



A Colorado Corporation

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Pleasanton, CA 94588

Phone: (510) 441-9300

Website: www.armaninofoods.com

Email: amnf@armaninofoods.com

SIC Code: 2030

Quarterly Report
For the Period Ending: March 31, 2026
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock is 31,078,007 as of March 31, 2026

The number of shares outstanding of our Common Stock was 31,078,007 as of December 31, 2025

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.
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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 West Las Positas Blvd, Suite 200, Pleasanton, CA 94588
 C. Telephone: (510) 441-9300
 D. Website: www.armaninofoods.com
 E. Investor Relations:
 Attn: Lucas A. Zimmerman, MZ Group - MZ North America
 Phone: (262) 357-2918
 Email: AMNF@mzgroup.us

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:

	March 31, 2026	December 31, 2025	December 31, 2024
Number of shares authorized:	40,000,000	40,000,000	40,000,000
Number of shares outstanding:	31,078,007	31,078,007	31,903,600
Freely tradable shares (public float):	29,151,590	29,151,590	31,127,852
Number of beneficial shareholders owning at least 100 shares:	Over 50	Over 50	Over 50
Total number of shareholders of record:	79	81	83

PREFERRED STOCK:

	March 31, 2026	December 31, 2025	December 31, 2024
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

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 as of December 31, 2025.

2. Suppliers:

No updates to disclosure made as of December 31, 2025.

3. Operating Lease Agreements:

In March 2026, the Company's administrative office lease in Pleasanton, California was modified to eliminate the extension option in exchange for a reduction in the monthly rent.

4. 401(K) Profit Sharing Plan:

No updates to disclosure made as of December 31, 2025.

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 continues to execute on the strategic plan introduced during 2025 to accelerate revenue growth by leveraging its broad portfolio of premium, globally-inspired sauces and its established position in the U.S. foodservice market to pursue additional opportunities with national restaurant chains and in international markets. In connection with this strategy, the Company has expanded its sales team with individuals dedicated to these new opportunities and has invested in manufacturing equipment to increase the efficiency and scalability of its operations. The Company intends to make additional investments in personnel and infrastructure during 2026 in support of these efforts.

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During the quarter ended March 31, 2026, the Company converted approximately 20 contractor positions to full-time employees. Primarily as a result of these conversions and to a lesser extent due to the investments mentioned above, the number of full-time employees increased from 37 as of December 31, 2025 to 62 as of March 31, 2026. The Company expects to convert a similar number of contractor positions to full-time employees during the second quarter of 2026.

The Company's liquidity position remains strong, and it is confident that it has sufficient working capital to fund its operations, including the additional investments mentioned above, for at least the next twelve months.

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

1. Financial Condition

At March 31, 2026, the Company had working capital of \$37.9 million compared to \$33.9 million at December 31, 2025, an increase of \$4.1 million or 12.0%. The increase was largely due to increases in cash and inventories and reductions in accounts payable, contract liabilities, accrued payroll and Phantom Stock liability.

2. Changes in Financial Condition

The Company's cash position on March 31, 2026, was \$30.9 million, compared with \$29.5 million on December 31, 2025, an increase of \$1.4 million or 4.6%. The increase was a result of \$3.0 million in cash provided by operating activities, offset by \$0.1 million of capital expenditures and payment of \$1.6 million of regular dividends to shareholders.

3. Results of Operations

Net Sales. Net sales for the quarter ended March 31, 2026, were \$18.4 million compared to \$17.0 million for the quarter ended March 31,

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2025, an increase of 8.3%. The increase was driven primarily from increasing demand from the Company's core foodservice business.

Cost of Goods Sold. Cost of goods sold was \$9.2 million in the quarter ended March 31, 2026 compared to \$9.4 million in the quarter ended March 31, 2025, a decrease of \$0.2 million or 1.7%. Gross profit was \$9.2 million compared to \$7.6 million in the quarter ended March 31, 2025, an increase of \$1.6 million or 20.6%. Gross profit as a percent of net sales expanded from 44.7% to 49.8% due primarily to favorable product mix, trade optimization and manufacturing efficiency.

