



iFresh, Inc. Reports Fiscal 2017 Financial Results

June 30, 2017

NEW YORK, June 30, 2017 (GLOBE NEWSWIRE) -- iFresh, Inc. ("iFresh" or "the Company") (Nasdaq:IFMK), a leading Asian American grocery supermarket chain and online grocer in the United States, today reported audited financial results for the fiscal year ended March 31, 2017.

Fiscal 2017 Highlights:

- Total net sales decrease of 0.3% to \$130.9 million from \$131.2 million compared to fiscal 2016
- Retail segment net sales decrease of 5.0% to \$106.8 million from \$112.4 million compared to fiscal 2016
- Total wholesale segment net sales increase of 27.7% to \$24.1 million from \$18.9 million compared to fiscal 2016
- Gross margin increase to 21.3% from 20.3% in fiscal 2016
- Net income of \$1.6 million or \$0.13 per diluted share compared to \$3.6 million or \$0.30 in fiscal 2016

Long Deng, Chairman of the board of directors and CEO of iFresh, commented, "We are pleased to see strong results in the competitive environment of fiscal 2017. Retail store sales dipped because of non-recurring interruptions in one of our bigger stores, impacting net income, but net sales remained stable due to robust growth in our wholesale business. Gross margin increased due to improved efficiencies in our procurement system, and our cash position is strong.

We are also proud of our public listing through the business combination with E-Compass Acquisition Corporation. While this impacted net income through a significant increase in selling, general, and administrative expenses, becoming a publicly listed company adds tremendous intangible value to our brand. We look forward to carrying this momentum through fiscal 2018, during which we will continue to drive growth by refining our vertically-integrated model, expanding our store presence along the I-95 corridor, and further promoting our online and mobile platforms to reach more customers. We expect to have a promising future ahead as we gain importance in a niche market and evolve to become a major player. We look forward to sharing our progress with our investors in the coming months ahead."

Fiscal Year 2017

In the fiscal year ended March 31, 2017, total net sales were \$130.9 million, a decrease of 0.3% as compared to \$131.2 million in the previous year. This was driven by a retail segment net sales decrease of 5.0% to \$106.8 million from \$112.4 million compared to fiscal 2016 and a total wholesale segment net sales increase of 27.7% to \$24.1 million from \$18.9 million compared to fiscal 2016.

Gross profit for 2017 increased by 4.8% to \$27.9 million compared to \$26.6 million in the prior year driven by growth and efficiencies in the wholesale business. Gross margin was 21.3% and 20.3% for the fiscal years 2017 and 2016, respectively.

SG&A expense was \$25.7 million in fiscal 2017 compared to \$20.7 million in the same period last fiscal year due to an increase in payroll and fees related to the NYM/E-Compass business combination.

Income from operations was \$2.1 million compared to \$5.9 million in fiscal 2016. Profit margin was 1.6% and 4.5% for the fiscal years 2017 and 2016, respectively.

Net income was \$1.6 million or \$0.13 per basic and diluted share in fiscal 2017 compared to \$3.6 million or \$0.30 per basic and diluted share in fiscal 2016.

Balance Sheet

As of March 31, 2017, the Company had cash and cash equivalents of \$2.5 million, compared to \$0.6 million as of March 31, 2016. Working capital was a positive \$13.4 million, compared to a negative \$3.3 million as at the end of fiscal 2016. As of March 31, 2017, the Company had \$1.1 million of bank loans due within one year.

For the full year of 2017, net cash provided by operating activities was \$2.6 million. Net cash used in investing activities was \$10.6 million. Net cash provided by financing activities was \$10.0 million.

Financial Outlook

In the coming months, as the Company continues to make investments in its business to expand, management expects its financial performance to remain stable. Costs may rise due to planned expansions, but these are expected to be offset in later quarters due to expected increases in sales. On a quarter-to-quarter basis, the Company expects to see slightly lower sales in its fiscal 2018 first quarter than in the previous quarter due to the impact of seasonality --the Company's fiscal fourth quarter sales that concludes March 31st are typically sharply boosted by the Chinese Spring Festival, which in 2017 was celebrated at the end of January, and while the Dragon Boat Festival in June presents a sales bump, it does not present as sharp of a sales increase as the Spring Festival.

About iFresh, Inc.

iFresh Inc., headquartered in New York, New York, is a leading Asian American grocery supermarket chain and online grocer. With eight retail supermarkets along the US eastern seaboard and two in-house wholesale businesses strategically located in cities with a highly concentrated Asian population, the Company aims to satisfy the increasing demands of Asian Americans, whose purchasing power has been growing rapidly, for fresh and culturally unique produce, seafood and other groceries that are not found in mainstream supermarkets. With an in-house proprietary delivery network, online sales channel and strong relations with farms that produce Chinese specialty vegetables and fruits, iFresh is able to offer fresh,

high-quality specialty perishables at competitive prices to a growing base of customers. For more information, please visit: <http://www.ifreshmarket.com/>.

Forward-Looking Statements

This announcement contains forward-looking statements. Forward-looking statements provide our current expectations or forecasts of future events. Forward-looking statements include statements about our expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “ongoing,” “plan,” “potential,” “predict,” “project,” “will” or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Examples of forward-looking statements in this announcement include, but are not limited to, statements regarding our disclosure concerning the Company’s operations, cash flows, financial position and dividend policy.

