



Innovative Food Holdings, Inc. Reports Financial Results for Fourth Quarter and Full Year of 2021

April 1, 2022

• Fourth Quarter Total Revenue up 38% YoY to a Quarterly Record \$20.8 Million

• Full Year Total Revenue Up 20% YoY to an Annual Record \$62.2 Million

BONITA SPRINGS, Fla., April 01, 2022 (GLOBE NEWSWIRE) -- Innovative Food Holdings, Inc. (OTCQB: IVFH) ("IVFH" or the "Company"), a leading end-to-end DTC e-commerce platform and direct-to-chef platform that provides high-quality, unique specialty foods through e-commerce offerings and multichannel partnerships, today reported its financial results for the fourth quarter and full year of 2021.

"Record fourth quarter and full year revenue reflect the success of the powerful specialty food focused platforms we have created. We experienced strong 72% year-over-year foodservice revenue growth for the fourth quarter, combined with e-commerce growth of 9% for the quarter. Furthermore, we believe our leading digitally enabled, end-to-end ecosystem is unlike any other food focused platform in existence today. As a result, we expect to benefit from the significant organic and M&A opportunities we are pursuing that can leverage our powerful end-to-end e-commerce platform, which includes back-end logistics, fulfillment, and procurement capabilities, as well as our front-end digital infrastructure. We believe this will provide disruptive solutions across the food industry, and accelerate our e-commerce growth in 2022 and beyond," stated Sam Klepfish, CEO of Innovative Food Holdings.

"I am also pleased by the strong rebound we have experienced in our specialty foodservice business as reopening activity increases. In addition, we have been able to meet the needs of our customers as a result of our agile direct-to-chef platform and powerful procurement capabilities and team despite industry wide supply chain challenges. We believe this has allowed us to capture market share within our specialty food service business."

"Our 2021 performance demonstrates the power of our established end-to-end multichannel platform. Throughout 2022 we are focused on opportunities that can rapidly scale our business and our brands and leverage the investments we have made to build our leading eCommerce platform over the past several years with a target towards sustained profitability," concluded Mr. Klepfish.

Financial Results

Revenues in the 2021 fourth quarter increased 38% to a fourth quarter record of \$20.8 million, compared to \$15.1 million for the three months ended December 31, 2020. Fourth-quarter revenue benefitted from a 72% increase in specialty foodservice revenue, which was partially driven by the nationwide opening of restaurants and other foodservice establishments previously affected by COVID-19. In addition, the Company's unique supply chain capabilities continue to provide reliable, consistently high-quality specialty foodservice solutions for its customers. Fourth quarter e-commerce revenue was up 9% to a quarterly record of \$8.6 million from \$7.9 million for the same period last year. For the 2021 full year, total revenue was a record \$62.3 million, a 20% increase from \$51.7 million for the same period last year.

The following table sets forth IVFH's revenue by business category for the three and twelve months ended December 31, 2021 and December 31, 2020 (unaudited):

	Three Months Ended				
	December 31, 2021	% of Net Sales	December 31, 2020	% of Net Sales	% Change
Specialty Foodservice	\$ 11,709,000	56%	\$ 6,793,000	45%	72%
E-Commerce	8,601,000	41%	7,881,000	52%	9%
National Brand Management	285,000	2%	313,000	2%	-9%
Warehouse and Logistics Services	255,000	1%	151,000	1%	69%
Total IVFH	\$ 20,850,000	100%	\$ 15,138,000	100%	38%

	Year Ended Months Ended				
	December 31, 2021	% of Net Sales	December 31, 2020	% of Net Sales	% Change
Specialty Foodservice	\$ 40,758,000	66%	\$ 27,544,000	53%	48%
E-Commerce	19,518,000	31%	22,371,000	44%	-13%
National Brand Management	1,037,000	2%	1,100,000	2%	-6%
Warehouse and Logistic Services	899,000	1%	661,000	1%	36%
Total IVFH	\$ 62,212,000	100%	\$ 51,676,000	100%	20%