Operating Expenses. Total operating expenses were \$3.0 million in the quarter ended March 31, 2026, compared to \$2.6 million in the quarter ended March 31, 2025, an increase of \$0.5 million or 17.6%. Within operating expenses:

- General, administrative and selling expense was \$1.6 million in the quarter ended March 31, 2026, compared to \$1.0 million in the quarter ended March 31, 2025, an increase of \$0.6 million or 57%, as the Company invested in organizational capabilities to support growth.
- Salaries & wages were \$1.1 million in the quarter ended March 31, 2026 compared to \$1.3 million in the quarter ended March 31, 2025, a decrease of \$0.2 million or 15%, due primarily to the release of accrued liabilities related to Phantom Stock awards for former employees during the quarter ended March 31, 2026, partially offset by the increase in headcount due to the Company's growth investments noted above.
- Commissions were \$0.3 million in the quarter ended March 31, 2026, compared to \$0.2 million in the quarter ended March 31, 2025, an increase of \$0.1 million or 27%, consistent with higher sales activity.

As a result, operating income for the quarter ended March 31, 2026 was \$6.1 million compared to \$5.0 million for the quarter ended March

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31, 2025, an increase of \$1.1 million or 22.1%. Net income for the quarter ended March 31, 2026 was \$4.7 million or \$0.1518 per diluted share, compared to \$3.9 million or \$0.1242 per diluted share for the quarter ended March 31, 2025, an increase of \$0.8 million or 20.4%.

C. Off-Balance Sheet Arrangements:

The Company elected not to renew its \$3.5 million revolving line of credit with a financial institution upon its expiration on April 4, 2026. No amounts had been drawn against the line of credit prior to expiration.

Item 5 **Legal proceedings.**

There are no current, past, pending or threatened legal proceedings, administrative actions either by or against the Company or any current, past or pending trading suspensions by a securities regulator that the Company believes could have a material effect on its business, financial condition or operations.

Item 6 **Defaults upon senior securities.**

None.

Item 7 **Other Information**

None.

Item 8 **Exhibits.**

Articles of Incorporation and Bylaws.

The Company did not amend its Articles of Incorporation or Bylaws during the quarter ended March 31, 2026.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

The Company did not purchase any equity securities during the quarter ended March 31, 2026.

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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.

May 13, 2026

/s/ Deanna Jurgens

President & Chief Executive Officer

I, Andrew Leonard, 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

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(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.

May 13, 2026
/s/ Andrew Leonard
Chief Financial Officer

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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ARMANINO FOODS OF DISTINCTION, INC.
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CONDENSED CONSOLIDATED BALANCE SHEETS

	AS OF	
	MARCH 31, 2026	DECEMBER 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 30,888,649	\$ 29,527,078
Accounts receivable, net	10,489,480	11,831,005
Inventories, net	6,323,899	4,667,513
Prepaid expenses	474,411	652,091
Total Current Assets	48,176,439	46,677,687
NON-CURRENT ASSETS:		
Property and equipment, net	8,330,174	8,634,541
Deposits	112,393	112,393
Investments - long term		
Deferred tax assets	-	-
Operating lease right of use asset	508,466	702,109
Goodwill	375,438	375,438
Trademarks	75,576	75,576
Total Non-Current Assets	9,400,047	9,900,057
Total Assets	\$ 57,576,486	\$ 56,577,744
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 3,858,951	\$ 4,696,571
Contract liabilities	1,768,860	2,272,154
Accrued payroll and payroll taxes	591,334	1,404,053
Phantom stock liability	1,326,493	2,169,251
Operating lease liability - current portion	535,432	705,480
Dividends payable	1,553,901	1,553,901
Income taxes payable	582,254	-
Total Current Liabilities	10,217,225	12,801,410
NON-CURRENT LIABILITIES		
Operating lease liability, net of current portion	5,897	61,515
Deferred tax liabilities	786,650	572,681
Total Non-Current Liabilities	792,547	634,196
Total Liabilities	11,009,772	13,435,606
STOCKHOLDERS' EQUITY		
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, 31,078,007 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	2,774,990	2,774,990
Treasury stock, at cost; 987,638 shares held at March 31, 2026 and December 31, 2025, respectively	(7,548,811)	(7,548,811)
Additional paid-in capital	545,646	306,879
Retained earnings	50,794,890	47,609,080
Total Stockholders' Equity	46,566,715	43,142,138
Total Liabilities and Stockholders' Equity	\$ 57,576,486	\$ 56,577,744