Financial statements below:

iFRESH INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

	For the years ended	
	March 31, 2017	March 31, 2016
Net sales	\$ 121,826,207	\$ 125,021,947
Net sales-related parties	9,050,553	6,203,277
Total net sales	130,876,760	131,225,224
Cost of sales	87,610,153	91,738,333
Cost of sales-related parties	8,162,545	5,520,917
Occupancy costs	7,219,860	7,367,155
Gross profit	27,884,202	26,598,819
Selling, general and administrative expenses	25,734,216	20,718,062
Income from operations	2,149,986	5,880,757
Interest expense, net	(303,894)	(215,494)
Other income	1,360,616	992,620
Income before income taxes	3,206,708	6,657,883
Income tax provision	(1,656,334)	(3,016,874)
Net income	\$ 1,550,374	\$ 3,641,009
Net income per share:		
Basic	\$ 0.13	\$ 0.30
Diluted	\$ 0.13	\$ 0.30
Weighted average shares outstanding:		
Basic	12,282,325	12,000,000
Diluted	12,282,325	12,000,000

iFRESH INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	March 31, 2017	March 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,508,362	\$ 551,782
Accounts receivable, net	2,272,011	1,814,533
Inventories, net	9,796,984	8,200,557
Prepaid expenses and other current assets	981,017	473,608
Advances to related parties	14,852,083	-
Total current assets	30,410,457	11,040,480

Property and equipment, net	9,290,674	9,770,382
Intangible assets, net	1,300,001	1,433,333
Security deposits	912,346	925,477
Deferred income taxes	86,799	-
Advances to related parties	-	5,368,002
Total assets	\$ 42,000,277	\$ 28,537,674

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 12,364,071	10,545,342
Deferred revenue	206,737	145,497
Bank loans, current, net	1,144,568	30,185
Notes payable, current	262,578	208,059
Capital lease obligations, current	51,376	48,303
Accrued expenses	730,392	1,026,871
Taxes payable	1,769,398	1,693,872
Other payables, current	501,213	654,175
Total current liabilities	17,030,333	14,352,304
Bank loans, non-current, net	12,779,838	3,561,609
Notes payable, non-current	379,376	424,291
Capital lease obligations, non-current	59,907	40,468
Deferred rent	5,424,134	4,930,154
Other payables, non-current	34,800	37,800
Deferred income taxes, net	-	79,422
Total liabilities	35,708,388	23,426,048

Commitments and contingencies

Shareholders' equity

Preferred shares, \$.0001 par value, 1,000,000 shares authorized; none issued.	-	-
Common stock, \$.0001 par value; 100,000,000 shares authorized, 14,103,033 and 12,000,000 shares issued and outstanding as of March 31, 2017 and 2016, respectively	1,410	1,200
Additional paid-in capital	9,075,025	9,445,346
Accumulated deficit	(2,784,546)	(4,334,920)
Total shareholders' equity	6,291,889	5,111,626
Total liabilities and shareholders' equity	\$ 42,000,277	28,537,674

IFRESH INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Net income	\$ 1,550,374	\$ 3,641,009
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	1,562,043	1,397,031
Amortization expense	178,957	133,334
Allowance for bad debt	-	26,931
Deferred income taxes	(166,221)	1,102,505
Loss on disposal of property and equipment	-	36,454
Changes in operating assets and liabilities:		
Accounts receivable	(457,478)	231,916
Inventories	(1,596,427)	1,516,342

Prepaid expenses and other current assets	(507,409)	52,897
Security deposits	13,131	(182,698)
Accounts payable	1,818,729	(1,691,824)
Deferred revenue	61,240	45,903
Accrued expenses	(296,479)	(227,461)
Taxes payable	75,526	1,459,942
Deferred rent	493,980	600,681
Other liabilities	(155,961)	(124,500)
Net cash provided by operating activities	2,574,005	8,018,462
Cash flows from investing activities		
Advances to related parties	(9,854,432)	(5,368,002)
Acquisition of property and equipment	(736,767)	(1,961,225)
Cash proceeds from acquisition of E-Compass	240	-
Net cash used in investing activities	(10,590,959)	(7,329,227)
Cash flows from financing activities		
Payments on amount due to shareholder	-	(1,124,407)
Borrowings against Term loan	15,000,000	-
Borrowings against lines of credit	200,000	3,612,138
Repayments on term loan	(3,791,795)	-
Repayments on lines of credit borrowings	(208,719)	(2,884,464)
Borrowings on notes payable	-	167,658
Repayments on notes payable	(258,254)	(335,139)
Payments on capital lease obligations	(55,198)	(67,977)
Payment for debt issuance cost	(912,500)	-
Net cash used in financing activities	9,973,534	(632,191)
Net increase in cash and cash equivalents	1,956,580	57,044
Cash and cash equivalents at beginning of the year	551,782	494,738
Cash and cash equivalents at the end of the year	\$ 2,508,362	\$ 551,782
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 304,483	\$ 218,619
Cash paid for income taxes	\$ 1,747,028	\$ 461,435
Supplemental disclosure of non-cash investing and financing activities		
Capital expenditures funded by capital lease obligations	\$ 345,567	\$ 6,993

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