



iFresh Inc. Reports Fiscal Year 2018 Financial Results

July 5, 2018

NEW YORK, July 05, 2018 (GLOBE NEWSWIRE) -- iFresh, Inc. ("iFresh" or "the Company") (NASDAQ:IFMK), a leading Asian American grocery supermarket chain and online grocer, today announced its financial results for the year ended March 31, 2018.

Fiscal Year 2018 Financial Highlights

- iFresh's net sales were \$136.7 million for the year ended March 31, 2018, an increase of \$5.8 million, or 4.4%, from \$130.9 million for the year ended March 31, 2017.
- Gross profit for the year ended March 31, 2018 increased by 4%, to \$29 million, compared to \$28 million in the prior year period.

Fiscal Year 2018 and Recent Operational Highlights

- On July 13, 2017, the Company acquired assets from Mia Supermarket in Orlando FL, a 20,370 square-foot grocery store located at 2415 E. Colonial Drive. iFresh acquired the supermarket for \$1,050,000 in cash. The purchase included equipment and inventory. The Company did not assume any liabilities. The supermarket started operating in August 2017.
- On July 13, 2017, the Company acquired all the shares of iFresh Glen Cove Inc. ("Glen Cove") from Long Deng, the Company's Chairman and Chief Executive Officer, for 50,000 shares of the Company's common stock. Glen Cove is setting up a 22,859 square-foot brand new grocery store in Garden City, New York located at 192 Glen Cove Road. The Company expects the Glen Cove supermarket to open in the last quarter of 2018.
- On October 2, 2017, the Company acquired all the shares of New York Mart CT, Inc. ("NYM CT") from Long Deng, the Company's Chairman and Chief Executive Officer, for \$3,500,000. NYM CT owns a supermarket in Connecticut that is currently under renovation. The Company expects the Connecticut store to open in the last quarter of 2018.
- On October 2, 2017, the Company acquired all of the shares of New York Mart N. Miami Inc. ("NYM N. Miami") from Long Deng, the Company's Chairman and Chief Executive Officer, and Yang Yu Gao for \$3,500,000 and 45,000 shares of the Company's common stock. The Miami supermarket is currently under construction. The Company expects it to open in the last quarter of 2018.
- iFresh's online grocery initiative had 19,741 transactions and accumulated sales of approximately \$1,585,120.71 from the commencement of the online store NYMart in January 2016 to March 31, 2018.

Mr. Long Deng, Chairman of the board of directors and CEO of iFresh, commented, "In fiscal year 2018, we achieved accelerated growth for both net sales and gross profit. Our vertically integrated structure enables us to supply 31% of the items sold in our retail supermarkets with ten self-owned brands. Also, live seafood and other perishables constituted 64.5% of total retail sales this year." Mr. Deng added, "Three stores are currently under construction and expected to open in the fourth quarter of 2018. We will keep innovating and providing our customers with the freshest and the most authentic home-style gourmet food as well as vegetables and fruits delivered fresh every day."

Full Year 2018 Financial Results

Net Sales

For the year ended March 31, 2018, net sales were \$136.7 million, an increase of \$5.8 million, or 4.4%, from \$130.9 million for the year ended March 31, 2017.

Net retail sales to third parties increased by \$2.5 million, or 2.3%, from \$106.8 million for the year ended March 31, 2017, to \$109.3 million for the year ended March 31, 2018. The increase resulted mainly from new stores opened in 2017, which contributed \$3.0 million of retail sales, offset by a decrease of sales in our stores in Florida due to Hurricane Irma;

Net wholesale sales increased by \$3.3 million from \$24.1 million for the year ended March 31, 2017 to \$27.4 million for the year ended March 31, 2018, which was attributable to an increase of \$0.2 million in sales to related parties due to iFresh focusing on improving its central procurement system through its wholesale facilities and an increase of \$3.1 million from its wholesale revenue to third parties due to expansion of the wholesales business.

Gross Profit

For the retail segment, gross profit was \$21.8 and \$22.5 million for the years ended March 31, 2018 and 2017, respectively. Gross margin was 20.0% and 21.1% for the years ended March 31, 2018 and 2017, respectively. Gross profit decreased due to the increase in occupancy cost, as well as the increased cost of sales discussed above.

