



A Colorado Corporation

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SIC Code: 2030

**Quarterly Report**  
**For the Period Ending: September 30, 2025**  
(the “Reporting Period”)

**Outstanding Shares**

The number of shares outstanding of our Common Stock is 31,078,007 as of September 30, 2025

The number of shares outstanding of our Common Stock is 31,903,600 as of December 31, 2024

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:  (Double-click and select “Default Value” to check)

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:

Yes:  No:

ARMANINO FOODS OF DISTINCTION, INC.  
QUARTERLY REPORT  
(UNAUDITED)  
SEPTEMBER 30, 2025

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**Item 1      The exact name of the issuer and the address of its principal executive offices.**

- A. Name of Issuer: Armanino Foods of Distinction, Inc. (the Company)  
B. Address: 5976 W Las Positas Blvd, Suite 200, Pleasanton, CA 94588  
C. Telephone: (510) 441-9300  
D. Website: [www.armaninofoods.com](http://www.armaninofoods.com)  
E. Investor Relations:  
Attn: Deanna Jurgens, CEO  
Phone: (510) 441-9300  
Email: [ir@armaninofoods.com](mailto:ir@armaninofoods.com)  
Address: 5976 W Las Positas Blvd, Suite 200, Pleasanton, CA 94588

*Check box if principal executive office and principal place of business are the same address:*

**Item 2      Shares outstanding.**

- A. The number of shares or total amount of the securities outstanding for each class of securities authorized.

COMMON STOCK:

	September 30, 2025	December 31, 2024	December 31, 2023
Number of shares authorized:	40,000,000	40,000,000	40,000,000
Number of shares outstanding:	31,078,007	31,903,600	32,065,645
Freely tradable shares (public float):	30,359,174	31,289,897	31,289,897
Number of beneficial shareholders owning at least 100 shares:	82	82	82
Total number of shareholders of record:	82	83	84

PREFERRED STOCK:

	September 30, 2025	December 31, 2024	December 31, 2023
Number of shares authorized:	10,000,000	10,000,000	10,000,000
Number of shares outstanding:	0	0	0
Freely tradable shares (public float):	0	0	0
Number of beneficial shareholders owning at least 100 shares:	0	0	0
Total number of shareholders of record:	0	0	0

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The accompanying notes are an integral part of these consolidated financial statements

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B. Material Contracts

1. Manufacturing:

No updates to disclosure made on December 31, 2024.

2. Suppliers:

No updates to disclosure made on December 31, 2024. However, Some of the Company’s supplies are sourced from Mexico, Canada, and China. Any changes to international trade agreements with these countries could lead to tariffs and higher costs. If this occurred, the Company would manage its profit margins accordingly. The financial impact that these US Domestic tariffs may have on the Company cannot currently be estimated with certainty.

3. Operating Lease Agreements:

No updates to disclosure made on December 31, 2024.

4. 401(K) Profit Sharing Plan:

No updates to disclosure made on December 31, 2024.

**Item 3 Interim Financial Statements.**

Refer to the Company’s financial statements included in the following pages in this disclosure report:

A. Condensed consolidated balance sheets.....	Page 9
B. Condensed consolidated statements of operations.....	Page 10
C. Condensed consolidated statements of stockholders’ equity.....	Page 11
D. Condensed consolidated statements of cash flows .....	Page 12
E. Notes to the Condensed consolidated financial statements.....	Page 13

**Item 4 Management’s discussion and analysis**

A. Plan of Operation

The Company is confident that it has enough working capital to fund its operations beyond September 2026.

As disclosed in Footnote 1, of its Q3’25 financial statements (see page 17), the Company expended \$199,240 and \$407,485 respectively, of research and development costs to develop new products for the nine-month periods ended September 30, 2025, and 2024. Management anticipates spending similar

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amounts towards these endeavors for the remainder of 2025.

Since the Company's Board of Directors approved a plan in June 2024, to spend up to \$7M to buy back shares of its common stock, it recently announced in March 2025, its decision to increase this plan to \$12M. As of September 30, 2025, the Company has expended a total of \$7.5M to repurchase 987k shares of common stock in the open market.

Currently, the Company does not anticipate any significant changes in the number of its employees.

**B. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**1. Financial Condition**

At September 30, 2025, the Company had working capital of \$28,735,912 compared to \$26,171,734 at December 31, 2024, an increase of \$2,564,178, or 10%. This increase was largely due to the increase in accounts receivable, net of \$2,403,656, and increase in inventory of \$2,533,003, offset by the decrease in cash and cash equivalents of \$3,518,382 for the nine months ending September 30, 2025.

**2. Changes in Financial Condition**

The Company's cash position, of \$24,645,925 on September 30, 2025 compared with the December 31, 2024 balance of \$28,164,307. The \$3,518,382 decrease between these two periods was a result of several factors: (1) \$8,067,070 in cash provided by operating activities consistent with year to date increases in revenues and gross profits over the same period in the prior year; (2) offset by \$1,438,414 used in investing activities mostly stemming from capital spending associated with the Company's plant improvement project, and investment in updating its IT infrastructure; and (3) offset by \$3,670,260 used in financing activities related to the Company's regular dividends, as well as \$6,476,778 used for the Company's stock buyback program approved by the Company's Board of Directors through Q3 2025.

**3. Results of Operations:**

Net sales for the quarter ended September 30, 2025 were \$19,651,423 compared to \$17,667,112 for the same period last year, an increase of 11%.

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Income before taxes for the quarter ended September 30, 2025 was \$6,416,540 compared to \$5,514,502, an increase of 16%. Net income for the quarter ended September 30, 2025 was \$4,773,224 (or \$0.1536 per share), compared to \$4,102,730 (or \$0.1280 per share) posted for the same period in 2024, an increase of 20% per share.

