



## Innovative Food Holdings, Inc. Reports Financial Results for Third Quarter and First Nine Months of 2021

November 23, 2021

*Total Revenue Increased 35% YoY to a Third Quarter Record  
Specialty Foodservice Increased 79% YoY  
Third Quarter E-Commerce Revenue up 69% on a Two-Year Basis*

BONITA SPRINGS, Fla., Nov. 23, 2021 (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 third quarter and first nine months of 2021.

“We achieved record third quarter revenue, demonstrating the power of our platforms. Specialty foodservice revenue accelerated from the second quarter as reopening activity increased. In addition, as supply chain issues continue to create challenges for many foodservice establishments, our agile direct-to-chef platform enables IVFH to provide high quality, reliable, specialty food products that meet the needs of our customers,” stated Sam Klepfish, CEO of Innovative Food Holdings.

“I am excited by the progress we are making growing our aggregated e-commerce businesses. Compared to pre-COVID levels, third quarter e-commerce sales were up 69% from the 2019 third quarter and have grown 100% from the 2019 first nine months. Our strong DTC e-commerce platform, and innovative end-to-end capabilities are resonating with consumers, as well as business and channel partners. Throughout the year we have increased the number of partners and sales channels, while investing in new, compelling assets to further enhance the capabilities of our e-commerce platform. As a result, our e-commerce business is heading into the fourth quarter very well positioned for top and bottom-line growth.”

“I believe we have significant growth opportunities to rapidly scale our business and our brands, and to leverage the investments we have made over the past several years to build, grow and enhance our leading end-to-end e-commerce platform. As a result, given favorable current demand trends and continued market shifts towards e-commerce, I believe we are well positioned to unlock meaningful value for our shareholders,” concluded Mr. Klepfish.

### Financial Results

Revenues in the 2021 third quarter increased 35% to a third quarter record of \$15.2 million, compared to \$11.2 million for the three months ended September 30, 2020. Third-quarter revenue benefitted from a 79% 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. Third quarter e-commerce revenue was up 69% from 2019 pre-Covid third quarter, reflecting robust organic growth, notwithstanding a 36% decrease in e-commerce revenues as a result of heightened COVID-19 driven demand in 2020 compared to 2021. For the first nine months of fiscal 2021, total revenue was \$41.3 million, a 13% increase from \$36.5 million for the same period last year.

The following table sets forth IVFH’s revenue by business category for the three and nine months ended September 30, 2021, and September 30, 2020 (unaudited):

	Three Months Ended				
	September 30, 2021	% of Net Sales	September 30, 2020	% of Net Sales	% Change
Specialty Foodservice	\$ 12,060,000	79%	\$ 6,733,000	60%	79%
E-commerce	2,652,000	17%	4,158,000	37%	-36%
National Brand Management	261,000	2%	254,000	2%	3%
Logistics	234,000	2%	90,000	1%	161%
Total IVFH	\$ 15,207,000	100%	\$ 11,235,000	100%	35%

	Nine Months Ended				
	September 30, 2021	% of Net Sales	September 30, 2020	% of Net Sales	% Change
Specialty Foodservice	\$ 29,049,000	70%	\$ 20,751,000	57%	40%
E-commerce	10,917,000	26%	14,490,000	40%	-25%
National Brand Management	752,000	2%	787,000	2%	-5%
Logistics	645,000	2%	510,000	1%	26%
Total IVFH	\$ 41,363,000	100%	\$ 36,538,000	100%	13%

For the 2021 third quarter, selling, general, and administrative (SG&A) expenses were \$5.0 million, compared to \$4.5 million for the same period last year. The \$0.5 million increase was primarily due to higher operating costs, including increases in advertising costs and other costs associated with enhancing and expanding the Company's platforms.

The Company reported GAAP net income for the 2021 third quarter of \$0.4 million, or \$0.01 per share, compared to a net loss of \$(1.6 million), or \$(0.05) per share, in the prior year's third quarter. For the first nine months of 2021, the Company reported a net loss of \$(2.4 million), or \$(0.06) per share, compared to a net loss of \$(6.6 million), or \$(0.19) per share, for the first nine months of 2020.

Adjusted net income a non-GAAP metric (see tables below) for the 2021 third quarter was a loss of \$(1.1 million), or \$(0.028) per share, compared to an adjusted net loss of \$(1.5 million), or \$(0.042) per share, for the same period last year. For the first nine months of 2021, adjusted net income was a loss of \$(3.4 million), or \$(0.091) per share, compared to an adjusted net loss of \$(4.0 million), or \$(0.116) per share, for the same period last year.

