable airline catering business to our Chicago warehouse. Excluding the cheese conversion business, Q2 revenue grew 13.5%, with acquisitions driving the majority of the year-over-year growth, since they did not contribute revenue in the prior comparable period. After an initial period of declines in these acquisitions as we've been working through the transition, our weekly revenues have stabilized throughout Q2, and we continue to optimize the team and implement our operational playbook."

"The remaining core business revenue, excluding our acquisitions, was roughly flat year-over-year," Mr. Bennett continued. "Within that core business, our airline catering business grew 26.1%, which was offset by a 4.9% decline in Digital Channels, an improvement from the 6.8% decline in Q1. Within Digital Channels, we continue to see strong growth with our new national distributor partner announced last year, and triple-digit growth in our Amazon sales channel. These growth initiatives were offset by continued softness in our largest customer, driven by continued increased competition within that customer's marketplace. Returning this business to growth through significant catalog expansion remains a key initiative for the entire management team."

Mr. Bennett also remarked, "GAAP gross margin for Q2 was 21.0%, down 294 basis points from Q2 2024, primarily due to a product mix shift toward the lower-margin cheese conversion business. Excluding that business, gross margin increased 66 basis points year-over-year to 24.6%, reflecting continued progress in optimizing our cost structure and product mix, as well as passing through tariff-related price increases to customers."

Mr. Bennett continued, "GAAP gross margin for Q2 was 21.0%, down 294 basis points from Q2 2024, primarily due to a product mix shift toward the lower-margin cheese conversion business. Excluding that business, gross margin increased 66 basis points year-over-year to 24.6%, reflecting continued progress in optimizing our cost structure and product mix, as well as passing through tariff-related price increases to customers."

"GAAP net income from continuing operations improved by approximately \$119 thousand vs. Q2 2024, driven by a large decline in stock-based compensation in 2025. Adjusted EBITDA, a non-GAAP metric, declined by \$631 thousand versus Q2 2024. Our recent strategic actions directly address the primary source of profit pressure in the quarter and represent a deliberate pivot toward higher-margin, scalable operations. Had these actions been in place during Q2, earnings performance would have been meaningfully stronger. We remain focused on high-performing areas such as airline and broadline distribution and our asset-light drop ship business, which continue to show strong potential for scalable, profitable growth," Mr. Bennett concluded.

Conference Call

The Company's management will hold an investor call on August 13, 2025 at 4:00 PM Eastern Time to discuss the Company's results for the second quarter ended June 30, 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/88130956199?pwd=Txoke4cMYgis7QqVI5PEjGjraRezoc.1>

Meeting ID: 881 3095 6199

Passcode: 987526

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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Chief Financial Officer Innovative Food Holdings, inc. investorrelations@ivfh.com

(As Reported) Innovative Food Holdings, Inc. Consolidated Balance Sheets

	June 30, 2025 (unaudited)	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,553,555	\$ 2,330,880
Accounts receivable, net	6,916,597	9,039,232
Inventory, net	5,901,009	6,290,488
Other current assets	338,237	238,526
Assets held for sale	5,941,933	5,941,933
Current assets - discontinued operations	-	49,315
Total current assets	20,651,331	23,890,374
Property and equipment, net	1,678,212	1,584,878
Right of use assets - operating leases, net	581,504	705,476
Right of use assets - finance leases, net	464,507	524,273
Amortizable intangible assets, net	381,216	424,372
Tradenames and other unamortizable intangible assets	217,000	217,000
Total assets	<u>\$ 23,973,770</u>	<u>\$ 27,346,373</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,187,591	\$ 6,653,622
Accrued separation costs - related parties, current portion	225,559	334,532
Accrued interest	83,207	91,347
Deferred revenue	345,800	349,600
Stock appreciation rights liability	1,125,887	1,353,150
Notes payable, current portion	197,347	190,052
Lease liability - operating leases, current	242,975	239,660
Lease liability - finance leases, current	84,786	147,797
Contingent liability, current	54,430	54,430
Total current liabilities	6,547,582	9,414,190
Note payable, net of discount	8,599,293	8,692,674
Accrued separation costs - related parties, non-current	400,000	457,692