Net sales for the nine-month period ended September 30, 2025 were \$56,600,763 compared to \$50,868,879 for the same period last year, an increase of 11%. Income before taxes for the nine-month period ended September 30, 2025 was \$18,270,910 compared to \$13,744,171, an increase of 33%. Net income for the nine-month period ended September 30, 2025 was \$13,560,254, an increase of 33% compared to the nine-month period ended September 30, 2024. Basic earnings per share for the nine-month period ended September 30, 2025 was \$0.4323 compared to \$0.3189 per share for the nine-month period ended September 30, 2024, an increase of 0.11 per share or 36%.

The Company continues to benefit from its margin improvement efforts as demonstrated in the achievement of year-to-year growth in net income. The Company's margin improvements are the results of its continued efforts to lower its cost structure across multiple areas of its business. These improvements are driven by lower commodity costs and improved manufacturing and process efficiencies, including those associated with the Company's ongoing capital improvement projects.

Specifically, it has maintained discipline in executing its sales strategies including the acquisition of new customers and the expansion of sales of its core products into new markets. The Company has benefited from year-over-year improvements in its operational efficiencies, and better procurement of raw materials.

The Company remains cautious in the near term as it believes there is some indication of a market slowdown, particularly in the restaurant industry. Furthermore, the Company is closely monitoring global trends regarding US and international tariffs to assess their impact so that it can plan and act accordingly. To help mitigate these potential risks, the Company will seek further operational efficiencies in pursuit of improving its low-cost structure, and continue to pursue competitive pricing on its supplies and raw materials.

Management remains confident in the Company's financial position. The Company remains committed to making appropriate investments to grow

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sales profitably with a focus on new products, new markets, operational efficiencies, and potential acquisitions.

C. Off-Balance Sheet Arrangements

The Company has a \$3,500,000 revolving line of credit with a financial institution which has been extended through February 3, 2026. The Company has decided to maintain this line of credit as a contingency which can be available to fund future strategic initiatives including potential acquisitions. As of September 30, 2025, no amounts have been drawn against this line of credit. Management is confident that it currently has enough cash on hand to fund its operations beyond the next 12 months.

**Item 5      Legal proceedings**

Current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator: None.

**Item 6      Defaults upon senior securities**

None.

**Item 7      Other Information**

None.

**Item 8      Exhibits.**

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

In June 2024, the Company's board of directors authorized \$7,000,000 for the repurchase and retirement of shares of the Company's common stock (2024 Stock Buyback Program). During 2025, the board of directors authorized an additional \$5,000,000 in buybacks (2025 Stock Buyback Program), bringing the total amount authorized for the stock repurchase program to \$12,000,000.

Under these Stock Buyback Programs through December 31, 2024, the company repurchased a total of 162,045 shares of common stock in the open market for

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\$1,072,033. Year to date through September 30, 2025, the Company repurchased an additional 825,593 shares of common stock in the open market for \$6,476,778.

The balance of treasury shares held at September 30, 2025 and December 31, 2024 is 987,638 and 162,045, respectively, which are excluded from the shares issued of 32,065,646, resulting in 31,078,007 and 31,903,600 common shares outstanding as of September 30, 2025 and December 31, 2024, respectively.

COMPANY PURCHASES OF EQUITY SECURITIES				
Period	Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
September 1 to December 31, 2024	162,045(a)	\$6.62	162,045	\$5,927,967(b)
January 1 to September 30, 2025	825,593(a)	\$7.85	825,593	\$4,456,173(c)

- (a) Shares acquired in the open market.
- (b) In June 2024, the Board of Directors approved \$7,000,000 for the common stock repurchase program.
- (c) In March 2025, the Board of Directors approved an additional \$5,000,000 for the common stock repurchase program.

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**Item 9 Issuer's Certifications.**

I, Deanna Jurgens, certify that:

- (i) I have reviewed this Annual Disclosure Statement of Armanino Foods of Distinction, Inc.;
- (ii) Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
- (iii) Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 12, 2025  
/s/ Deanna Jurgens  
CEO

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**FINANCIAL STATEMENTS**

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2025	As of December 31, 2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 24,645,925	\$ 28,164,307
Accounts receivable, net	10,982,348	8,578,692
Inventories, net	6,899,679	4,366,676
Prepaid expenses	1,015,073	920,859
Total Current Assets	43,543,025	42,030,534
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net	8,443,070	7,922,595
Deposits	20,000	20,000
Deferred tax assets	1,063,936	1,063,936
Operating lease right of use asset	859,388	1,364,468
Goodwill	375,438	375,438
Trademarks	75,576	75,576
Total Non-Current Assets	10,837,408	10,822,013
<b>Total Assets</b>	<b>\$ 54,380,433</b>	<b>\$ 52,852,547</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,992,434	\$ 2,010,649
Contract liabilities	3,137,830	4,404,813
Accrued payroll and payroll taxes	1,098,191	1,828,422
Phantom stock liability	2,430,149	3,664,971
Operating lease liability - current portion	692,107	649,738
Dividends payable	1,555,246	1,158,101
Income taxes payable	901,156	2,142,106
Total Current Liabilities	14,807,113	15,858,800
<b>NON-CURRENT LIABILITIES</b>		
Operating lease liability, net of current portion	242,085	810,583
Total Non-Current Liabilities	242,085	810,583
Total Liabilities	15,049,198	16,669,383
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock; no par value, 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common Stock; no par value, 40,000,000 shares authorized, 32,065,645 shares issued at September 30, 2025 and December 31, 2024 and 31,078,007 and 31,903,600 shares outstanding at September 30, 2025 and December 31, 2024, respectively	2,774,990	2,774,990
Treasury stock, at cost; 987,638 and 162,045 shares held at September 30, 2025, and December 31, 2024, respectively	(7,548,811)	(1,072,033)
Additional paid-in capital	180,202	48,202
Retained earnings	43,924,854	34,432,005
Total Stockholders' Equity	39,331,235	36,183,164
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 54,380,433</b>	<b>\$ 52,852,547</b>

