

Armanino Foods Reports Second Quarter 2025 Results

Record-Breaking Quarter for Sales and Profit

PLEASANTON, Calif. - *Armanino Foods of Distinction, Inc.* (OTCQX: AMNF), a leading international manufacturer of frozen pesto, globally inspired sauces, and filled pasta, today announced its financial results for the second quarter ended June 30, 2025.

Financial Summary:

\$ in millions	Three Months Ended June 30		
	2025	2024	% Chg
Net Sales	\$19.9	\$17.4	14%
Gross Profit	\$9.1	\$7.2	26%
Operating Expenses	\$2.7	\$2.4	13%
Net Income Before Taxes	\$6.5	\$5.1	28%
EPS	\$0.154	\$0.119	30%

Financial and Business Highlights

- **Record Net Sales:** Achieved an all-time high, driven by strong performance in both foodservice and international channels. Growth was fueled by continued distribution gains and new customer acquisitions.
- **Robust Gross Profit:** Delivered double-digit growth, supported by solid results across our core pesto and global sauce portfolios. Margin improvements were driven by strategic sourcing, increased volumes, and favorable raw material pricing.
- **Stable Operating Expenses:** Held steady at 13.9% of net sales, consistent with the prior year, despite ongoing investments in organizational growth.
- **Record Net Income:** Reached a new high of \$4.8 million, or \$0.15 per share, up from \$3.8 million, or \$0.11 per share, in Q2 2024 - a 30% increase in earnings per share.
- **Disciplined Capital Management:** Working capital totaled \$25.7 million on June 30, 2025, slightly down from \$26.1 million at year end, reflecting increased shareholder returns through dividends and share repurchases under the Company's buyback program.
- **Healthy Liquidity:** Cash and cash equivalents stood at \$23 million as of June 30, 2025, compared to \$28 million at year-end. The \$5.1 million decline was primarily due to dividend payments and share repurchases. Current cash levels remain more than sufficient to fund operations over the next 12 months.
- **Inventory Build:** Inventory rose to \$7.6 million, a deliberate move to increase safety stock in anticipation of strong second-half demand.
- **Strategic Investment:** The Company is finalizing plans to invest an additional \$1.5 million in 2025 to expand manufacturing capacity in support of continued demand.
- **Brand Expansion:** With a diverse portfolio of innovative pesto flavors, we are accelerating Armanino brand expansion in the U.S. to drive market share gains, while also preparing for continued international growth, pending stabilization of global tariffs.

CEO Commentary

Deanna Jurgens, President and Chief Executive Officer of Armanino Foods, stated:

"We are proud to report another quarter of record-breaking sales and profits - a milestone that reflects both the strength of our operating model and our disciplined execution. Our sustained top-line growth was driven by continued momentum in our foodservice and international businesses, supported by distribution expansion and new customer acquisition.

We also delivered meaningful margin improvement this quarter. Strategic cost management, favorable raw material

sourcing, and scale efficiencies in our core pesto and global sauce lines contributed to strong gross profit growth. At the same time, we held operating expenses flat as a percentage of sales, even as we continued to invest in building long-term capabilities.

We remain focused on disciplined capital allocation. During the quarter, we returned capital to shareholders through dividends and share repurchases, while preserving a healthy cash position and funding strategic investments.

Looking ahead, we are finalizing plans to invest further in expanding our manufacturing capacity to support future growth. While we remain focused on potential macroeconomic headwinds - including early signs of softness in parts of the restaurant sector and evolving international trade dynamics - we view these as short-term challenges that we are well-prepared to manage.

Our long-term strategy is clear: continue growing a high-margin, capital-efficient business anchored in strong customer relationships, operational excellence, and category leadership. With a resilient model and a strong track record of execution, we are confident in our ability to deliver sustained performance and meaningful value for our shareholders over the long term."

Armanino Foods of Distinction, Inc. is an international food company that manufactures and markets frozen Italian specialty food items such as pestos, sauces and filled pastas to the foodservice, retail, and industrial markets. In addition to a classic Basil Pesto, Armanino offers other flavors such as Cilantro, Dried Tomato & Garlic, Roasted Red Bell Pepper, Southwest Chipotle, Artichoke, Roasted Garlic, Light Basil Pesto, Chimichurri, Harissa, Bolognese, Alfredo sauce, Creamy Garlic, and Romesco. Armanino's organic line includes classic Basil Pesto. Armanino Foods also offers cheese shakers, frozen pastas, and meatballs.

Armanino Foods of Distinction, Inc.