Lease liability - operating leases, non-current	344,843	467,569
Lease liability - finance leases, non-current	<u>76,919</u>	<u>139,591</u>
Total liabilities	15,968,637	19,171,716
Commitments & Contingencies (see note 18)		
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 57,196,294 and 56,009,032 shares issued, and 54,351,997 and 53,164,735 shares outstanding at June 30, 2025 and December 31, 2024, respectively	5,717	5,598
Common stock to be issued; 433,687 and 738,032 shares at June 30, 2025 and December 31, 2024, respectively	42	74
Additional paid-in capital	45,722,436	45,520,121
Treasury stock: 2,644,297 shares outstanding at June 30, 2025 and December 31, 2024	(1,141,372)	(1,141,372)
Accumulated deficit	<u>(36,581,690)</u>	<u>(36,209,764)</u>
Total stockholders' equity	<u>8,005,133</u>	<u>8,174,657</u>
Total liabilities and stockholders' equity	<u>\$ 23,973,770</u>	<u>\$ 27,346,373</u>

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

	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Revenue	\$ 21,103,134	\$ 16,624,289	\$ 40,651,700	\$ 32,142,441
Cost of goods sold	<u>16,669,281</u>	<u>12,642,401</u>	<u>31,732,040</u>	<u>24,355,620</u>
Gross margin	4,433,853	3,981,888	8,919,660	7,786,821
Selling, general and administrative expenses	<u>4,189,316</u>	<u>3,834,301</u>	<u>8,898,293</u>	<u>7,813,140</u>
Total operating expenses	4,189,316	3,834,301	8,898,293	7,813,140
Operating income (loss)	244,537	147,587	21,367	(26,319)
Other income (expense):				
Interest expense, net	(187,927)	(209,487)	(397,093)	(424,937)
Gain on sale of assets	-	-	-	1,807,516
Gain on sale of subsidiary	-	-	-	21,126
Other leasing income	<u>1,900</u>	<u>1,900</u>	<u>3,800</u>	<u>3,800</u>
Total other income (expense)	(186,027)	(207,587)	(393,293)	1,407,505
Net income (loss) before taxes	58,510	(60,000)	(371,926)	1,381,186
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) from continuing operations	\$ 58,510	\$ (60,000)	\$ (371,926)	\$ 1,381,186
Net (loss) from discontinued operations	<u>\$ -</u>	<u>\$ (43,324)</u>	<u>\$ -</u>	<u>\$ (58,636)</u>
Consolidated net income (loss)	<u>\$ 58,510</u>	<u>\$ (103,324)</u>	<u>\$ (371,926)</u>	<u>\$ 1,322,550</u>
Net income (loss) per share from continuing operations - basic	<u>\$ 0.00</u>	<u>\$ (0.001)</u>	<u>\$ (0.01)</u>	<u>\$ 0.028</u>
Net income (loss) per share from continuing operations - diluted	<u>\$ 0.00</u>	<u>\$ (0.001)</u>	<u>\$ (0.01)</u>	<u>\$ 0.027</u>
Net (loss) per share from discontinued operations - basic	<u>\$ -</u>	<u>\$ (0.00)</u>	<u>\$ -</u>	<u>\$ (0.00)</u>
Net (loss) per share from discontinued operations - diluted	<u>\$ -</u>	<u>\$ (0.00)</u>	<u>\$ -</u>	<u>\$ (0.00)</u>
Weighted average shares outstanding - basic	<u>54,785,684</u>	<u>49,702,026</u>	<u>54,376,253</u>	<u>49,708,112</u>

Weighted average shares outstanding – diluted	<u>54,785,684</u>	<u>51,117,570</u>	<u>54,376,253</u>	<u>51,123,656</u>
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(As Reported)
Innovative Food Holdings, Inc.
Consolidated Statements of Cash Flows
(unaudited)