For the wholesale segment, gross profit increased by \$1.8 million, or 33.5%, from \$5.4 million in 2017 to \$7.2 million in 2018. Gross margin increased by 4.0%, from 22.4% to 26.4%. The increase was due to the relative proportion of related party sales to the total wholesale revenue, compared to 2017. Related party wholesale had relative lower gross profit.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses was \$30.7 million for the year ended March 31, 2018, compared to \$26.1 million for the year ended March 31, 2017, which was mainly attributable to an increase of \$1.3 million in payroll and related insurance and taxes, and an increase of \$1.9 million of selling, general, and administrative expenses from the acquired entities in this year, compared to 0.3 million in 2017, an increase of \$0.5 million of rental and utility expenses, an increase of \$0.2 million of depreciation expense due to the increase of property and equipment, and an increase of \$0.5 million of bad debt expense. The remaining \$0.5 million increase was from other general expense which was due to the expansion of our wholesales business.

Net Income (loss)

Net loss was \$0.8 million for the year ended March 31, 2018, a decrease of \$2.0 million, or 166%, from \$1.2 million of net income for the year ended March 31, 2017, mainly attributable to the increase of selling, general, and administrative expenses as described above as well as damage to inventory from Hurricane Irma.

Cash, Liquidity and Financial Position

As of March 31, 2018, the Company had cash and cash equivalents of approximately \$0.6 million, compared to \$2.5 million as of March 31, 2017. The Company had negative working capital of \$2.6 million and \$5.3 million as of March 31, 2018 and 2017, respectively.

For the fiscal year ended March 31, 2018, net cash used in operating activities was approximately \$ 2.6 million. Net cash used in investing activities was \$1.8 million. Net cash provided by financing activities was \$2.5 million.

About iFresh Inc.

iFresh Inc., headquartered in Long Island City, New York, is a leading Asian American grocery supermarket chain and online grocer. With nine retail supermarkets along the US eastern seaboard (with additional stores in Glen Cove, Miami and Connecticut opening soon), two in-house wholesale businesses strategically located in cities with a highly concentrated Asian population, and six iFresh-managed stores, iFresh 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 produce 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.

iFRESH INC AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

| | March 31, 2018 | March 31, 2017 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 640,915 | \$ 2,550,819 |
| Accounts receivable, net | 4,903,340 | 2,272,011 |
| Inventories, net | 10,905,484 | 9,796,984 |
| Prepaid expenses and other current assets | 1,925,893 | 1,404,631 |
| Total current assets | 18,375,632 | 16,024,445 |
| Advances to related parties | 10,019,688 | 12,044,154 |
| Property and equipment, net | 17,818,805 | 15,467,802 |
| Intangible assets, net | 1,166,669 | 1,300,001 |
| Security deposits | 1,247,106 | 1,091,763 |
| Deferred income taxes | 313,832 | 86,799 |
| Total assets | \$ 48,941,732 | \$ 46,014,964 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 15,561,956 | 12,364,071 |
| Deferred revenue | 326,459 | 206,737 |
| Borrowings against lines of credit, current, net | 1,303,753 | 1,144,568 |
| Notes payable, current | 135,203 | 262,578 |
| Capital lease obligations, current | 55,634 | 56,847 |
| Accrued expenses | 873,949 | 730,392 |
| Taxes payable | 1,606,504 | 1,769,398 |
| Other payables, current | 1,172,360 | 4,829,113 |

| | | |
|---|------------|------------|
| Total current liabilities | 21,035,818 | 21,363,704 |
| Borrowings against lines of credit & term loan-non-current, net | 15,740,733 | 12,779,838 |
| Notes payable, non-current | 231,095 | 379,376 |
| Capital lease obligations, non-current | 70,724 | 77,694 |
| Deferred rent | 6,319,386 | 5,475,362 |
| Other payables, non-current | 78,500 | 34,801 |
| Total liabilities | 43,476,256 | 40,110,775 |

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, 14,220,548 and 14,103,033 shares issued and outstanding as of March 31, 2018 and March 31, 2017, respectively | 1,422 | 1,410 |
| Additional paid-in capital | 9,428,093 | 9,075,525 |
| Accumulated deficit | (3,964,039) | (3,172,746) |
| Total shareholders' equity | 5,465,476 | 5,904,189 |
| Total liabilities and shareholders' equity | \$ 48,941,732 | 46,014,964 |