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MARCH 31,	
	2026	2025
NET SALES	\$ 18,393,493	\$ 16,990,456
COST OF GOODS SOLD	9,239,521	9,398,839
GROSS PROFIT	9,153,972	7,591,617
OPERATING EXPENSES:		
General, administrative and selling expense	1,614,919	1,027,112
Salaries & wages	1,113,264	1,313,159
Commissions	309,082	242,570
Total Operating Expense	3,037,265	2,582,841
INCOME FROM OPERATIONS	6,116,707	5,008,776
OTHER INCOME		
Interest and other income	263,566	281,835
Total Other Income	263,566	281,835
INCOME BEFORE INCOME TAXES	6,380,273	5,290,611
TAX EXPENSE - CURRENT	1,426,593	1,354,396
TAX EXPENSE - DEFERRED	213,968	-
NET INCOME	<u>\$ 4,739,712</u>	<u>\$ 3,936,215</u>
NET INCOME PER COMMON AND EQUIVALENT SHARES:		
EARNINGS PER SHARE - BASIC	<u>\$ 0.1525</u>	<u>\$ 0.1242</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	<u>31,078,007</u>	<u>31,693,976</u>
EARNINGS PER SHARE - DILUTED	<u>\$ 0.1518</u>	<u>\$ 0.1242</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	<u>31,231,532</u>	<u>31,693,976</u>

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CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
	Shares	Amount				
BALANCE , December 31, 2024	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 for the year	-	-	-	-	3,936,215	3,936,215
BALANCE , March 31, 2025	31,488,423	\$ 2,774,990	\$ 48,202	\$ (4,253,196)	37,108,344	\$ 35,678,340

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
	Shares	Amount				
BALANCE , December 31, 2025	\$ 31,078,007	\$ 2,774,990	\$ 306,879	\$ (7,548,811)	\$ 47,609,080	\$ 43,142,138
Dividends on common shares	-	-	-	-	(1,553,901)	(1,553,901)
Stock-based compensation expense	-	-	238,767	-	-	238,767
Net income	-	-	-	-	4,739,712	4,739,712
BALANCE , March 31, 2026	31,078,007	\$ 2,774,990	\$ 545,646	\$ (7,548,811)	\$ 50,794,891	\$ 46,566,716

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>THREE MONTHS ENDED MARCH 31,</u>	
	<u>2026</u>	<u>2025</u>
Cash Flows from Operating Activities:		
Net Income	\$ 4,739,712	\$ 3,936,215
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	405,847	186,822
Stock-based compensation	238,767	-
Deferred taxes	213,968	-
Changes in assets and liabilities:		
Accounts receivable	1,341,525	(2,443,030)
Inventory	(1,656,386)	(1,163,078)
Prepaid expenses	177,680	187,719
Operating lease right of use asset	195,643	167,397
Accounts payable	(837,620)	1,852,989
Contract liabilities	(503,295)	(6,874)
Phantom stock liabilities	(842,758)	(1,705,666)
Accrued payroll and payroll taxes	(812,719)	(1,039,291)
Income taxes payable	582,254	518,881
Operating lease liability	(225,666)	(168,993)
Net Cash Provided by Operating Activities	<u>3,016,952</u>	<u>323,091</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(101,480)	(309,375)
Net Cash Used in Investing Activities	<u>(101,480)</u>	<u>(309,375)</u>
Cash Flows from Financing Activities:		
Purchase of treasury stock	-	(3,181,163)
Dividends paid	(1,553,901)	(1,158,104)
Net Cash Used in Financing Activities	<u>(1,553,901)</u>	<u>(4,339,267)</u>
Net Change in Cash and Cash Equivalents	1,361,571	(4,325,551)
Cash and Cash Equivalents at Beginning of Period	29,527,077	28,164,307
Cash and Cash Equivalents at End of Period	<u>\$ 30,888,649</u>	<u>\$ 23,838,756</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 5,494	\$ -
Income Taxes	\$ -	\$ 836,470

Supplemental disclosure of non cash investing and financing activities:

On March 31, 2026, the Company accrued dividends payable of \$1,553,901, which was paid in April 2026.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The unaudited 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 and cooked and frozen meat and poultry products, and its wholly-owned dormant subsidiary, AFDI, Inc.