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	<b>FOR THE THREE MONTHS</b>		<b>FOR THE NINE MONTHS</b>	
	<b>SEPTEMBER 30,</b>		<b>SEPTEMBER 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>NET SALES</b>	\$ 19,651,423	\$ 17,667,112	\$ 56,600,763	\$ 50,868,879
<b>COST OF GOODS SOLD</b>	9,932,253	9,759,866	30,194,752	29,658,703
<b>GROSS PROFIT</b>	<u>9,719,170</u>	<u>7,907,246</u>	<u>26,406,011</u>	<u>21,210,176</u>
<b>OPERATING EXPENSES:</b>				
General, administrative and selling expense	2,331,070	932,701	4,455,540	3,531,544
Salaries & wages	871,088	1,496,825	3,471,250	4,010,882
Commissions	353,340	253,303	994,352	774,626
Total Operating Expense	<u>3,555,498</u>	<u>2,682,829</u>	<u>8,921,142</u>	<u>8,317,052</u>
<b>INCOME FROM OPERATIONS</b>	<u>6,163,672</u>	<u>5,224,417</u>	<u>17,484,869</u>	<u>12,893,124</u>
<b>OTHER INCOME (EXPENSE)</b>				
Interest and other income	252,868	290,085	786,041	851,047
Total Other Income (Expense)	<u>252,868</u>	<u>290,085</u>	<u>786,041</u>	<u>851,047</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>6,416,540</u>	<u>5,514,502</u>	<u>18,270,910</u>	<u>13,744,171</u>
<b>TAX EXPENSE - CURRENT</b>	1,643,316	1,411,772	4,710,656	3,518,697
<b>NET INCOME</b>	<u>\$ 4,773,224</u>	<u>\$ 4,102,730</u>	<u>\$ 13,560,254</u>	<u>\$ 10,225,474</u>
<b>NET INCOME PER COMMON AND EQUIVALENT SHARES:</b>				
<b>EARNINGS PER SHARE - BASIC</b>	<u>\$ 0.1536</u>	<u>\$ 0.1280</u>	<u>\$ 0.4323</u>	<u>\$ 0.3189</u>
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC</b>	<u>31,084,864</u>	<u>32,052,356</u>	<u>31,369,873</u>	<u>32,061,183</u>
<b>EARNINGS PER SHARE - DILUTED</b>	<u>\$ 0.1535</u>	<u>\$ 0.1280</u>	<u>\$ 0.4321</u>	<u>\$ 0.3189</u>
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED</b>	<u>31,096,336</u>	<u>32,052,356</u>	<u>31,381,345</u>	<u>32,061,183</u>

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CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
	Shares	Amount				
<b>BALANCE, December 31, 2024</b>	31,903,600	\$ 2,774,990	\$ 48,202	\$ (1,072,033)	\$ 34,432,005	\$ 36,183,164
Dividends on common shares	-	-	-	-	(1,259,876)	(1,259,876)
Treasury stock	(415,177)	-	-	(3,181,163)	-	(3,181,163)
Net income	-	-	-	-	3,936,215	3,936,215
<b>BALANCE, March 31, 2025</b>	31,488,423	\$ 2,774,990	\$ 48,202	\$ (4,253,196)	\$ 37,108,344	\$ 35,678,340
Dividends on common shares	-	-	-	-	(1,252,283)	(1,252,283)
Treasury stock	(390,931)	-	-	(3,096,906)	-	(3,096,906)
Stock based compensation	-	-	40,323	-	-	40,323
Net income	-	-	-	-	4,850,815	4,850,815
<b>BALANCE, June 30, 2025</b>	31,097,492	\$ 2,774,990	\$ 88,525	\$ (7,350,102)	\$ 40,706,876	\$ 36,220,289
Dividends on common shares	-	-	-	-	(1,555,246)	(1,555,246)
Treasury stock	(19,485)	-	-	(198,709)	-	(198,709)
Stock based compensation	-	-	91,677	-	-	91,677
Net income	-	-	-	-	4,773,224	4,773,224
<b>BALANCE, September 30, 2025</b>	31,078,007	\$ 2,774,990	\$ 180,202	\$ (7,548,811)	\$ 43,924,854	\$ 39,331,235

  

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
	Shares	Amount				
<b>BALANCE, December 31, 2023</b>	32,065,645	\$ 2,774,990	\$ 48,202	\$ -	\$ 27,682,740	\$ 30,505,932
Dividends on common shares	-	-	-	-	(4,370,547)	(4,370,547)
Net income	-	-	-	-	2,318,163	2,318,163
<b>BALANCE, March 31, 2024</b>	32,065,645	\$ 2,774,990	\$ 48,202	\$ -	\$ 25,630,356	28,453,548
Dividends on common shares	-	-	-	-	(1,163,983)	(1,163,983)
Net income	-	-	-	-	3,804,581	3,804,581
<b>BALANCE, June 30, 2024</b>	32,065,645	\$ 2,774,990	\$ 48,202	\$ -	\$ 28,270,954	31,094,146
Dividends on common shares	-	-	-	-	(1,163,983)	(1,163,983)
Treasury stock	(67,408)	-	-	(382,852)	-	(382,852)
Net income	-	-	-	-	4,102,730	4,102,730
<b>BALANCE, September 30, 2024</b>	31,998,237	\$ 2,774,990	\$ 48,202	\$ (382,852)	\$ 31,209,701	\$ 33,650,041