Cash EBITDA, a non-GAAP metric (see tables below), for the 2021 third quarter was a loss of \$(0.9 million), compared to a Cash EBITDA loss of \$(1.3 million), in the prior year quarter. For the 2021 first nine months, Cash EBITDA was a loss of \$(2.7 million), compared to a Cash EBITDA loss of \$(3.5 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](http://www.igourmet.com) and [www.mouth.com](http://www.mouth.com).

Additional information is available at [www.ivfh.com](http://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 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. Condensed Consolidated Balance Sheets

	September 30, 2021	December 31, 2020
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,018,396	\$ 5,060,015
Accounts receivable, net	3,580,246	2,380,305
Inventory	2,809,303	3,719,786
Other current assets	350,513	286,815
Total current assets	10,758,458	11,446,921
Property and equipment, net	8,266,851	8,550,401
Investments	286,725	496,575
Right to use assets, operating leases, net	259,091	246,737
Right to use assets, finance leases, net	697,592	776,439
Other amortizable intangible assets, net	91,770	100,380
Goodwill and other unamortizable intangible assets	1,532,822	1,532,822
Total assets	<u>\$ 21,893,309</u>	<u>\$ 23,150,275</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,322,900	\$ 5,098,523
Accrued interest, current portion	36,069	28,873
Deferred revenue	1,056,011	2,917,676
Line of Credit	2,000,000	2,000,000
Notes payable - current portion, net of discount	487,339	1,741,571
Lease liability - operating leases, current	83,483	87,375
Lease liability - finance leases, current	157,371	146,004

Contingent liability - current portion	187,000	187,000
Total current liabilities	8,330,173	12,207,022
Accrued interest, long term portion	5,643	-
Lease liability - operating leases, non-current	175,608	159,362
Lease liability - finance leases, non-current	540,127	638,137
Contingent liability - long-term	108,600	116,600
Note payable - long term portion, net	7,213,214	6,151,345
Total liabilities	16,373,365	19,272,466
Commitments & Contingencies (see note 16)	-	-
Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 48,510,881 and 38,209,060 shares issued, and 45,673,301 and 35,371,480 shares outstanding at September 30, 2021 and December 31, 2020, respectively	4,849	3,817
Additional paid-in capital	41,470,627	37,415,155
Treasury stock: 2,623,171 and 2,623,171 shares outstanding at September 30, 2021 and December 31, 2020, respectively.	(1,141,370)	(1,141,370)
Accumulated deficit	(34,814,162)	(32,399,793)
<b>Total stockholders' equity</b>	<b>5,519,944</b>	<b>3,877,809</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 21,893,309</b>	<b>\$ 23,150,275</b>

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

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Revenue	\$ 15,207,353	\$ 11,234,626	\$ 41,362,816	\$ 36,538,195
Cost of goods sold	11,427,343	8,367,565	30,471,401	27,237,525
Gross margin	3,780,010	2,867,061	10,891,415	9,300,670
Selling, general and administrative expenses	4,998,673	4,466,631	14,512,803	13,974,822
Impairment of intangible assets	-	-	-	1,698,952
Total operating expenses	4,998,673	4,466,631	14,512,803	15,673,774
Operating loss	(1,218,663)	(1,599,570)	(3,621,388)	(6,373,104)
Other income (expense):				
Gain on forgiveness of debt	1,665,818	-	1,665,818	-
Impairment of investment	-	-	(209,850)	-
Other leasing income	1,900	10,977	8,940	32,833
Interest expense, net	(82,029)	(54,749)	(257,889)	(211,815)
Total other income (expense)	1,585,689	(43,772)	1,207,019	(178,982)
Net (loss) income before taxes	367,026	(1,643,342)	(2,414,369)	(6,552,086)
Income tax expense	-	-	-	-

Net (loss) income	<u>\$ 367,026</u>	<u>\$ (1,643,342)</u>	<u>\$ (2,414,369)</u>	<u>\$ (6,552,086)</u>
Net (loss) income per share - basic	<u>\$ 0.01</u>	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ (0.19)</u>
Net (loss) income per share - diluted	<u>\$ 0.01</u>	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ (0.19)</u>
Weighted average shares outstanding - basic	<u>40,253,543</u>	<u>35,260,060</u>	<u>37,254,290</u>	<u>34,739,378</u>
Weighted average shares outstanding - diluted	<u>40,253,543</u>	<u>35,260,060</u>	<u>37,254,290</u>	<u>34,739,378</u>