Summary of Significant Accounting Policies

Basis of Presentation: The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information.

Certain information and footnotes required by GAAP have been condensed or omitted. These interim statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company’s Annual Report for the year ended December 31, 2025. The Company’s quarterly results fluctuate. As a result, the results of operations for the interim periods presented are not necessarily indicative of the results to be expected for any future periods.

All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

For the three months ended March 31, 2026, and 2025, the Company reclassified certain convention and trade show related expenses that were included in “Net Sales” to “General, administrative and selling expense” in the condensed consolidated statement of operations. The reclassification did not have a material effect on Net Sales for the

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quarters ended March 31, 2026 or 2025.

Use of Estimates: The preparation of condensed consolidated financial statements in accordance with US GAAP requires our 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 March 31, 2026, and December 31, 2025, the Company held cash and cash equivalents of \$30,888,649 and \$29,527,078, 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 \$30,361,400 and \$29,003,114 in excess of federally insured amounts in its bank accounts on March 31, 2026 and December 31, 2025, respectively. As of March 31, 2026, approximately \$30.6 million of total cash and cash equivalents was held with a single financial institution.

Investments: The Company's equity securities consist of money market mutual fund accounts. Under ASC 321, these money market accounts have been classified as cash and cash equivalents due to the fact that, although they are equity securities, they do not have maturity dates, they are highly liquid, are highly regulated by Rule 2a-7 under the Investment Act of 1940, and the disclosure requirements that would otherwise drive disclosure of fair value under ASC 321 would be approximated by their carrying value. Money market mutual funds totaled \$6,044,010 and \$5,990,043 as of March 31, 2026 and December 31, 2025, respectively.

Accounts Receivable and Allowance for Credit Losses: Accounts receivable consist of trade receivables arising in the normal course of business. On March 31, 2026 and December 31, 2025, the Company had an allowance for credit losses of \$68,047, 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. During the three months ended March 31, 2026 and 2025, the Company did not write off any accounts deemed uncollectible.

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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 standard cost basis. The Company monitors its inventory to identify excess or obsolete items on hand. The Company reviews inventory quantities on hand and records a provision for excess and obsolete inventory based primarily on selling prices, indications from customers based upon current price negotiations, and purchase orders. In addition, and as necessary, specific reserves for future known or anticipated events may be established. As of March 31, 2026 and December 31, 2025, the reserve for obsolete inventory was approximately \$276,246 and \$532,481, respectively.

Property and Equipment: Property and equipment are recorded at cost. 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 years (See Note 3).

Impairment of Long-Lived Assets: In accordance with ASC 360, “Property Plant and Equipment” the Company reviews the recoverability of property, plant and equipment when circumstances indicate that the carrying value of an asset or asset class may not be recoverable. Indicators of impairment could include, among other factors, significant changes in the business environment, the planned closure of a facility, or deterioration in operating cash flows. Considerable management judgment is necessary to evaluate the impact of operating changes and to estimate future cash flows.

Revenue Recognition and Sales Incentives: The Company accounts for revenue recognition in accordance with 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

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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. The Company records 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. The Company reviews and adjusts 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 its estimate of probable non-payments and credit losses in its existing receivables, as determined 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 10, Customer Concentration.

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Net sales for the three months ended March 31, 2026, and 2025 consisted of the following:

	FOR THE THREE MONTHS ENDED	
	MARCH 31,	
	2026	2025
Gross Sales	\$ 20,338,609	\$ 19,123,536
Less: Discounts	(338,028)	(247,144)
Promotions	(1,607,088)	(1,885,936)
Net Sales	<u>\$ 18,393,493</u>	<u>\$ 16,990,456</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 sales.

Cost of Sales

The Company includes all product costs related to the production and manufacturing of the Company's products in cost of sales.

Income Taxes

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

The provision for income taxes includes federal, state and foreign taxes currently payable, and deferred taxes due to temporary differences between the financial statement and tax bases of assets and liabilities. In addition, future tax benefits are recognized to the extent that realization of such benefits is more likely than not. This method gives consideration to the future tax consequences of the deferred income tax items and immediately recognizes changes in income tax laws in the year of enactment.

The Company uses an estimated annual tax rate to measure the tax benefit or tax expense recognized in each interim period.