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	<b>FOR THE NINE MONTHS ENDED</b>	
	<b>SEPTEMBER 30,</b>	
	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ 13,560,254	\$ 10,225,474
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	921,439	470,023
Stock-based compensation	132,000	-
Operating lease expense	505,080	474,292
Gain on sale of property and equipment	(3,500)	-
Changes in assets and liabilities:		
Accounts receivable	(2,403,656)	(1,356,621)
Inventory	(2,533,003)	(589,468)
Prepaid expenses	(94,214)	296,313
Accounts payable	2,981,785	1,262,146
Contract liabilities	(1,266,983)	337,094
Phantom stock liability	(1,234,822)	940,432
Accrued payroll and payroll taxes	(730,231)	(288,608)
Income taxes payable	(1,240,950)	(48,733)
Operating lease liability	(526,129)	(485,146)
Net Cash Provided by Operating Activities	<u>8,067,070</u>	<u>11,237,198</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(1,441,914)	(2,136,388)
Proceeds from sale of property and equipment	3,500	-
Net Cash Used in Investing Activities	<u>(1,438,414)</u>	<u>(2,136,388)</u>
<b>Cash Flows from Financing Activities:</b>		
Purchase of treasury stock	(6,476,778)	(382,852)
Dividends paid	(3,670,260)	(6,592,697)
Net Cash Used in Financing Activities	<u>(10,147,038)</u>	<u>(6,975,549)</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,518,382)</b>	<b>2,125,261</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>28,164,307</b>	<b>22,177,386</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b><u>\$ 24,645,925</u></b>	<b><u>\$ 24,302,647</u></b>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income Taxes	\$ 3,704,400	\$ 2,719,831

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business and Basis of Presentation** – The condensed consolidated financial statements include the accounts of Armanino Foods of Distinction, Inc. (the “Company”), which engages in the production and marketing of upscale and innovative food products, including primarily frozen pesto and other sauces, frozen pasta products, cooked and frozen meat and poultry products and its wholly-owned dormant subsidiary AFDI, Inc. which was incorporated in May 1995.

**Consolidation** - The condensed consolidated financial statements of the Company and the accompanying notes included in this Quarterly Report are unaudited. In the opinion of management, all adjustments necessary for the fair presentation of the condensed consolidated financial statements have been included. Such adjustments are of a normal, recurring nature. The condensed consolidated financial statements, and the accompanying notes, are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and do not contain certain information included in the Company's Annual Report for the year ended December 31, 2024. Therefore, the interim condensed consolidated financial statements should be read in conjunction with that Annual Report

**Accounting Estimates** - The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reportable amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** – As of September 30, 2025 and December 31, 2024, the Company held cash and cash equivalents of \$24,645,925 and \$28,164,307, respectively. The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company had \$24,129,305 and \$27,547,255 in excess of federally insured amounts in its bank accounts on September 30, 2025, and December 31, 2024, respectively. As of September 30, 2025, approximately \$24,108,707 of total cash and cash equivalents is held with a single financial institution.

**Accounts Receivable** - Accounts receivable consist of trade receivables arising in the normal course of business. On September 30, 2025, and December 31, 2024, the Company has established an allowance for doubtful accounts of \$63,971, and \$10,000, respectively, which reflects the Company’s best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. Amounts written off for the years presented are insignificant for disclosure.

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**Inventory** - Inventory is carried at the lower of cost or market, as determined on the first-in, first-out method. Inventory costs are determined based on the average cost basis. The Company determines the allowance based on reviewing excess quantities and older product.

**Property and Equipment** - Property and equipment are stated at cost. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized, upon being placed in service. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the assets which range from two to twenty-five years (See Note 3).

**Impairment of Long-Lived Assets** - In accordance with ASC 360, “*Property Plant and Equipment*”, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that the recarrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. Impairment losses of \$nil and \$nil were recognized during the periods ended September 30, 2025 and 2024, respectively.

**Intangible Assets** – Intangible assets consist of Goodwill and indefinite life intangible assets which include proprietary formulas and trademarks. Goodwill represents the excess of purchase price paid over the fair market value of identifiable net assets of companies acquired. The Company accounts for goodwill and indefinite life intangible assets in accordance with FASB ASC Topic 350, “Goodwill and Other Intangible Assets” and accordingly tests these assets on December 31 of each year for impairment. No amortization expense was recognized for the periods ended September 30, 2025 and 2024, respectively.

**Leases** – The Company accounts for leases in accordance with FASB ASC Topic 842 Leases wherein the Company (except for short-term leases) recognizes at the commencement date, an operating lease liability equal to the discounted present value of the lease payments excluding non-lease components, and an operating lease right-of-use asset based on the Company incremental borrowing rate. Lease payments are applied against the operating lease liability and lease expense. The operating lease right of use asset is amortized to expense on a straight-

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line basis over the term of the lease.

**Revenue Recognition and Sales Incentives** - The Company's accounts for revenue recognition in accordance with FASB ASC 606. Accordingly, the Company applies a principles-based five step model to recognize revenue upon the transfer of control of promised goods to customers and in an amount that reflects the consideration for which it expects to be entitled to in exchange for those goods. The principles-based five step model includes: 1) identifying the contract(s) with a customer; 2) identifying the performance obligations in the contract; 3) determining the transaction price; 4) allocating the transaction price to the performance obligations in the contract; and 5) recognizing revenue when (or as) the Company satisfies a performance obligation.

Performance Obligations. The Company's revenues primarily result from contracts with customers and distributors and generally have a single performance obligation – the shipment or delivery of products. The Company recognizes revenue when the performance obligation has been satisfied. The company has concluded that this occurs when the rights and risk of ownership have passed to the customer, when there is persuasive evidence of an arrangement, product has been shipped or delivered to the customer, the price and terms are finalized, and collection of resulting receivables is probable. Products are primarily shipped FOB shipping point at which time title passes to the customer. In some instances, the Company uses common carriers for the delivery of products. In these arrangements, sales are recognized upon delivery to the customer.

Transaction Price. The Company's revenue arrangements with its customers often include early payment discounts and such sales incentives as trade allowances, promotions, and co-operative advertising. We record revenues net of variable consideration, including estimated trade promotions.

These sales incentives are recorded at the later of when revenue is recognized or when the incentives are offered.

