

## **Where Food Comes From, Inc. Reports Revenue and Earnings Growth for 2016 Second Quarter**

**Second quarter revenue up 13% year over year to \$2.8 million from \$2.5 million**

**Second quarter net income up 18% year over year to \$169,600 from \$144,100; ninth consecutive profitable quarter**

**Six-month revenue up 15% year over year to \$5.2 million from \$4.6 million**

**Six-month net income up 29% year over year to \$256,900 from \$199,000**

**Strong balance sheet: \$4.3 million cash and cash equivalents; 4.8:1 current ratio**

CASTLE ROCK, Colo. – August 11, 2016 – Where Food Comes From, Inc. (d.b.a. IMI Global, Inc.) (OTCQB: WFCF), the most trusted resource for independent, third-party verification of food production practices in North America, today announced results for its second quarter ended June 30, 2016.

“We continue to deliver double digit revenue and earnings growth in spite of the effects of weak cattle prices and the dampening impact the strong dollar is having on European demand for American Non-hormone Treated Cattle (NHTC),” said John Saunders, chairman and CEO. “Our performance in the face of these beef industry headwinds underscores the strength of our business model, which emphasizes diversity in our services mix in order to better weather downturns in any given market segment. We continue to look for ways to diversify our services mix – both organically and through M&A – in order to strengthen and grow our business and further differentiate ourselves from the competition.”

### **Second Quarter Results**

Second quarter revenue increased 13% to \$2,799,600 from revenue of \$2,479,100 in the same quarter last year. Verification services revenue increased 20% to \$2,569,200 from \$2,146,800 due to the addition of new customers and new verification service offerings. Product revenue (cattle identification tags) decreased 32% to \$204,500 from \$300,100 due to a stronger US dollar and decreased verification activity associated with lower cattle prices. Other revenue decreased 20% to \$25,800 from \$32,200 a year ago.

Gross profit in the second quarter increased 10% year over year to \$1,317,600 from \$1,199,100. Gross margin in the second quarter declined slightly to 47% versus 48% a year ago. Selling, general and administrative expense as a percent of revenue improved to 38% in the second quarter from 40% in the same quarter last year.

Income from operations in the second quarter increased 23% to \$248,400 from \$202,100 in the same quarter last year. Net income attributable to Where Food Comes From, Inc. increased 18% to \$169,600, or \$0.01 per share, compared to \$144,100, or \$0.01 per share, in the same quarter a year ago.

### **Six-Month Results**

Revenue for the first half of 2016 increased 15% to \$5,245,400 from \$4,560,400 in the same period last year. Verification revenue increased 20% to \$4,716,600 from

\$3,921,000 year over year. Product revenue decreased 18% to \$475,600 from \$579,900 a year ago. Other revenue decreased 11% to \$53,100 from \$59,600 in the same period last year.

Gross profit through six months increased 17% to \$2,524,700 from \$2,162,400 a year ago. Gross margin was 48% compared to 47% a year ago, reflecting the scalability of the Company's business model combined with the positive impact of services bundling. Selling, general and administrative expense as a percent of revenue improved to 41% from 43% year over year.

Operating income increased 64% year over year to \$352,300 from \$214,400. Net income attributable to Where Food Comes From, Inc. was up 29% to \$256,900, or \$0.01 per share, versus \$199,000, or \$0.01 per share, in the same period last year. The Company generated \$765,800 in net cash from operations through the first six months of 2016 versus \$872,200 over the same period a year ago.

### **Balance Sheet**

The Company's cash and cash equivalents balance at June 30, 2016, increased 13% to \$4,288,500 from \$3,781,400 at 2015 year-end. Working capital increased to \$4,534,400 with a current ratio of 4.8:1.

### **Conference Call**

The Company will conduct a conference call today at 10:00 a.m. Mountain Time.

### **Dial in:**

Domestic Toll Free: 1-877-407-8289

International: 1-201-689-8341

Conference ID: 13641561

### **Phone replay:**

A telephone replay of the conference call will be available through August 25, 2016, as follows:

Domestic Toll Free: 1-877-660-6853

International: 1-201-612-7415

Conference Code: 13641561

### **About Where Food Comes From, Inc.**

Where Food Comes From, Inc. (d.b.a. IMI Global) is America's trusted resource for third party verification of food production practices. The Company supports more than 10,000 farmers, ranchers, processors, retailers, distributors and restaurants with a wide variety of value-added services through its IMI Global, International Certification Services, Validus Verification Services, and Sterling Solutions units. In addition, the Company's Where Food Comes From® retail and restaurant labeling program utilizes the verification of product attributes to connect consumers to the sources of the food they purchase through product labeling and web-based information sharing and education. Visit [www.wherefoodcomesfrom.com](http://www.wherefoodcomesfrom.com) for additional information.