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Earnings Per Share

The Company calculates earnings per share in accordance with 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 per share calculation include in-the-money stock options that have been granted but have not been exercised, and unvested restricted stock units.

Fair Value of Financial Instruments

The Company accounts for fair value measurements for financial assets and financial liabilities in accordance with ASC 820. 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;
- 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 and Restricted Stock Units (RSUs)

The Company accounts for the stock options and restricted stock units in accordance

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with ASC 718, “*Compensation – Stock Compensation*”. Accordingly, the Company uses the Black-Scholes option-pricing model to determine grant date fair values of the stock options. The Company uses the closing stock price on the grant date for the RSUs. The stock compensation expense is recognized on a straight-line basis over the vesting period of the underlying instruments.

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.

Certain Risks and Concentrations

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. See Note 10 for details on customer concentration in the current period.

Accounting Standards Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-07, *Segment Reporting (Topic 280)*, which expands segment disclosure requirements, including for entities with a single reportable segment. The Company operates as a single reportable segment and did not have a material impact from adoption of this standard.

In July 2025, the FASB issued ASU 2025-05 that provides a practical expedient in developing forecasts as part of estimating expected credit losses. The amendment permits companies to elect a practical expedient that assumes that current conditions

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as of the balance sheet date do not change for the remaining life of the asset. The ASU is effective for annual and interim periods beginning after December 15, 2025. Early adoption is permitted and is effective on a prospective basis. The Company adopted ASU 2025-05 for the three months ended March 31, 2026, and the adoption did not have a material impact on its condensed consolidated financial statements.

Accounting Standard Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03 requiring companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the financial statements. The ASU is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted and is effective on either a prospective basis or retrospective basis. The Company is currently assessing the potential impacts of adoption on the condensed consolidated financial statements.

NOTE 2 – INVENTORY

Inventory consisted of the following as of March 31, 2026 and December 31, 2025:

	MARCH 31, 2026	DECEMBER 31, 2025
Raw Materials and Supplies	\$ 2,185,228	\$ 2,313,574
Finished Goods	4,414,916	2,886,419
Reserve for Obsolescence	(276,246)	(532,481)
	<u>\$ 6,323,898</u>	<u>\$ 4,667,512</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following as of March 31, 2026, and December 31, 2025:

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	Useful Life	MARCH 31, 2026	DECEMBER 31, 2025
Office equipment & furniture	2 – 10	\$ 2,418,395	\$ 2,411,875
Machinery and equipment	5 – 20	6,804,092	6,804,092
Leasehold improvements	3 – 15	7,019,925	7,019,925
Construction in progress		797,070	702,111
		17,039,482	16,938,003
Less Accumulated Depreciation		(8,709,308)	(8,303,461)
Net Property and Equipment		\$ 8,330,174	\$ 8,634,542

Depreciation expense for the three months ended March 31, 2026 and 2025 was as follows:

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2026	2025
Depreciation Expense recorded to G&A	\$ 133,077	\$ 26,954
Depreciation Expense recorded to Cost of Goods Sold	272,770	159,868
Total Depreciation Expense	\$ 405,847	\$ 186,822

NOTE 4 – LEASES

Operating Leases – The Company currently has three operating leases for the manufacturing facility, a warehouse location, and its administrative offices.

The Company accounts for leases in accordance with ASC 842 “Leases”. The Company determines whether an arrangement is a lease at inception. This determination generally depends on whether the arrangement conveys the right to control the use of an identified fixed asset explicitly or implicitly for a period of time in exchange for consideration. The Company measured the lease liability at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the Company's incremental borrowing rate. The Company measured the ROU assets at the amount at which the lease liability is recognized plus initial direct costs incurred or prepayment amounts. The ROU assets are amortized on a straight-line basis over the lease term.

The Company leases manufacturing space at 30588 San Antonio Street in Hayward, CA. During 2016, the San Antonio St lease was renewed through 2021 and with two five-year

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extension options. During 2021, the first option was exercised for a term from January 1, 2022, to December 31, 2026, leaving one extension option through December 31, 2031. The monthly base rent commencing on January 1, 2022, was \$26,813 subject to annual rent increases of approximately 2%. In accordance with ASC 842, as the 2021 option extension represented a new contract with changes in the term and rent payments, the Company recorded an initial right-of-use asset and liability of \$1,656,349 during 2021.