Contract Assets and Liabilities. The Company has no contract assets to record. Contract liabilities result from unclaimed promotions offered to customers which the Company estimates will be claimed. The resulting promotion expense is recorded as a reduction to revenues. These promotion expenses and related contract liabilities are estimated based principally on historical utilization, redemption rates, and/or current period experience factors. We review and adjust these estimates at least quarterly based on actual experience and other information.

Financing Components. Receivables from customers generally do not bear interest. Payment terms and collection patterns are short-term, and the Company does not have any significant financing components. The Company's allowance for doubtful accounts represents their estimate of probable non-payments and credit losses in its existing receivables, as determined

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based on a review of past due balances and other specific account data. Account balances are written off against the allowance when the Company deems the amount is uncollectible.

For a disaggregation of the Company’s revenue into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors, see Note 9 (customer concentration by 3 largest brokers).

Net sales consisted of the following:

	FOR THE THREE MONTHS ENDED, SEPTEMBER 30,		FOR THE NINE MONTHS ENDED, SEPTEMBER 30,	
	2025	2024	2025	2024
Gross Sales	\$ 21,656,425	\$ 20,078,615	\$ 62,794,786	\$ 58,347,406
Less: Discounts	(334,128)	(298,510)	(939,509)	(912,946)
Promotions	(1,670,874)	(2,112,993)	(5,254,514)	(6,565,581)
Net Sales	<u>\$ 19,651,423</u>	<u>\$ 17,667,112</u>	<u>\$ 56,600,763</u>	<u>\$ 50,868,879</u>

**Shipping and Handling Fees and Costs** – The Company records all amounts billed to customers related to shipping and handling fees as revenue. The Company classifies expenses for shipping and handling costs as cost of goods sold.

**Cost of Sales** – The Company includes product costs (i.e., material, direct labor, and overhead costs), shipping and handling expense, production-related depreciation expense and product packaging expense in cost of sales.

**Advertising Cost** - Cost incurred in connection with advertising of the Company’s products are expensed as incurred. Such costs amounted to \$137,364 and \$469,892, as well as \$299,124 and \$995,280 for the three- and nine-months ended September 30, 2025, and 2024, respectively.

**Research and Development Cost** - The Company expenses research and development costs for the development of new products as incurred. Included in general and administrative expense for the three- and nine-months ended September 30, 2025, and 2024 are \$49,019 and \$199,240, and \$167,271 and \$407,485 respectively, of research and development costs.

**Income Taxes** - The Company accounts for income taxes in accordance with FASB ASC Topic 740 Accounting for Income Taxes. This statement requires an asset and liability approach for accounting for income taxes.

**Earnings Per Share** – The Company calculates earnings per share in accordance with FASB ASC 260 Earnings Per Share. Basic earnings per common share (EPS) are based on the weighted average number of common shares outstanding during each period. Diluted earnings per common share are based on shares outstanding (computed as under basic EPS) and potentially dilutive common shares. Potential common shares included in the diluted earnings

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per share calculation include in-the-money stock options that have been granted but have not been exercised.

**Fair Value of Financial Instruments** - The Company accounts for fair value measurements for financial assets and financial liabilities in accordance with FASB ASC Topic 820. The authoritative guidance, which, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exit price, representing the amount that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Cash and cash equivalents are valued using Level 1 fair value inputs. Unless otherwise disclosed, the fair value of the Company's financial instruments including cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities approximate their recorded values due to their short-term maturities.

**Stock Options** - The Company accounts for the stock option issued in accordance with FASB ASC Topic 718, Compensation – Stock Compensation. Accordingly, the fair value estimated on the date of grant using the Black-Scholes option-pricing model is recognized over the vesting period of the underlying options.

**Treasury stock** - The Board of Directors may authorize share repurchases of the Company's common stock (Share Repurchase Authorizations). Share repurchases under these authorizations may be made through open market transactions, negotiated purchase or otherwise, at times and in such amounts as the Company, and a committee of the Board, deem appropriate. Shares repurchased under Share Repurchase Authorizations are held in treasury for general corporate purposes, including issuances under various employee share-based award plans. Treasury shares are accounted for under the cost method and reported as a reduction of Stockholders' Equity. Share Repurchase Authorizations may be suspended, limited, or terminated at any time without notice.

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**Certain Risks and Concentrations** – The Company’s revenues are primarily generated from a few customers. One individual customer represented approximately 50% of the Company’s revenues for the three-month periods ended September 30, 2025, and 2024, respectively. One customer’s balance was approximately 59% of the Company’s accounts receivables on September 30, 2025. See Note 9.

The Company is subject to concentrations of credit risk primarily from cash and cash equivalents and from accounts receivable. It manages its credit risk exposure through timely assessment of its counterparty creditworthiness, credit limits, and use of collateral management.

The Company’s main product ingredient, basil, is obtained from two main US based suppliers. The Company has entered into long-term supply agreements with these suppliers, and believes that they have significant volumes of inventory available to supply the Company’s demand.

The Company is subject to risks associated with materials purchased from international suppliers, including the effects of current wars and other international conflicts, as well as recently imposed tariffs and any potential future changes in tariffs. Currently, the Company believes that the uncertainty from tariffs currently will not have a material impact, is continuing to evaluate the potential impact of these developments as well as our ability to mitigate the impact.

**Recently Enacted Accounting Standards** – Recent accounting pronouncements issued by the FASB did not or are not believed by management to have a material impact on the Company’s present or future financial statements.

