



## Innovative Food Holdings, Inc. Reports Financial Results for Second Quarter and First Half of 2021

August 24, 2021

*Total Revenue Increased 17% YoY to a Second Quarter Record  
Specialty Foodservice Increased 148% YoY and Up 49% QoQ*

BONITA SPRINGS, Fla., Aug. 24, 2021 (GLOBE NEWSWIRE) -- Innovative Food Holdings, Inc. (OTCQB: IVFH) ("IVFH" or the "Company"), a leading direct-to-consumer e-commerce platform with complete multi-channel, specialty food and grocery capabilities for both consumers and professional chefs, today reported its financial results for the second quarter and first half of 2021.

"We are thrilled by the return to year-over-year growth within our specialty foodservice operations, which helped produce record second-quarter revenues and a 17% increase over the prior year period. Our foodservice business increased 148% despite continued uncertainty related to increasing COVID-19 cases. In addition, IVFH's agile operations, strong supplier network, and leading procurement teams allowed the Company to navigate unprecedented industry-wide supply chain challenges during the second quarter. We continue to leverage our strong platform and leading service-oriented culture to help our foodservice customers and e-commerce partners navigate rapidly evolving market conditions," stated Sam Klepfish, CEO of Innovative Food Holdings.

"As expected, second quarter e-commerce sales were down compared to last year's heightened level during the COVID-19 pandemic. Compared to pre-covid levels, second quarter e-commerce sales were up 84% from the 2019 second quarter and have grown 113% from the 2019 first half. In addition, our average order value continues to experience improving trends throughout our e-commerce platform. Our growth-oriented e-commerce strategies remain focused on pursuing additional partnerships, creating new transformative verticals, and introducing additional subscription-based products. We are also differentiating our brands and creating heightened awareness of our unique value propositions, while leveraging our leading digitally enabled, plug-and-play, direct-to-consumer platform. The progress we are making is encouraging, and I am excited by the positive momentum underway across our strong distribution channels, especially as we prepare for the seasonally strong holiday season."

"We are also focused on transforming our operations, controlling costs, and returning to profitability. During the second quarter our gross margin improved from the first quarter, and we continue to prudently control SG&A expenses. We are working to leverage our fixed expenses and labor costs and, as a percent of revenue, SG&A expenses were the lowest level since 2019. I believe we have a significant opportunity to leverage our cost structure and further improve efficiencies as our business scales," concluded Mr. Klepfish.

### **Financial Results**

Revenues in the 2021 second quarter increased 17% to \$14.0 million, compared to \$12.0 million for the three months ended June 30, 2020. Second-quarter revenue benefitted from an 148% increase in specialty foodservice revenue, which was driven by the nationwide opening of restaurants and other foodservice establishments previously affected by COVID-19. The increase in specialty foodservice revenue was partially offset by a 56% decrease in e-commerce revenues as a result of heightened COVID-19 driven demand in 2020 compared to 2021. Compared to pre-covid levels, second quarter e-commerce revenue is up 84% from the 2019 second quarter, reflecting strong organic growth. For the first half of fiscal 2021, total revenue was \$26.2 million, compared to \$25.3 million last year.

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

	<b>Three Months Ended</b>				
	<b>June 30, 2021</b>	<b>% of Net Revenues</b>	<b>June 30, 2020</b>	<b>% of Net Revenues</b>	<b>% Change</b>
Specialty Foodservice	\$ 10,161,000	73%	\$ 4,105,000	34%	148%
E-commerce	3,285,000	23%	7,454,000	62%	-56%
National Brand Management	265,000	2%	283,000	3%	-6%
Logistics	263,000	2%	156,000	1%	69%
Total IVFH	\$ 13,974,000	100%	\$ 11,998,000	100%	16%

  

	<b>Six Months Ended</b>				
	<b>June 30, 2021</b>	<b>% of Net Revenues</b>	<b>June 30, 2020</b>	<b>% of Net Revenues</b>	<b>% Change</b>
Specialty Foodservice	\$ 16,989,000	65%	\$ 14,018,000	55%	21%
E-commerce	8,265,000	32%	10,332,000	41%	-20%
National Brand Management	491,000	2%	533,000	2%	-8%
Logistics	411,000	1%	421,000	2%	-2%
Total IVFH	\$ 26,156,000	100%	\$ 25,304,000	100%	3%

For the 2021 second quarter, selling, general, and administrative (SG&A) expenses were \$4.7 million, compared to \$4.9 million for the same period last year, and \$4.9 million for the 2021 first quarter. The \$0.2 million decrease was primarily due to lower payroll and related costs, advertising costs, and increased efficiencies.