The Company leases warehouse space at 23694 Bernhardt Street in Hayward, CA. The lease was executed on November 15, 2021 and expires on February 14, 2027, with a 5-year extension option and beginning base monthly rent of \$18,770. During 2021, the Company recognized an initial right-of-use-asset and liability of \$1,135,518 for this lease.

The Company leases office space at 5976 West Las Positas Blvd in Pleasanton, CA. The 5-year lease was executed on January 1, 2022 for the period from May 1, 2022 to April 30, 2027, with a 2-year extension option and beginning base monthly rent of \$8,541 subject to annual rent increases of approximately 4%. During 2022, the Company recognized an initial right-of-use asset and liability of \$527,852 for this lease. In March 2026, this lease was modified to eliminate the extension option in exchange for a reduction in the monthly rent. The modification resulted in a gain of \$17,180 that was recorded to Other Income and Expense.

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

	MARCH 31, 2026	DECEMBER 31, 2025
Operating lease right of use assets	\$ 506,466	\$ 702,109
Operating lease liabilities	\$ 541,329	\$ 766,995
Weighted average remaining lease term (yrs)	0.9	1.1
Weighted average discount rate	3.405%	2.075%

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

	FOR THE THREE MONTHS ENDED	
	MARCH 31,	
	2026	2025
Cash paid for lease liabilities	\$ 177,036	\$ 176,277

The components of operating lease expenses were recorded as follows:

	FOR THE THREE MONTHS ENDED	
	MARCH 31,	
	2026	2025
Operating expenses	\$ 23,453	\$ 26,293
Costs of goods sold	140,715	140,715
Total lease expense	\$ 164,168	\$ 167,008

Maturities of operating lease liabilities were as follows:

Year Ending December 31,	Future Minimum Lease Payments
2026 - remaining	\$ 507,974
2027	45,458
Future Minimum Lease Payments	\$ 553,432
Less amounts represent imputed interest	(12,103)
Present value of minimum lease payments	541,329
Less current portion of operating lease liability	(535,432)
Operating Lease liability, net of current Portion	\$ 5,897

NOTE 5 – AGREEMENTS, COMMITMENTS AND CONTINGENCIES

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

Supply - During 2025, the Company entered into long-term supply agreements with

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certain suppliers of key ingredients at committed prices with the opportunity to realize discounts if the Company's purchasing exceeds certain volume thresholds.

Debt Financing (line of credit) – In October 2024, the Company secured a \$3,500,000 line of credit through a financial institution. The Company renewed the line prior to expiration several times but elected to allow the line to expire upon the expiration date on April 4, 2026. No amounts had been drawn against the line of credit prior to its expiration.

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. Participants are also eligible to receive additional match and/or discretionary contribution depending on the Company's financial performance under the Plan. During the three months ended March 31, 2026, and 2025, the Company's matching contributions recorded in Salaries & Wages expense amounted to \$81,278 and \$117,290, 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. Effective January 1, 2025, the Company's Board of Directors voted to freeze the Plan so that no new phantom stock can be granted.

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

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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 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

As of March 31, 2026 and December 31, 2025, phantom stock liability was \$1,326,493 and \$2,169,251, respectively.

The Company has estimated the fair value of phantom stock liability as of March 31, 2026, and December 31, 2025 using the Black-Scholes option pricing model with the following assumptions:

	MARCH 31, 2026	DECEMBER 31, 2025
Expected term (in years)	1.46 - 4.09	1.59 - 4.22
Volatility	23.36% - 27.14%	22.33% - 25.45%
Risk Free Rate	3.65% - 3.83%	3.44% - 3.61%
Dividend Yield	0.0%	0.0%
Expected forfeiture rate	4.8%	2.1%

Total compensation expense recorded during the three months ended March 31, 2026 and 2025 was \$(576,456) and \$(169,940), respectively. The Company has a remaining balance of approximately \$305,000 in unrecognized compensation expense as of March 31, 2026, which is expected to be recognized through June 5, 2034.