For the 2021 fourth quarter, selling, general, and administrative (SG&A) expenses were \$6.0 million, or 29% of revenue, compared to \$5.6 million, or 37% of revenue for the same period last year. The \$0.4 million increase was primarily due to increases in advertising costs, and foodservice operating costs, and other costs associated with enhancing and expanding the Company's platforms. For the 2021 full year, SG&A expenses were \$20.5 million, or 33% of revenue compared to \$19.5 million, or 38% of revenue in the prior year period.

The Company recorded GAAP net income for the 2021 fourth quarter of \$1.7 million, or \$0.04 per share, compared to a GAAP net loss of \$(1.1 million), or \$(0.03) per share, in the prior year's fourth quarter. For full year 2021, the Company reported a GAAP net loss of \$(0.7 million), or \$(0.02) per share, compared to a GAAP net loss of \$(7.7 million), or \$(0.21) per share, for the 2020 full year.

The Company generated \$2.3 million in cash from operating activities for the 2021 fourth quarter, compared to \$1.8 million for the same period last year.

Adjusted net income a non-GAAP metric (see tables below) for the 2021 fourth quarter was \$0.1 million, or \$0.003 per share, compared to an adjusted net loss of \$(1.0 million), or \$(0.028) per share, for the same period last year. For the 2021 full year, adjusted net income was a loss of \$(3.2 million), or \$(0.082) per share, compared to an adjusted net loss of \$(5.0 million), or \$(0.144) per share, for the same period last year.

Cash EBITDA, a non-GAAP metric (see tables below), for the 2021 fourth quarter was \$0.3 million, compared to a Cash EBITDA loss of \$(0.7 million), in the prior year quarter. For the 2021 full year, Cash EBITDA was a loss of \$(2.4 million), compared to a Cash EBITDA loss of \$(4.2 million) for the same period a year ago.

About Innovative Food Holdings, Inc.

IVFH's leading end-to-end direct-to-consumer e-commerce platform and direct-to-chef platform connect the world's best artisan food makers with top chefs and epicurean consumers nationwide. Our unique ability to reach both specialty foodservice B2B customers and consumers positions IVFH as a compelling resource for artisanal food producers, CPG brands, chefs, and consumers. IVFH's owned online retailer brands on its leading DTC e-commerce platform include www.igourmet.com and www.mouth.com.

Additional information is available at www.ivfh.com.

Forward-Looking Statements

This release contains certain forward-looking statements and information relating to Innovative Food Holdings, Inc. (the "Company") that are based on the current beliefs of the Company's management, as well as assumptions made by, and information currently available to, the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain assumptions, including those described in this release. Should one or more of these underlying assumptions prove incorrect, actual results may vary materially from those described herein as "should," "could," "will," "anticipate," "believe," "intend," "plan," "might," "potentially" "targeting" or "expect." Additional factors that could also cause actual results to differ materially relate to the global COVID-19 crisis, international crisis and other risk factors described in our public filings. The Company does not intend to update these forward-looking statements. The content of the websites referenced above are not incorporated herein.

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

	December 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,122,671	\$ 5,060,015
Accounts receivable, net	3,256,764	2,380,305
Inventory	3,109,984	3,719,786
Other current assets	314,107	286,815
Total current assets	12,803,526	11,446,921
Property and equipment, net	8,186,227	8,550,401
Investments	286,725	496,575
Right to use assets, operating leases, net	232,381	246,737
Right to use assets, finance leases, net	669,039	776,439
Other amortizable intangible assets, net	72,218	100,380
Goodwill and other unamortizable intangible assets	1,532,822	1,532,822
Total assets	\$ 23,782,938	\$ 23,150,275
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,702,905	\$ 5,098,523
Accrued interest, current portion	29,349	28,873
Deferred revenue	1,631,406	2,917,676
Line of Credit	2,000,000	2,000,000