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

	<b>For the Nine Months Ended September 30, 2021</b>	<b>For the Nine Months Ended September 30, 2020</b>
Cash flows from operating activities:		
Net loss	\$ (2,414,369)	\$ (6,552,086)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on forgiveness of debt	(1,665,818)	-
Impairment of intangible assets	-	1,698,952
Impairment of investment	209,850	-
Depreciation and amortization	407,704	567,803
Amortization of right-of-use asset	76,005	137,712
Amortization of prepaid loan fees	9,368	9,403
Stock based compensation	476,132	378,006
Provision for doubtful accounts	32,443	226,254
Changes in assets and liabilities:		
Accounts receivable, net	(1,254,764)	1,291,467
Inventory and other current assets, net	869,165	(1,049,069)
Accounts payable and accrued liabilities	(747,187)	47,645
Deferred revenue	(1,861,665)	(159,991)
Contingent liabilities	(8,000)	(32,000)
Operating lease liability	(76,005)	(137,712)
<b>Net cash used in operating activities</b>	<u>(5,947,141)</u>	<u>(3,573,616)</u>
Cash flows from investing activities:		
Cash paid for website development	-	(14,000)
Acquisition of property and equipment	(14,812)	(128,618)
<b>Net cash used in investing activities</b>	<u>(14,812)</u>	<u>(142,618)</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	(299,924)	(149,705)
Principal payments financing leases	(108,528)	(32,787)
<b>Net cash provided by financing activities</b>	<u>4,920,334</u>	<u>3,467,729</u>

Decrease in cash and cash equivalents	(1,041,619)	(248,505)
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>\$ 4,018,396</u>	<u>\$ 3,717,545</u>

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Interest	<u>\$ 250,967</u>	<u>\$ 196,392</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

Non-cash investing and financing activities:

Transfer asset from property and equipment to right to use asset, financing lease	<u>\$ -</u>	<u>\$ 8,344</u>
Building improvements financed under note payable	<u>\$ 21,885</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 assets	<u>\$ 22,380</u>	<u>\$ 45,675</u>
Capital lease for purchase of fixed assets	<u>\$ 21,885</u>	<u>\$ 152,548</u>

	Three Months Ended (unaudited)		Nine Months Ended (unaudited)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Adjusted Net Income and EPS</b> <sup>(1)</sup>				
Revenue	\$ 15,207,353	\$ 11,234,626	\$ 41,362,816	\$ 36,538,195
Net Income (loss)	367,026	(1,643,342)	(2,414,369)	(6,552,086)
Amortization of intangible assets <sup>(2)</sup>	2,870	-	8,610	210,032
One-time charges	-	-	209,850	1,917,891
One-time gain	(1,665,818)	-	(1,665,818)	-
Stock related expenses <sup>(3)</sup>	160,752	156,897	476,132	378,006
<b>Adjusted Net Income</b>	<b>\$ (1,135,170)</b>	<b>\$ (1,486,445)</b>	<b>\$ (3,385,595)</b>	<b>\$ (4,046,157)</b>
Weighted Avg. Shares Outstanding Diluted <sup>(4)</sup>	40,253,545	35,260,060	37,254,290	34,739,378
<b>Adjusted Fully Diluted EPS</b>	<b>\$ (0.028)</b>	<b>\$ (0.042)</b>	<b>\$ (0.091)</b>	<b>\$ (0.116)</b>

	Three Months Ended (unaudited)		Nine Months Ended (unaudited)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<b>Cash EBITDA</b> <sup>(1)</sup>				
Net Income (loss)	\$ 367,026	\$ (1,643,342)	\$ (2,414,369)	\$ (6,552,086)
Interest expense, taxes & other income	80,129	43,772	248,949	178,982
Depreciation & amortization	135,733	125,338	407,676	567,804
One-time charges	-	-	209,850	1,917,891
One-time gain	(1,665,818)	-	(1,665,818)	-
Stock related expenses <sup>(3)</sup>	160,752	156,897	476,132	378,006
<b>Cash EBITDA</b>	<b>\$ (922,178)</b>	<b>\$ (1,317,335)</b>	<b>\$ (2,737,580)</b>	<b>\$ (3,509,403)</b>

(1) 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.

- (2) Includes non-cash amortization charges related to assets acquired
- (3) Includes stock and options-based compensation and expenses
- (4) Full Year GAAP weighted fully diluted share count

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