The Company reported a net loss for the 2021 second quarter of \$(0.9 million), or \$(0.03) per share, compared to a net loss of \$(1.7 million), or \$(0.05) per share, in the prior year's second quarter. For the first six months of 2021, the Company reported a net loss of \$(2.8 million), or \$(0.08) per share, compared to a net loss of \$(4.9 million), or \$(0.14) per share, for the first six months of 2020.

Adjusted net income (see tables below) for the 2021 second quarter was a loss of \$(0.8 million), or \$(0.022) per share, compared to an adjusted net loss of \$(1.5 million), or \$(0.043) per share, for the same period last year. For the six months of 2021, adjusted net income was a loss of \$(2.3 million), or \$(0.063) per share, compared to an adjusted net loss of \$(2.6 million), or \$(0.074) per share, for the same period last year.

Cash EBITDA, a non-GAAP metric (see tables below), for the 2021 second quarter was a loss of \$(0.6 million), compared to Cash EBITDA loss of \$(1.3 million), in the prior year quarter. For the 2021 first six months, Cash EBITDA was a loss of \$(1.8 million), compared to an EBITDA loss of \$(2.2 million) for the same period a year ago.

#### About Innovative Food Holdings, Inc.

IVFH's direct to consumer e-commerce platforms and multiple distribution channels connect the world's best artisan food makers with top chefs and epicurean consumers nationwide. Our unique ability to reach both specialty foodservice customers via leading national partnerships, and consumers via leading e-commerce channels, positions IVFH as a compelling industry resource for artisanal food producers, chefs, and the home gourmand. IVFH's direct to consumer specialty food platforms 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. Consolidated Balance Sheets (unaudited)

	June 30, 2021	December 31, 2020
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,639,359	\$ 5,060,015
Accounts receivable, net	2,923,798	2,380,305
Inventory	3,032,879	3,719,786
Other current assets	348,241	286,815
Total current assets	7,944,277	11,446,921
Property and equipment, net	8,362,522	8,550,401
Investments	286,725	496,575
Right to use assets, operating leases, net	285,396	246,737
Right to use assets, finance leases, net	710,743	776,439
Other amortizable intangible assets, net	94,640	100,380
Goodwill and other unamortizable intangible assets	1,532,822	1,532,822
Total assets	\$ 19,217,125	\$ 23,150,275
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,052,543	\$ 5,098,523
Accrued interest, current portion	33,128	28,873
Deferred revenue	980,535	2,917,676
Line of Credit	2,000,000	2,000,000
Notes payable - current portion, net of discount	2,037,495	1,741,571
Lease liability - operating leases, current	92,762	87,375
Lease liability - finance leases, current	148,094	146,004
Contingent liability - current portion	187,000	187,000

Total current liabilities	9,531,557	12,207,022
Accrued interest, long term portion	5,848	-
Lease liability - operating leases, non-current	192,634	159,362
Lease liability - finance leases, non-current	565,365	638,137
Contingent liability - long-term	108,600	116,600
Note payable - long term portion, net	7,401,327	6,151,345
Total liabilities	17,805,331	19,272,466
Commitments & Contingencies (see note 17)	-	-
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Stockholders' equity		
Common stock: \$0.0001 par value; 500,000,000 shares authorized; 38,800,629 and 38,209,060 shares issued, and 35,963,049 and 35,371,480 shares outstanding at June 30, 2021 and December 31, 2020, respectively	3,877	3,817
Additional paid-in capital	37,730,475	37,415,155
Treasury stock: 2,623,171 and 2,623,171 shares outstanding at June 30, 2021 and December 31, 2019, respectively.	(1,141,370)	(1,141,370)
Accumulated deficit	(35,181,188)	(32,399,793)
<b>Total stockholders' equity</b>	<b>1,411,794</b>	<b>3,877,809</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 19,217,125</b>	<b>\$ 23,150,275</b>

See notes to consolidated financial statements.

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

	For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Revenue	\$ 13,974,564	\$ 11,997,649	\$ 26,155,463	\$ 25,303,569
Cost of goods sold	<u>10,165,144</u>	<u>8,677,096</u>	<u>19,044,058</u>	<u>18,869,960</u>
Gross margin	3,809,420	3,320,553	7,111,405	6,433,609
Selling, general and administrative expenses	4,663,302	4,895,430	9,514,130	9,508,191
Impairment of intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,698,952</u>
Total operating expenses	4,663,302	4,895,430	9,514,130	11,207,143
Operating (loss) income	(853,882)	(1,574,877)	(2,402,725)	(4,773,534)
Other income (expense):				
Impairment of investment	-	-	(209,850)	-
Other leasing income	1,900	10,977	7,040	21,856
Interest expense, net	<u>(85,542)</u>	<u>(90,646)</u>	<u>(175,860)</u>	<u>(157,066)</u>
Total other income (expense)	(83,642)	(79,669)	(378,670)	(135,210)
Net (loss) income before taxes	(937,524)	(1,654,546)	(2,781,395)	(4,908,744)
Income tax expense	-	-	-	-
Net (loss) income	<u>\$ (937,524)</u>	<u>\$ (1,654,546)</u>	<u>\$ (2,781,395)</u>	<u>\$ (4,908,744)</u>