Notes payable - current portion, net of discount	412,961	1,741,571
Lease liability - operating leases, current	74,088	87,375
Lease liability - finance leases, current	159,823	146,004
Contingent liability - current portion	<u>187,000</u>	<u>187,000</u>
Total current liabilities	10,197,532	12,207,022
Lease liability - operating leases, non-current	158,293	159,362
Lease liability - finance leases, non-current	499,240	638,137
Contingent liability - long-term	108,600	116,600
Note payable - long term portion, net	<u>5,409,172</u>	<u>6,151,345</u>
Total liabilities	16,372,837	19,272,466
Commitments & Contingencies (see note 17)	-	-
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 48,879,331 and 38,209,060 shares issued, and 46,041,751 and 35,371,480 shares outstanding at December 31, 2021 and 2020, respectively	4,885	3,817
Additional paid-in capital	41,662,710	37,415,155
Treasury stock: 2,623,171 shares outstanding at December 31, 2021 and 2020	(1,141,370)	(1,141,370)
Accumulated deficit	<u>(33,116,124)</u>	<u>(32,399,793)</u>
Total stockholders' equity	7,410,101	3,877,809
Total liabilities and stockholders' equity	<u>\$ 23,782,938</u>	<u>\$ 23,150,275</u>

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

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue	\$ 20,849,332	\$ 15,137,833	\$ 62,212,148	\$ 51,676,028
Cost of goods sold	<u>14,790,000</u>	<u>10,621,975</u>	<u>45,261,401</u>	<u>37,859,500</u>
Gross margin	6,059,332	4,515,858	16,950,747	13,816,528
Selling, general and administrative expenses	6,027,426	5,556,996	20,540,229	19,531,818
Impairment of intangible assets	-	-	-	<u>1,698,952</u>
Total operating expenses	6,027,426	5,556,996	20,540,229	21,230,770
Operating income (loss)	31,906	(1,041,138)	(3,589,482)	(7,414,242)
Other income (expense:)				
Gain on forgiveness of debt	1,759,197	10,977	3,425,015	-
Impairment of investment	-	-	(209,850)	-
Gain on sale of fixed assets	-	-	-	7,984
Other leasing income	1,900	7,984	10,840	43,810
Interest expense, net	<u>(94,965)</u>	<u>(90,761)</u>	<u>(352,854)</u>	<u>(302,576)</u>
Total other income (expense)	1,666,132	(71,800)	2,873,151	(250,782)
Net income (loss) before taxes	1,698,038	(1,112,938)	(716,331)	(7,665,024)

Income tax expense	-	-	-	-
Net income (loss)	<u>\$ 1,698,038</u>	<u>\$ (1,112,938)</u>	<u>\$ (716,331)</u>	<u>\$ (7,665,024)</u>
Net income (loss) per share - basic	<u>\$ 0.04</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>	<u>\$ (0.22)</u>
Net income (loss) per share - diluted	<u>\$ 0.04</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>	<u>\$ (0.22)</u>
Weighted average shares outstanding - basic	<u>39,448,041</u>	<u>34,739,378</u>	<u>39,448,041</u>	<u>34,871,785</u>
Weighted average shares outstanding - diluted	<u>39,448,041</u>	<u>34,739,378</u>	<u>39,448,041</u>	<u>34,871,785</u>