Results for the quarter and year to date ended June 30, 2025 (unaudited)

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2025	2024	2025	2024
NET SALES	\$ 19,970,475	\$ 17,481,452	\$ 36,949,340	\$ 33,201,768
COST OF GOODS SOLD	10,863,660	10,208,128	20,262,499	19,898,103
GROSS PROFIT	9,106,815	7,273,324	16,686,841	13,303,665
OPERATING EXPENSES:				
General, administrative and selling expense	1,108,948	1,165,638	2,124,470	2,599,075
Salaries & wages	1,287,003	979,380	2,600,162	2,514,056
Commissions	398,441	292,158	641,012	521,323
Total Operating Expense	2,794,392	2,437,176	5,365,644	5,634,454
INCOME FROM OPERATIONS	6,312,423	4,836,148	11,321,197	7,669,211
OTHER INCOME (EXPENSE)				
Interest and other income	251,336	277,536	533,173	560,962
Total Other Income (Expense)	251,336	277,536	533,173	560,962
INCOME BEFORE INCOME TAXES	6,563,759	5,113,684	11,854,370	8,230,173
TAX EXPENSE - CURRENT	1,712,944	1,309,103	3,067,340	2,106,924
NET INCOME	\$ 4,850,815	\$ 3,804,581	\$ 8,787,030	\$ 6,123,249
NET INCOME PER COMMON AND EQUIVALENT SHARES:				
EARNINGS PER SHARE - BASIC	\$ 0.1544	\$ 0.1186	\$ 0.2788	\$ 0.1910
WEIGHTED AVERAGE COMMON SHARES				
OUTSTANDING - BASIC	31,412,697	32,065,645	31,514,740	32,065,645
EARNINGS PER SHARE - DILUTED	\$ 0.1544	\$ 0.1186	\$ 0.2788	\$ 0.1910
WEIGHTED AVERAGE COMMON SHARES				
OUTSTANDING - DILUTED	31,412,697	32,065,645	31,514,740	32,065,645

Armanino Foods of Distinction, Inc.**Working Capital (Unaudited)**

	<u>As of June 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 23,007,732	\$ 28,164,307
Accounts receivable, net	10,315,372	8,578,692
Inventories, net	7,620,687	4,366,676
Prepaid expenses	848,563	920,859
Total Current Assets	<u>41,792,354</u>	<u>42,030,534</u>
NON-CURRENT ASSETS:		
Property and equipment, net	8,379,967	7,922,595
Deposits	20,000	20,000
Deferred tax assets	1,063,936	1,063,936
Operating lease right of use asset	1,013,169	1,364,468
Goodwill	375,438	375,438
Trademarks	75,576	75,576
Total Non-Current Assets	<u>10,928,086</u>	<u>10,822,013</u>
Total Assets	<u>\$ 52,720,440</u>	<u>\$ 52,852,547</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 6,694,741	\$ 2,010,649
Contract liabilities	4,064,142	4,404,813
Accrued payroll and payroll taxes	1,158,143	1,828,422
Phantom stock liability	2,073,455	3,664,971
Operating lease liability - current portion	678,962	649,738
Dividends payable	1,252,283	1,158,101
Income taxes payable	159,230	2,142,106
Total Current Liabilities	<u>16,080,956</u>	<u>15,858,800</u>
NON-CURRENT LIABILITIES		
Operating lease liability, net of current portion	419,195	810,583
Total Non-Current Liabilities	<u>419,195</u>	<u>810,583</u>
Total Liabilities	<u>16,500,151</u>	<u>16,669,383</u>
Working Capital	<u>\$ 25,711,398</u>	<u>\$ 26,171,734</u>

Armanino Foods of Distinction, Inc.**Summary of Common Stock Repurchased -- Unaudited**

Quarterly	Shares of Common	Total
Common Stock repurchased	Stock Repurchased	Repurchase
Board approved stock buy back		<u>\$ 12,000,000</u>
Repurchased during the program:		
Q3 2024	67,408	\$ 382,851
Q4 2024	94,637	\$ 689,182
Q1 2025	415,177	\$ 3,181,163
Q2 2025	390,916	\$ 3,096,906
Total	968,138	7,350,102
Shares Outstanding Balance at Period End	<u>31,097,507</u>	
Amount available to be repurchased:		<u>\$ 4,649,898</u>

Cautionary Statements Regarding Forward-Looking Information

Statements in this news release regarding our expectations and beliefs about our future financial performance and trends in our markets are "forward-looking statements" as defined in the Private Securities Litigations Reform Act of 1995. Forward-looking statements often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may."

The forward-looking statements in this news release regarding our future financial performance are based on current information and because our business is subject to several risks and uncertainties, actual operating results in the future may differ significantly from the future financial performance expected at the current time. Those risks and uncertainties may include, among others: economic factors affecting consumer confidence and discretionary spending and reducing the consumption of food prepared away from home; cost inflation/deflation and commodity volatility; competition; reliance on third party suppliers and interruption of product supply or increases in product costs; changes in the Company's relationships with customers and group purchasing organizations; the Company's ability to increase or maintain the highest margin portions of the Company's business; achievement of expected benefits from cost savings initiatives; increases in fuel costs; changes in consumer eating habits; cost and pricing structures and other governmental regulation. The forward-looking statements contained in this press release speak only as of the date of this press release and are based on information and estimates available to the Company at this time. We undertake no obligation to update or revise any forward-looking statements, except as may be required by law.

The best source of information on the company is the OTC Markets website (<https://www.otcmarkets.com/stock/AMNF/company-info>).

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