**iFRESH INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME**

| | For the Year ended | |
|--|--------------------|----------------|
| | March 31 2018 | March 31 2017 |
| Net sales | \$ 126,874,761 | \$ 121,826,207 |
| Net sales-related parties | 9,813,766 | 9,050,553 |
| Total net sales | 136,688,527 | 130,876,760 |
| Cost of sales | 91,241,612 | 87,610,152 |
| Cost of sales-related parties | 8,877,854 | 8,162,545 |
| Retail occupancy costs | 7,575,478 | 7,219,860 |
| Gross profit | 28,993,583 | 27,884,203 |
| Selling, general and administrative expenses | 30,738,330 | 26,087,868 |
| Income (Loss) from operations | (1,744,747) | 1,796,335 |
| Interest expense, net | (817,227) | (303,894) |
| Other income | 1,668,496 | 1,360,616 |
| Income (Loss) before income taxes | (893,478) | 2,853,057 |
| Income tax provision (benefit) | (102,185) | 1,656,334 |
| Net income (Loss) | \$ (791,293) | \$ 1,196,723 |
| Net income (loss) per share: | | |
| Basic | \$ (0.06) | \$ 0.10 |
| Diluted | \$ (0.06) | \$ 0.10 |
| Weighted average shares outstanding: | | |
| Basic | 14,141,840 | 12,282,325 |
| Diluted | 14,141,840 | 12,282,325 |

**iFRESH INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | For the Year Ended | |
|--|--------------------|---------------|
| | March 31 2018 | March 31 2017 |
| Cash flows from operating activities | | |
| Net income (loss) | \$ (791,293) | \$ 1,196,723 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation expense | 1,729,852 | 1,562,043 |
| Amortization expense | 315,832 | 178,957 |
| Share based compensation | 297,536 | - |
| Deferred income taxes | (227,033) | (166,221) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (2,631,329) | (457,478) |
| Inventories | (1,108,500) | (1,596,427) |
| Prepaid expenses and other current assets | (521,262) | (931,019) |

| | | | | |
|---|------------|---|--------------|---|
| Security deposits | (155,344 |) | (166,285 |) |
| Accounts payable | 3,197,888 | | 1,746,949 | |
| Deferred revenue | 119,722 | | 61,240 | |
| Accrued expenses | 143,557 | | (296,479 |) |
| Taxes payable | (162,894 |) | 75,526 | |
| Deferred rent | 844,024 | | 545,208 | |
| Other liabilities | (3,613,056 |) | 4,171,936 | |
| Net cash provided by (used in) operating activities | (2,562,300 |) | 5,924,673 | |
| Cash flows from investing activities | | | | |
| Repayment from (advances made to) related parties | 2,079,511 | | (7,155,484 |) |
| Acquisition of property and equipment | (3,879,602 |) | (6,745,407 |) |
| Cash proceeds from acquisition of Ecompass | - | | 240 | |
| Net cash used in investing activities | (1,800,091 |) | (13,900,651 |) |
| Cash flows from financing activities | | | | |
| Borrowings against Term loan | 1,050,000 | | 15,000,000 | |
| Borrowings against lines of credit | 3,200,000 | | 200,000 | |
| Repayments on term loan | (1,312,420 |) | (3,791,794 |) |
| Repayments on lines of credit borrowings | - | | (208,719 |) |
| Repayments on notes payable | (407,345 |) | (258,254 |) |
| Payments on capital lease obligations | (77,748 |) | (55,198 |) |
| Deferred financing cost | - | | (912,500 |) |
| Net cash used in financing activities | 2,452,487 | | 9,973,535 | |
| Net increase (decrease) in cash and cash equivalents | (1,909,904 |) | 1,997,557 | |
| Cash and cash equivalents at beginning of the year | 2,550,819 | | 553,262 | |
| Cash and cash equivalents at the end of the year | \$ 640,915 | | \$ 2,550,819 | |
| Supplemental disclosure of cash flow information | | | | |
| Cash paid for interest | \$ 763,231 | | \$ 304,483 | |
| Cash paid for income taxes | \$ - | | \$ 1,747,028 | |
| Supplemental disclosure of non-cash investing and financing activities | | | | |
| Capital expenditures funded by capital lease obligations and notes payable | \$ 213,435 | | \$ 345,567 | |

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Source: iFresh Inc.