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

	Shares	Weighted Average Exercise Price	Intrinsic Value
Outstanding 12/31/2025	281,159	\$ 4.10	\$ 1,868,043
Granted	-	-	-
Exercised	(30,000)	3.29	(216,200)
Expired / Forfeited	(1,159)	4.75	(6,664)
Outstanding 3/31/2026	<u>250,000</u>	<u>\$ 4.19</u>	<u>\$ 1,577,700</u>
Exercisable 3/31/2026	<u>195,287</u>	<u>\$ 3.82</u>	<u>\$ 1,304,134</u>
Vested and expected to vest	<u>245,180</u>	<u>\$ 4.16</u>	<u>\$ 1,553,600</u>

A summary of the status of the phantom stock outstanding under the Plan at March 31, 2026 is presented below:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable
\$3.22	20,000	3.93	\$3.22	20,000
\$3.33	130,000	2.93	\$3.33	130,000
\$5.50	<u>100,000</u>	8.19	\$5.50	<u>45,287</u>
Total	250,000	5.11	\$4.19	195,287

In January 2026, a director exercised 30,000 vested shares for a payout of \$266,300 based on a weighted average market price of \$12.17 per share and a weighted average exercise price of \$3.29 per share.

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 entitles 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.

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Legal Contingencies

From time to time, the Company is involved in legal proceedings and other matters arising in connection with the conduct of its business activities. Many of these proceedings may be at preliminary stages and/or seek an indeterminate amount of damages. In the opinion of management, after consultation with legal counsel, such routine claims and lawsuits are not significant and the Company does not currently expect them to have a material adverse effect on its business, financial condition, results of operations or liquidity.

NOTE 6 - INCOME TAXES

Income tax expense or benefit for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are considered in the relevant period. Each quarter, we update the estimate of the annual effective tax rate, and if the estimated tax rate changes, we record a cumulative adjustment.

The Company's effective tax rate for the three months ended March 31, 2026 was 25.58%. Differences from the statutory rate primarily relate to state taxes.

As of March 31, 2026, and 2025, the net deferred tax liability was approximately \$786,650 and deferred tax asset was approximately \$1,063,936, respectively.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon future generation of taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. There was no valuation allowance on the Company's deferred tax assets as of March 31, 2026 or 2025.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740

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prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the Company has taken or expects to take in its tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as “unrecognized benefits.” A liability is recognized (or amount of net operating loss carryforward or amount of tax refundable is reduced) for unrecognized tax benefit because it represents an enterprise’s potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

On July 4, 2025, the U.S. enacted a budget reconciliation package which included a broad range of tax provisions affecting businesses including but not limited to, the restoration of 100% bonus depreciation, the introduction of new Section 174A, permitting immediate expensing of domestic research and experimental expenditures, modifications to Section 163(j) interest expense limitations, and the expansion of Section 162(m) aggregation requirements. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company has included the impacts of the bill in the annual report for the year ended December 31, 2025 and will continue to evaluate the full impact of these legislative changes as additional guidance and results become available.

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NOTE 7 - EARNINGS PER SHARE

The following table shows the amounts used in computing earnings per share and the effect on income and the weighted average number of shares of potential dilutive common stock for the quarters ended March 31, 2026, and 2025:

	FOR THE THREE MONTHS ENDED	
	MARCH 31,	
	2026	2025
Net Income	\$ 4,739,712	\$ 3,936,215
Weighted average common shares outstanding - basic	31,078,007	31,693,976
Effect of dilutive securities:	153,525	-
Weighted average common shares outstanding - diluted	31,231,532	31,693,976

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.

NOTE 8 - STOCKHOLDERS' EQUITY

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 March 31, 2026, or December 31, 2025.

Dividends - During the quarters ended March 31, 2026, and 2025, the Company paid total dividends of \$1,553,901 and \$1,158,101, respectively, to common shareholders.

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 "2024 Stock Buyback Program") in the open market, through block trades, and/or private transactions as permitted by applicable legal requirements. The stock buyback program

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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 (the "2025 Stock Buyback Program"), bringing the total authorized amount for repurchases to \$12 million. Under the 2024 and 2025 Stock Buyback Programs, the company has repurchased a total of 987,638 shares of common stock in the open market through March 31, 2026 at a cost of \$7,548,811. The Company did not repurchase any shares in the quarter ended March 31, 2026.

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 in the statement of stockholders' equity. Share Repurchase Authorizations may be suspended, limited or terminated at any time without notice. As of March 31, 2026, the total balance of treasury stock held by the Company was \$987,638.