	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Cash flows used in operating activities:		
Net income (loss)	\$ (371,926)	\$ 1,322,550
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	218,474	168,562
Amortization of right of use asset	123,972	8,421
Amortization of discount on notes payable	2,568	2,568
Stock based compensation	202,402	208,504
Value of stock appreciation rights	(227,263)	531,748
Provision for credit losses	28,310	35,855
Changes in assets and liabilities:		
Accounts receivable, net	2,094,325	(926,416)
Inventory and other current assets, net	289,768	199,167
Accounts payable and accrued liabilities	(2,473,041)	(3,037,522)
Accrued separation costs - related parties	(166,665)	(287,911)
Deferred revenue	(3,800)	128,319
Operating lease liability	(119,411)	(8,421)
Net cash used in operating activities	<u>(402,287)</u>	<u>(3,483,218)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(208,886)	(15,857)
Cash received from disposition of asset, net of loan payoff	-	2,101,185
Net cash provided by (used in) investing activities	<u>(208,886)</u>	<u>2,085,328</u>
Cash flows from financing activities:		
Principal payments on debt	(88,654)	(43,548)
Principal payments financing leases	(126,813)	(94,841)
Cash received from line of credit	500,000	-
Principal payments on line of credit	(500,000)	-
Net cash used in financing activities	<u>(215,467)</u>	<u>(138,389)</u>
Decrease in cash and cash equivalents	(826,640)	(1,536,279)
Cash and cash equivalents at beginning of period	<u>2,380,195</u>	<u>5,422,335</u>
Cash and cash equivalents at end of period - continuing operations	\$ 1,553,555	\$ 3,767,097
Cash and cash equivalents at end of period - discontinued operations	\$ -	\$ 118,959
Cash and cash equivalents at end of period	<u>\$ 1,553,555</u>	<u>\$ 3,886,056</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ 409,271</u>	<u>\$ 456,062</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing and financing activities:		
Reclassify fixed assets as held for sale	\$ -	\$ 5,941,933
Principal and accrued interest paid from escrow to Maple Mark Bank	\$ -	\$ 353,815
Issuance of common stock under compensation plans	\$ 74	\$ -
Issuance of common stock from common stock to be issued	<u>\$ 37</u>	<u>\$ -</u>

Issuance of stock for cashless exercise of options
Capitalized interest on financing lease

\$	8	\$	2
\$	1,130	\$	-

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

	Q2 2025	Q2 2024	2025 YTD	2024 YTD
Net Income (Loss) From Continuing Operations (GAAP)	\$58,510	\$(60,000)	\$(371,926)	\$1,381,186
Depreciation & Amortization (1)	110,172	\$53,366	218,474	\$163,627
Interest expense – net	187,927	\$209,487	397,093	\$424,937
Income tax provision	\$-	\$-	\$-	\$-
EBITDA (Non-GAAP) (2)	\$356,609	\$202,853	\$243,641	\$1,969,750
<i>Adjustments:</i>				
Separation Costs	\$-	\$-	\$-	\$68,791
Other Restructuring Costs	\$17,782	\$131,887	\$25,174	\$180,087
Stock Compensation Expense (3)	\$(186,657)	\$518,119	\$(24,861)	\$740,252
Legal Fees - JIT Lawsuit	\$-	\$1,811	\$-	\$26,325
Gain on Sale of Subsidiaries	\$-	\$-	\$-	\$(21,126)
Other Legal & Transactional	\$40,574	\$4,664	\$328,831	\$41,823
Commission on Sale of Asset	\$-	\$-	\$-	\$147,300
Gain on sale of assets	\$-	\$-	\$-	\$(1,807,516)
Adjusted EBITDA (Non-GAAP) (4)	\$228,308	\$859,333	\$572,785	\$1,345,686
<i>Adjustments:</i>				
Depreciation	\$(87,275)	\$(58,302)	\$(175,318)	\$(168,562)
Interest expense – net	\$(187,927)	\$(209,487)	\$(397,093)	\$(424,937)
Income tax provision	\$-	\$-	\$-	\$-
Adjusted Net Income (Non-GAAP) (5)	\$(46,894)	\$591,544	\$374	\$752,187
Adjusted Diluted EPS (Non-GAAP)	\$(0.001)	\$0.012	\$0.000	\$0.015
Weighted-average diluted shares outstanding (Non-GAAP) (6)	54,785,684	51,117,570	54,376,253	51,123,656
	Q2 2025	Q2 2024	2025 YTD	2024 YTD
Revenue (GAAP)	\$21,103,134	\$16,624,288	\$40,651,700	\$32,142,441
Gross profit (GAAP)	4,433,853	3,981,888	8,919,660	7,786,821
Inventory Reserve	\$-	\$129,287	\$-	\$129,287
Adjusted Gross profit (Non-GAAP) (7)	\$4,433,853	\$4,111,175	\$8,919,660	\$7,916,108
Adjusted Gross profit margin % (Non-GAAP)	21.01%	24.73%	21.94%	24.63%
	Q2 2025	Q2 2024	2025 YTD	2024 YTD
Adjusted EBITDA (Non-GAAP) (4)	\$228,308	\$859,333	\$572,785	\$1,345,686
Interest Expense -net	\$(187,927)	\$(209,487)	\$(397,093)	\$(424,937)
Income Tax Expense - net	\$-	\$-	\$-	\$-
Maintenance Capital Expenditures (8)	\$(18,860)	\$(2,639)	\$(28,081)	\$(4,045)
Adjusted Free Cash Flow (Non-GAAP) (9)	\$21,521	\$647,207	\$147,611	\$916,704

(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 2024 and 2023.

(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.