**NOTE 2 - INVENTORY**

Inventory consisted of the following:

	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
<b>Raw Materials and Supplies</b>	\$ 2,384,393	\$ 2,240,139
<b>Finished Goods</b>	4,786,767	2,398,018
<b>Reserve for Obsolescence</b>	(271,481)	(271,481)
	<u>\$ 6,899,679</u>	<u>\$ 4,366,676</u>

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment, net consisted of the following:

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	Useful Life	September 30, 2025	December 31, 2024
Office equipment & furniture	2 – 10	\$ 2,411,875	\$ 1,010,072
Machinery and equipment	5 – 20	6,545,218	6,120,247
Leasehold improvements	3 – 25	7,019,925	3,731,131
Construction in progress		400,079	4,073,733
		<u>16,377,097</u>	<u>14,935,183</u>
Less Accumulated Depreciation		(7,934,027)	(7,012,588)
Net Property and Equipment		<u>\$ 8,443,070</u>	<u>\$ 7,922,595</u>

Depreciation expense amounted to the following for the three- and nine-month periods ended September 30, 2025, and 2024:

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,	
	2025	2024
Depreciation Expense recorded to G&A	\$ 132,240	\$ 45,062
Depreciation Expense recorded to Cost of Goods Sold	400,382	112,607
Total Depreciation Expense	<u>\$ 532,622</u>	<u>\$ 157,669</u>

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2025	2024
Depreciation Expense recorded to G&A	\$ 224,656	\$ 130,515
Depreciation Expense recorded to Cost of Goods Sold	696,783	339,508
Total Depreciation Expense	<u>\$ 921,439</u>	<u>\$ 470,023</u>

#### NOTE 4 – INTANGIBLE ASSETS

**Goodwill - Goodwill** represents the excess of the cost of purchasing Alborough, Inc. over the fair market value of the assets on May 20, 1996 less applicable amortization prior to the adoption of FASB ASC Topic 350. On September 30, 2025, and December 31, 2024, Goodwill amounted to \$375,438.

**Trademarks - Trademarks** represent the current costs seeking trademarks. On September 30, 2025, and December 31, 2024, trademarks amounted to \$75,576.

On December 31 of each year, the Company tests its goodwill and trademarks for impairment in accordance with FASB ASC Topic 350. The Company uses the quoted market price of its stock and projected earnings to test goodwill and trademarks for impairment and determined that the Company's goodwill and trademarks were not impaired.

#### NOTE 5 - LEASES

**Operating Leases** – The Company currently has three operating leases for the manufacturing

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facility, a warehouse location and the administrative offices.

Supplemental balance sheet information related to leases consisted of the following:

	September 30,	December 31,
	2025	2024
Operating lease right of use assets	\$ 859,388	\$ 1,364,468
Operating lease liabilities	\$ 934,192	\$ 1,460,321
Weighted average remaining lease term (yrs)	1.4	2.2
Weighted average discount rate	2.075%	2.075%

Supplemental cash flow information related to leases consisted of the following:

	FOR THE THREE MONTHS ENDED, September 30,		FOR THE NINE MONTHS ENDED, September 30,	
	2025	2024	2025	2024
Cash paid for lease liabilities	\$ 176,276	\$ 173,733	\$ 528,831	\$ 528,706

The components of operating lease expenses were recorded as follows:

	FOR THE THREE MONTHS ENDED, September 30,		FOR THE NINE MONTHS ENDED, September 30,	
	2025	2024	2025	2024
Operating expenses	\$ 26,292	\$ 31,514	\$ 78,878	\$ 90,272
Costs of goods sold	138,715	145,636	422,146	432,630
Total Lease Expense	\$ 165,007	\$ 177,150	\$ 501,024	\$ 522,902

Maturities of operating lease liabilities were as follows:

Year Ended December 31,	Future Minimum Lease Payments
2025	\$ 177,506
2026	725,680
2027	61,726
<b>Future Minimum Lease Payments</b>	<b>\$ 964,912</b>
Less amounts represent imputed interest	(30,720)
<b>Present value of minimum lease payments</b>	<b>934,192</b>
Less current portion of operating lease liability	(692,107)
<b>Operating Lease liability, net of current Portion</b>	<b>\$ 242,085</b>

**NOTE 6 - AGREEMENTS AND COMMITMENTS**

**Manufacturing** - Certain of the Company's products are manufactured and packaged on a "co-pack" or "toll-pack" basis by third parties at agreed upon prices. The agreements with the co-packers have terms of one year and allow for periodic price adjustments. These agreements

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generally allow for either party to give a two-month cancellation notice.

**Debt Financing (line of credit)** – In October 2024, the Company secured a \$3,500,000 line of credit through a financial institution which has been extended through February 3, 2026. When the line of credit expires any outstanding balance on the loan must be paid in full. During the loan period, the Company may borrow, repay, and borrow again from time to time under this line of credit up to the credit limit. Interest accrues on any unpaid balance at a floating rate equal to the Daily Simple SOFR plus 2%. This line is collateralized with the Company's inventory, and equipment. No amounts have been drawn against this line of credit as of September 30, 2025.

**401(K) Profit Sharing Plan** - The Company has a 401(K) profit sharing plan and trust (the "Plan") that was effective November 1, 2020 with a Plan year of January 1 through December 31. Under the Plan, any employees who were employed by the Company during 90 consecutive days of employment and reached age 21 were eligible to participate in the Plan. The Company matches 100% of contributions up to 6% of participants' gross compensation. Also under the Plan, Participants are also eligible to receive a discretionary contribution of up to 2% of their base compensation depending on the Company's financial performance. During the periods three- and nine-months ended September 30, 2025 and 2024, the Company's matching contributions recorded in General, administrative and selling expenses amounted to \$30,175 and \$180,558, as well as \$44,037 and \$164,211, respectively.

**Phantom Stock Bonus Program** - In March 2019, the Company's Board of Directors approved the adoption of a phantom stock bonus program (the "2019 Phantom Stock Plan" or the "Plan"). The Plan provides a means to promote company profitability by awarding cash bonuses upon each participants' exercise that simulate the financial benefits of common stock ownership. The Plan allows for the issuance of up to 1,000,000 shares of phantom stock expiring 10 years from the date of grant with vesting terms and exercise prices to be determined by the Board of Directors from time to time upon the issuance of phantom stock to employees, directors and consultants of the Company. On August 8, 2025, the Board approved and ratified an amendment to the 2019 Plan that increased the pool of shares of phantom stock available under the 2022 Plan from 1,000,000 shares of Phantom Stock to 1,150,000 shares of Phantom Stock.