NOTE 9 – STOCK-BASED COMPENSATION

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 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"). The expense associated with these grants is recorded in Salaries & Wages

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expense. As of March 31, 2026, there were 1,077,000 shares remaining available for grant for future awards.

Stock Options

The following table summarizes stock options granted under the Plan during the quarter ended March 31, 2026:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding 12/31/2025	600,000	\$ 8.79	3.4
Granted	200,000	10.80	3.8
Exercised	-	-	-
Expired / Forfeited	-	-	-
Outstanding 3/31/2026	<u>800,000</u>	<u>\$ 9.29</u>	<u>3.5</u>
Exercisable 3/31/2026	<u>-</u>	<u>\$ -</u>	<u>-</u>

During the quarter ended March 31, 2026, the Company granted 200,000 stock options. The Black-Scholes model was used to determine the fair value of the options granted using the following inputs: volatility of 22.531%, term of four years and risk-free rate of 3.588%. The valuation determined the total fair value to be \$439,216 that will be recognized over the four-year vesting period for the underlying option.

A summary of the status of the stock options outstanding under the Plan as of March 31, 2026, is presented below:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life	Number Exercisable	Weighted Average Exercise Price
\$7.91	300,000	3.4	-	\$7.91
\$8.00	100,000	3.5	-	\$8.00
\$10.00	100,000	3.4	-	\$10.00
\$10.80	200,000	3.8	-	\$10.00
\$11.00	<u>100,000</u>	3.4	<u>-</u>	\$11.00
Total	800,000	3.5	-	\$9.29

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There was \$810,409 in unrecognized compensation expense for unvested stock options as of March 31, 2026.

Restricted Stock Units

During the quarter ended March 31, 2026, the Company granted 98,000 restricted stock units (“RSUs”). The weighted average value of the RSUs granted during the period was \$11.35. The RSUs vest 25% per year over a four-year term. There was \$1,226,379 in unrecognized compensation expense for restricted stock units as of March 31, 2026. The following table summarizes restricted stock units granted under the Plan during the quarter ended March 31, 2026:

	Restricted Stock Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding 12/31/2025	25,000	\$ 9.80	3.5
Granted	98,000	11.35	3.9
Exercised	-	-	-
Expired / Forfeited	-	-	-
Outstanding 3/31/26	123,000	\$ 11.03	3.8
Exercisable 3/31/26	-	\$ -	-

During the three months ended March 31, 2026, the Company recognized stock-based compensation expense related to its equity plans of \$238,767.

NOTE 10 - SIGNIFICANT CUSTOMERS / CONCENTRATION

The Company’s products are marketed by a network of food brokers and sold to foodservice operators such as restaurants and hospitality businesses; retailers including grocery, club and mass stores; and industrial accounts. The Company sells its products both directly and through third-party distributors. Distributors purchase products from the Company and subsequently resell them to operators and other end users.

During the three months ended March 31, 2026 and 2025, 54% and 59%, respectively, of the Company’s total gross sales were handled by a non-exclusive national distributor.

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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. This distributor accounted for 58% and 49% of outstanding receivables on March 31, 2026 and December 31, 2025, respectively.

During the quarters ended March 31, 2026 and 2025, sales to the Company's distributor in Asia amounted to 6% and 8%, respectively, of the Company's total gross sales. The Company's distributor in Asia accounted for 11% of outstanding receivables as of March 31, 2026 and December 31, 2025, respectively.

NOTE 11 – SUBSEQUENT EVENTS

On April 4, 2026, the Company elected not to renew its \$3.5 million revolving line of credit with a financial institution upon its expiration. No amounts had been drawn against the line of credit prior to expiration.

On April 30, 2026, the Company paid \$1,553,901 in regular quarterly cash dividends which the Company's Board of Directors declared on February 23, 2026, payable to shareholders of record on April 17, 2026.

On April 30, 2026, the Company's Board of Directors declared a quarterly cash dividend of \$0.05 per share. The dividend is payable on July 31, 2026 to shareholders of record as of July 17, 2026.

On May 7, 2026, the Company entered into a 15-year operating lease beginning January 1, 2027, for a new manufacturing facility in Mountain House, CA. The lease provides for initial base rent of \$77,870 per month with an annual increase of 3.5%. The Company plans to transition its manufacturing operations to the new facility during 2027, and exit its two leased facilities in Hayward, CA.

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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.

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