### **CAUTIONARY STATEMENT**

This news release contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, based on current expectations, estimates and projections that are subject to risk. Forward-looking statements are inherently uncertain, and actual events could differ materially from the Company's

predictions. Important factors that could cause actual events to vary from predictions include those discussed in our SEC filings. Specifically, statements in this news release about industry leadership; the Company's ability to weather industry downturns and to continue producing financial results similar to those described in this press release; and demand for, and impact and efficacy of, the Company's products and services on the marketplace, are forward-looking statements that are subject to a variety of factors, including availability of capital, personnel and other resources; competition; governmental regulation of the agricultural industry; the market for beef and other commodities; and other factors. Financial results for the second quarter are not necessarily indicative of future results. Readers should not place undue reliance on these forward-looking statements. The Company assumes no obligation to update its forward-looking statements to reflect new information or developments. For a more extensive discussion of the Company's business, please refer to the Company's SEC filings at [www.sec.gov](http://www.sec.gov).

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Where Food Comes From, Inc.  
Statements of Income  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>				
Service revenue	\$2,569,245	\$2,146,838	\$4,716,647	\$3,920,989
Product sales	204,517	300,053	475,592	579,857
Other revenue	<u>25,840</u>	<u>32,237</u>	<u>53,115</u>	<u>59,582</u>
Total revenue	<u>2,799,602</u>	<u>2,479,128</u>	<u>5,245,354</u>	<u>4,560,428</u>
<b>Costs of revenue</b>				
Labor and other costs of services	1,341,959	1,084,558	2,451,096	2,040,596
Costs of products	<u>140,064</u>	<u>195,482</u>	<u>269,563</u>	<u>357,462</u>
Total costs of revenue	<u>1,482,023</u>	<u>1,280,040</u>	<u>2,720,659</u>	<u>2,398,058</u>
Gross profit	1,317,579	1,199,088	2,524,695	2,162,370
Selling, general and administrative expenses	<u>1,069,216</u>	<u>996,942</u>	<u>2,172,378</u>	<u>1,947,930</u>
Income from operations	248,363	202,146	352,317	214,440
<b>Other expense (income):</b>				
Interest expense	402	416	697	873
Other income, net	<u>(1,683)</u>	<u>(1,857)</u>	<u>(3,614)</u>	<u>(3,544)</u>
Income before income taxes	249,644	203,587	355,234	217,111
Income tax expense	<u>80,000</u>	<u>81,435</u>	<u>129,950</u>	<u>121,285</u>
Net income	169,644	122,152	225,284	95,826
<b>Net loss attributable to</b>				
non-controlling interest	<u>-</u>	<u>21,960</u>	<u>31,605</u>	<u>103,133</u>
<b>Net income attributable to Where Food</b>				
Comes From, Inc.	<u>\$ 169,644</u>	<u>\$ 144,112</u>	<u>\$ 256,889</u>	<u>\$ 198,959</u>
<b>Net income per share:</b>				
Basic	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
<b>Weighted average number of common</b>				
<b>shares outstanding:</b>				
Basic	<u>23,854,451</u>	<u>23,805,559</u>	<u>23,803,657</u>	<u>23,780,911</u>
Diluted	<u>24,006,266</u>	<u>23,976,211</u>	<u>23,952,935</u>	<u>23,970,052</u>

Where Food Comes From, Inc.  
Balance Sheets

	June 30, 2016 (unaudited)	December 31, 2015
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,288,483	\$ 3,781,397
Accounts receivable, net	1,237,280	1,110,052
Prepaid expenses and other current assets	<u>207,489</u>	<u>154,912</u>
Total current assets	5,733,252	5,046,361
Property and equipment, net	165,671	157,950
Intangible and other assets, net	1,682,663	1,760,199
Goodwill	1,279,762	1,279,762
Deferred tax assets	<u>101,502</u>	<u>231,452</u>
Total assets	<u>\$ 8,962,850</u>	<u>\$ 8,475,724</u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 419,723	\$ 417,836
Accrued expenses and other current liabilities	197,139	92,574
Customer deposits	65,560	77,784
Deferred revenue	504,319	194,087
Short-term debt and current portion of notes payable	8,066	7,846
Current portion of capital lease obligations	<u>4,000</u>	<u>4,634</u>
Total current liabilities	1,198,807	794,761
Capital lease obligations, net of current portion	17,785	1,776
Notes payable and other long-term debt, net	<u>4,258</u>	<u>8,365</u>
Total liabilities	<u>1,220,850</u>	<u>804,902</u>
Contingently redeemable non-controlling interest	<u>-</u>	<u>936,370</u>
Stockholders' equity:		
Common stock	23,963	23,822
Additional paid-in capital	8,274,765	7,446,634
Treasury stock	(255,529)	(177,916)
Accumulated deficit	<u>(301,199)</u>	<u>(558,088)</u>
Total Equity	<u>7,742,000</u>	<u>6,734,452</u>
Total liabilities and stockholders' equity	<u>\$ 8,962,850</u>	<u>\$ 8,475,724</u>