Under the Plan the Company will pay to the holder of the phantom stock the difference between the current share price and exercise price (intrinsic value) on the date of exercise. Due to the fact that these bonus awards will be settled by payment of cash rather than issuance of equity, the phantom stock has been accounted for as a stock appreciation right and is recorded as a liability.

At the end of each reporting period, the Company will remeasure the current fair value of the award and adjust the liability and cumulative compensation expense to the appropriate portion

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of the total fair value in relation to the portion of the vesting period that has been completed. After the awards are fully vested, the Company will remeasure the outstanding awards' fair value at the end of each reporting period, recognizing the entire change in fair value immediately in the income statement.

*Phantom Stock Liability*

The Company has estimated the fair value of phantom stock liability as of September 30, 2025, and December 31, 2024, using the Black-Scholes option pricing model with the following assumptions:

	<b>September 30,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Expected term (in years)	1.71 - 4.34	1.18 - 6.43
Volatility	21.17% - 23.27%	20.73% - 24.45 %
Risk Free Rate	3.57% - 3.64%	4.12 % - 4.38 %
Dividend Yield	0.00%	0.00%
Expected forfeiture rate	7.0%	4.4%

Total compensation expense recorded during the three- and nine-month periods ended September 30, 2025 and 2024, amounted to approximately \$686,191 and \$630,402, as well as \$405,504 and \$1,179,611 respectively. The Company has a remaining balance of approximately \$468,901 in unrecognized compensation expense as of September 30, 2025, which is expected to be recognized through June 5, 2034. Total cash paid for phantom stock exercises totaled \$1,865,224 and \$248,000 for the nine-month period ended September 30, 2025 and 2024, respectively.

A summary of phantom stock activity during the period is presented below:

	Shares	Weighted Average Exercise Price
Outstanding 12/31/2024	820,000	\$ 3.31
Granted	-	-
Exercised	(459,144)	2.81
Expired / Forfeited	(19,697)	-
Outstanding 9/30/2025	341,159	\$ 3.89
Exercisable 9/30/2025	274,014	\$ 3.50
Vested and expected to vest	340,261	\$ 3.88

A summary of the status of the phantom stock outstanding under the Plan at September 30, 2025 is presented below:

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Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life	Number Exercisable	Weighted Average Exercise Price
\$2.38	30,000	4.72	30,000	\$ 2.38
\$3.22	30,000	4.43	30,000	\$ 3.22
\$3.33	150,000	3.43	150,000	\$ 3.33
\$3.48	30,000	5.73	30,000	\$ 3.48
\$4.75	1,159	8.28	1,159	\$ 4.75
\$5.50	100,000	8.68	32,855	\$ 5.50
	341,159		274,014	

*Phantom Stock Dividends*

In September 2022, the Company's Board of Directors approved the amended and restated phantom stock bonus program (the "2022 Phantom Stock Plan" or the "2022 Plan"). The 2022 Plan grants an additional right to holders of phantom stock, whereby entitling each holder of phantom stock to an amount of cash dividends equal to the holder's vested shares of phantom stock upon the declaration of dividends to common shareholders. On September 29 2025, the Board declared a \$0.05 dividend per share of common stock. As such, all holders of phantom stock were entitled to a \$0.05 cash dividend at \$0.05 multiplied by the holder's percentage of vested shares of phantom stock. On September 30, 2025, a total of \$15,500 was accrued for the cash phantom stock dividend and recorded to accounts payable and contract liabilities and accrued payroll on the balance sheet.

**NOTE 7 - EARNINGS PER SHARE**

For the three- and nine- periods ended September 30 2025, the Company had stock options included in the computation of diluted earnings per share as they in the money as of September 30, 2025. Because phantom stock awards do not result in the potential issuance of common stock, they are not potential common shares and are not included as dilutive securities.

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2025	2024	2025	2024
Net Income	\$ 4,773,224	\$ 4,102,730	\$ 13,560,254	\$ 10,225,474
Weighted average common shares outstanding - basic	31,084,864	32,052,356	31,369,873	32,061,183
Effect of dilutive securities:	11,472	-	11,472	-
Weighted average common shares outstanding - diluted	31,096,336	32,052,356	31,381,345	32,061,183

**NOTE 8 - STOCKHOLDERS' EQUITY**

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**Preferred Stock** - The Company is authorized to issue 10,000,000 shares of no par value preferred stock with such rights and preferences and in such series as determined by the Board of Directors at the time of issuance. No shares are issued or outstanding as of September 30, 2025, and December 31, 2024.

**Dividends** - During the nine- months ended September 30, 2025 and 2024, the Company paid total dividends of \$3,670,260 and \$6,592,697 to common shareholders, respectively, none of which were considered a liquidating dividend.

**Repurchase of Common Shares**

On June 20, 2024, the Board authorized an increase in the Company’s stock buyback program to purchase up to \$7 million of shares of common stock (the “Share Repurchase Authorizations”) in the open market, through block trades, and/or private transactions as permitted by applicable legal requirements. The stock buyback program does not obligate the Company to acquire any particular amount of common stock, and it may be modified, extended or terminated by the Board of Directors at any time.

In March 2025, the Company’s Board of Directors approved a \$5 million increase to its stock buyback program, bringing the total authorized amount for repurchases to \$12 million.

**Treasury Stock** – Shares repurchased under Share Repurchase Authorizations are held in treasury for general corporate purposes, including issuances under various employee share-based award plans. Treasury shares are accounted for under the cost method and reported as a reduction of Stockholders’ Equity. Share Repurchase Authorizations may be suspended, limited or terminated at any time without notice. During the nine-month period ended September 30, 2025, the Company repurchased 825,593 shares of common stock for a total of \$6,476,778 (or at a weighted average of \$7.85/share). The Company repurchased 23,085 common shares for a total of \$198,709 with settlement dates that fell in the three months ended September 30, 2025.. As of September 30, 2025, the total balance of treasury stock held by the Company purchased under the program was 987,638 leaving the remaining available amount of treasury shares to repurchase of approximately \$4.6 million.