Net (loss) income per share - basic	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>	<u>\$ (0.14)</u>
Net (loss) income per share - diluted	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>	<u>\$ (0.14)</u>
Weighted average shares outstanding - basic	<u>35,872,143</u>	<u>34,646,149</u>	<u>35,729,807</u>	<u>34,641,212</u>
Weighted average shares outstanding - diluted	<u>35,872,143</u>	<u>34,656,149</u>	<u>35,729,807</u>	<u>34,641,212</u>

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

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Cash flows from operating activities:		
Net (loss) income	\$ (2,781,395)	\$ (4,908,744)
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of intangible assets	-	1,698,952
Impairment of investment	209,850	-
Depreciation and amortization	271,973	442,465
Amortization of right-of-use asset	49,700	107,271
Amortization of prepaid loan fees	6,211	6,246
Stock based compensation	315,380	221,109
Provision for doubtful accounts	27,987	221,799
Changes in assets and liabilities:		
Accounts receivable, net	(571,480)	1,217,181
Inventory and other current assets, net	625,481	(578,575)
Accounts payable and accrued liabilities	(1,035,849)	(159,940)
Deferred revenue	(1,937,141)	(271,955)
Contingent liabilities	(8,000)	(24,000)
Operating lease liability	(49,700)	(107,271)
<b>Net cash (used in) provided by operating activities</b>	<u>(4,876,983)</u>	<u>(2,135,462)</u>
Cash flows from investing activities:		
Cash paid for website development	-	(14,000)
Acquisition of property and equipment	(12,686)	(90,207)
<b>Net cash used in investing activities</b>	<u>(12,686)</u>	<u>(104,207)</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
Principal payments on debt	(208,719)	(97,860)
Principal payments financing leases	(70,682)	(20,673)
<b>Net cash provided by (used in) financing activities</b>	<u>1,469,013</u>	<u>3,531,688</u>
Increase (decrease) in cash and cash equivalents	(3,420,656)	1,292,019
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	\$	1,639,359	\$	5,258,069
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Supplemental disclosure of cash flow information:

Cash paid during the period for:

Interest	\$	162,636	\$	125,396
Taxes	\$	-	\$	-

Non-cash investing and financing activities:

Building improvements financed under note payable	\$	-	\$	851,934
Increase in right of use assets & liabilities	\$	88,359	\$	214,930
Investment in food related company	\$	-	\$	30,000
Capital lease for purchase of fixed assets	\$	-	\$	152,548

	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>Adjusted Net Income and EPS <sup>(1)</sup></b>				
Revenue	\$ 13,974,564	\$ 11,997,649	\$ 26,155,463	\$ 25,303,569
Net loss	(937,524)	(1,654,546)	(2,781,395)	(4,908,744)
Amortization of intangible assets <sup>(2)</sup>	2,870	-	5,740	210,032
One-time charges	-	-	209,850	1,917,891
Stock related expenses <sup>(3)</sup>	157,589	155,068	315,380	221,109
<b>Adjusted Net Loss</b>	<b>\$ (777,065)</b>	<b>\$ (1,499,478)</b>	<b>\$ (2,250,425)</b>	<b>\$ (2,559,712)</b>
Weighted Avg. Shares Outstanding Diluted <sup>(4)</sup>	35,872,143	34,656,149	35,729,807	34,641,212
<b>Adjusted Fully Diluted EPS</b>	<b>\$ (0.022)</b>	<b>\$ (0.043)</b>	<b>\$ (0.063)</b>	<b>\$ (0.074)</b>

	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>Cash EBITDA <sup>(1)</sup></b>				
Net loss	\$ (937,524)	\$ (1,654,546)	\$ (2,781,395)	\$ (4,908,744)
Interest expense, taxes & other income	83,642	79,669	168,820	135,210
Depreciation & amortization	136,149	117,931	271,973	442,496
One-time charges	-	-	209,850	1,917,891
Stock related expenses <sup>(3)</sup>	157,589	155,068	315,380	221,109
<b>Cash EBITDA</b>	<b>\$ (560,144)</b>	<b>\$ (1,301,878)</b>	<b>\$ (1,815,372)</b>	<b>\$ (2,192,038)</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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