Innovative Food Holdings, Inc.
Consolidated Statements of Cash Flows

	For the Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (716,331)	\$ (7,665,024)
Adjustments to reconcile net income to net cash used in operating activities:		
Gain on forgiveness of debt	(3,425,015)	-
Impairment of intangible assets	-	1,698,952
Impairment of investment	209,850	-
Depreciation and amortization	526,854	703,941
Amortization of right-of-use asset	102,715	161,926
Amortization of prepaid loan fees	12,525	12,560
Stock based compensation	668,251	525,436
Gain on sale of fixed assets	-	(7,984)
Provision for doubtful accounts	31,756	254,899
Changes in assets and liabilities:		
Accounts receivable, net	(930,595)	674,626
Inventory and other current assets, net	604,890	(1,443,640)
Accounts payable and accrued liabilities	650,516	1,108,451
Deferred revenue	(1,286,270)	2,417,900
Contingent liabilities	(8,000)	(40,000)
Operating lease liability	(102,715)	(161,926)
Net cash used in operating activities	<u>(3,661,569)</u>	<u>(1,759,883)</u>
Cash flows from investing activities:		
Cash paid for website development	-	(19,250)
Acquisition of property and equipment	(24,511)	(431,137)
Net cash used in investing activities	<u>(24,511)</u>	<u>(450,387)</u>
Cash flows from financing activities:		
Proceeds from line of credit	-	2,000,000
Proceeds from Payroll Protection Plan Loan	1,748,414	1,650,221
Proceeds from sale of common stock, net of costs	3,580,372	-
Principal payments on debt	(433,087)	(278,668)
Principal payments financing leases	(146,963)	(67,318)
Net cash provided by financing activities	<u>4,748,736</u>	<u>3,304,235</u>

Increase in cash and cash equivalents	1,062,656	1,093,965
Cash and cash equivalents at beginning of period	<u>5,060,015</u>	<u>3,966,050</u>
Cash and cash equivalents at end of period	<u>\$ 6,122,671</u>	<u>\$ 5,060,015</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ 298,481</u>	<u>\$ 201,679</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing and financing activities:		
Building improvements financed under note payable	<u>\$ -</u>	<u>\$ 1,900,000</u>
Increase in right to use assets & liabilities	<u>\$ 88,359</u>	<u>\$ 214,930</u>
Reclassification of accounts receivable to other current assets and investment	<u>\$ 22,380</u>	<u>\$ 61,350</u>
Capital lease for purchase of fixed assets	<u>\$ 21,885</u>	<u>\$ 677,021</u>

	Three Months Ended (unaudited)		Twelve Months Ended (unaudited)	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Adjusted Net Income and EPS⁽⁴⁾				
Revenue	\$ 20,849,332	\$ 15,137,833	\$ 62,212,148	\$ 51,676,028
Net Income	1,698,038	(1,112,938)	(716,331)	(7,665,024)
Amortization of intangible assets ⁽¹⁾	302	2,870	8,912	212,902
One-time charges	-	-	209,850	1,917,891
One-time gain	(1,759,197)	-	(3,425,015)	-
Stock related expenses ⁽²⁾	192,119	147,430	668,251	525,436
Adjusted Net Income (Loss)	\$ 131,262	\$ (962,638)	\$ (3,254,333)	\$ (5,008,795)
Weighted Avg. Shares Outstanding Diluted ⁽³⁾	39,448,041	34,871,785	39,448,041	34,871,785
Adjusted Fully Diluted EPS	\$ 0.003	\$ (0.028)	\$ (0.082)	\$ (0.144)

	Three Months Ended (unaudited)		Twelve Months Ended (unaudited)	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Cash EBITDA⁽⁴⁾				
Net Income	\$ 1,698,038	\$ (1,112,938)	\$ (716,331)	\$ (7,665,024)
Interest expense, taxes	93,065	90,761	342,014	302,576
Depreciation & amortization	119,178	136,137	526,854	703,941
One-time charges	-	-	209,850	1,917,891
One-time gain	(1,759,197)	-	(3,425,015)	-
Stock related expenses ⁽²⁾	192,119	147,430	668,251	525,436
Cash EBITDA	\$ 343,203	\$ (738,610)	\$ (2,394,377)	\$ (4,215,180)

(1) Includes non-cash amortization charges related to assets acquired

(2) Includes stock and options-based compensation and expenses

(3) Full Year GAAP weighted fully diluted share count

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

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