**2025 Equity Incentive Plan** – In April 2025, the Company introduced the 2025 Equity Incentive Plan (the “Plan”). The purposes of the Plan are to enable the Company to attract and retain the types of employees, consultants, and directors who will contribute to the Company’s long-range success; provide incentives that align the interests of employees, consultants, and directors with those of the shareholders of the Company and promote the success of the Company’s business. The persons eligible to receive Awards are the Employees, Consultants and Directors of the Company and its Affiliates and such other individuals approved by the Board who are reasonably expected to become Employees, Consultants and Directors after the receipt of Awards. Awards that may be granted under the Plan include: (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted

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Awards, (e) Performance Share Awards, (f) Cash Awards, and (g) Other Equity-Based Awards. No more than 2,000,000 shares of common stock shall be available for the grant of awards under the plan (the “Total Share Reserve”).

**Stock Options**

The following table summarizes stock options granted during the period ended September 30, 2025, under the Plan.

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding 12/31/2024	-	\$ -	-
Granted	600,000	8.79	3.90
Exercised	-	-	-
Expired / Forfeited	-	-	-
Outstanding 9/30/2025	600,000	\$ 8.79	3.90
Exercisable 9/30/2025	-	\$ -	-

A summary of the status of the stock options outstanding under the Plan at September 30, 2025 is presented below:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life	Number Exercisable	Weighted Average Exercise Price
\$ 7.91	300,000	3.90	-	\$ 7.91
\$ 8.00	100,000	4.00	-	\$ 8.00
\$ 10.00	100,000	3.90	-	\$ 10.00
\$ 11.00	100,000	3.90	-	\$ 11.00
	600,000		-	

During the period ended September 30, 2025 the Company granted 600,000 stock options. The Black-Scholes model was used to determine the fair value of the options granted using the following inputs: volatility of 21.9% - 21.34%, term of 4 years and risk free rate of 3.70% - 3.87%. The valuation determined the total fair value of to be \$737,826 that will be recognized over the vesting periods for the underlying option which ranges from 2 – 4 years.

A total of \$91,677 and \$132,000 was recorded as compensation expense for the three- and nine- month period ended September 30, 2025, for options that vested during the period. There was \$605,826 in unrecognized compensation expense for unvested stock options as of September 30, 2025.

**Restricted Stock Units**

The accompanying notes are an integral part of these consolidated financial statements

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During the period ended September 30, 2025, the Company granted 25,000 restricted stock units (“RSUs”). The value of the RSUs granted during the period was based on the stock price of \$9.80 on the grant date of September 22, 2025. The RSUs vest 25% per year over a four year term.

**NOTE 9 - SIGNIFICANT CUSTOMERS / CONCENTRATION**

The Company markets its products primarily through a network of independent food brokers and sells to various channels, including retail, food service, club-type stores, and industrial customers. These brokers act as sales representatives on behalf of the Company, negotiating distribution, pricing, and promotional activities with distributors and operators to drive sales growth. Brokers are compensated through commissions based on the sales and agreements they secure on behalf of the Company.

The Company sells its products both directly and through third-party distributors. These distributors purchase products from the Company and subsequently resell them to operators and other end users. As of September 30, 2025, and December 31, 2024, one distributor accounted for approximately 59% and 61% of the Company’s outstanding accounts receivable, respectively.

During the three- and nine-month periods ended September 30, 2025, and 2024, 54% and 51%, and 60% and 52% respectively, of the Company’s total gross sales were handled by a non-exclusive national distributor. This distributor is a master consolidator who buys various products in large quantities, stores them, and then ships consolidated products, primarily to other distributors from one of their twelve distribution centers located throughout the US.

During the three- and nine-month periods ended September 30, 2025, and 2024, sales to the Company’s distributor in Asia amounted to 7% and 7%, and 7% and 7%, respectively, of the Company’s total gross sales. The Company’s distributor in Asia accounted for 7% and 11% of outstanding receivables as of September 30, 2025, and December 31, 2024, respectively.

The Company’s food brokers are paid commissions ranging from 1% to 4% of estimated sales depending on products sold and selling price. The following table lists the total gross sales from continuing operations through each of the Company’s top three brokers (2024 has been restated for comparative consistency due to industry consolidation of brokers in 2024):

	<u>FOR THE THREE MONTHS ENDED SEPTEMBER 30,</u>		<u>FOR THE NINE MONTHS ENDED SEPTEMBER 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Broker A	\$ 12,031,224	\$ 1,910,802	\$ 33,736,943	\$ 16,325,860
Broker B	2,047,241	1,573,356	6,079,390	4,852,875
Broker C	1,665,589	1,404,902	4,529,962	3,937,619

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The accompanying notes are an integral part of these consolidated financial statements

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**NOTE 10 – SUBSEQUENT EVENTS**

The Company's management has reviewed all material events through the date of this report and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein, except as disclosed in the following paragraphs.

On October 20, 2025, the \$1.5 million in dividends with a declaration date of September 29, 2025 were paid to shareholders of record on September 30, 2025.

**SUPPLEMENTAL INFORMATION**

**I. SAFE HARBOR**

This supplemental information contains forward-looking statements within the meaning of U.S. securities laws, including statements regarding the Company's goals and growth prospects. These forward looking statements are subject to certain risks and uncertainties that could cause the actual results to differ materially from those projected, including general economic conditions, fluctuations in customer demand, competitive factors such as pricing pressures on existing products, and the timing and market acceptance of new product introductions, the Company's ability to achieve manufacturing efficiencies necessary for profitable sales at current pricing, and the risk factors listed from time-to-time in the Company's annual and quarterly reports. The Company assumes no obligation to update the information included in this supplemental information, except as required by law.

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The accompanying notes are an integral part of these consolidated financial statements