UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2020

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____to ____

Commission file number: 001-38013

iFresh Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**82-066764**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2-39 54th Avenue
Long Island City, New York
(Address of principal executive offices)

(718) 628 6200
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001	IFMK	Nasdaq Capital Market

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 19, 2020, 25,194,086 shares of the registrant's common stock, par value $0.0001 per share, (the "Common Stock") were issued and outstanding.

iFRESH, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2020
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

iFRESH INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2020	March 31, 2020
ASSETS	(UNAUDITED)	
Current assets:		
Cash and cash equivalents	$ 4,426,836	$ 751,942
Accounts receivable, net	3,380,237	3,405,341
Advances to vendor	1,022,607	-
Inventories, net	10,878,423	6,185,102
Prepaid expenses and other current assets	4,664,638	3,691,990
Total current assets	24,372,741	14,034,375
Advances and receivables - related parties	5,862,432	5,060,370
Property and equipment, net	24,261,728	19,769,152
Intangible assets, net	4,295,029	900,005
Security deposits	1,264,352	1,264,353
Right of use assets-lease	58,408,630	57,587,790
Deferred income taxes	643,116	643,116
Goodwill	2,240,798	-
Total assets	$ 121,348,826	$ 99,259,161
LIABILITIES AND EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable	$ 8,996,800	$ 10,674,455
Deferred revenue	2,786,642	1,311,228
Borrowings against lines of credit, current,net	20,141,297	20,141,297
Notes payable, current	76,068	77,903
Finance lease obligations, current	133,733	137,243
Accrued expenses	1,679,214	1,307,069
Operating lease liabilities, current	5,441,020	5,438,356
Other payables, current	4,225,834	3,584,756
Total current liabilities	43,480,608	42,672,307
Notes payable, non-current	29,550	46,706
Finance lease obligations, non-current	245,314	277,350
PPP Loans from government	1,768,212	-
Other payables, non-current	83,102	83,102
Deferred tax liability	1,083,763	-
Long term operating lease liabilities	59,546,344	58,729,843
Total liabilities	106,236,893	101,809,308
Commitments and contingencies		
Equity (deficiency)		
Series A Preferred shares, $.0001 par value, 1,000,000 shares authorized; 1,000 shares issued	3,500,000	3,500,000
Series B Preferred shares, $.0001 par value, 1,000 shares authorized and issued	4,908,539	-
Common stock, $0.0001 par value; 100,000,000 shares authorized, 25,194,086 and 18,658,547 shares issued and outstanding as of June 30, 2020 and March 31, respectively	3,945	1,866
Additional paid-in capital	26,754,480	18,202,323
Accumulated deficit	(20,650,949)	(24,254,336)
Accumulated other comprehensive income	21,560	-
Total stockholders' equity (deficiency) attributable to iFresh	14,537,575	(2,550,147)
Noncontrolling interest	574,358	-
Total equity (deficiency)	15,111,933	(2,550,147)
Total liabilities and equity (deficiency)	$ 121,348,826	$ 99,259,161

See accompanying notes to the unaudited condensed consolidated financial statements

iFRESH INC AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	For the three months ended June, 30	
	2020	**2019**
Net sales	$ 21,268,301	$ 23,084,675
Net sales-related parties	265,614	743,107
Total net sales	21,533,915	23,827,782
Cost of sales	13,822,463	16,516,099
Cost of sales-related parties	194,620	582,569
Retail Occupancy costs	1,473,174	1,930,619
Gross profit	6,043,658	4,798,495
Selling, general and administrative expenses	4,414,162	8,575,894
Income (Loss) from operations	1,629,496	(3,777,399)
Interest expense, net	(361,226)	(609,745)
Other income	2,329,200	921,081
Income (Loss) before income taxes	3,597,470	(3,466,063)
Income tax provision	-	(97,937)
Net income (Loss)	$ 3,597,470	$ (3,368,126)
Less: net loss attributable to non-controlling interest	(5,918)	-
Net Income (Loss) attributable to iFresh	3,603,388	(3,368,126)
Other Comprehensive income (loss)		
Foreign currency translation adjustment	21,980	-
Comprehensive income (loss)	3,619,450	(3,368,126)
Less: comprehensive loss attributable to non - controlling interests	(5,497)	-
Comprehensive income (loss) attributable to iFresh	3,624,947	(3,368,126)
Earnings (loss) per share:		
Basic	$ 0.15	$ (0.19)
Diluted	$ 0.15	$ (0.19)
Weighted average shares outstanding:		
Basic	23,809,463	17,385,010
Diluted	23,809,463	17,385,010

See accompanying notes to the unaudited condensed consolidated financial statements

iFRESH INC AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the three months ended June, 30	
	2020	**2019**
Cash flows from operating activities		
Net income (loss)	$ 3,597,470	$ (3,368,126)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	573,872	561,644
Amortization expense	136,633	215,833
Share based compensation	-	1,921,081
Lease amortization	1,965,277	2,142,010
Bad debt reserve	101,708	233,448
Deferred income taxes	-	(97,937)
Changes in operating assets and liabilities:		
Accounts receivable	(44,868)	(181,405)
Inventories	(2,557,209)	1,596,001
Advance to vendor	397,033	-
Prepaid expenses and other current assets	(61,128)	211,284
Security deposits	-	5,645
Accounts payable	(1,686,944)	(2,637,611)
Deferred revenue	436,797	313,698
Accrued expenses	(192,600)	(1,357)
Taxes payable	(29,155)	-
Operating lease liabilities	(1,966,952)	(2,062,703)
Other liabilities	471,194	528,028
Net cash provided by (used in) operating activities	1,141,128	(620,467)
Cash flows from investing activities		
Cash advances to related parties	(802,063)	610,738
Acquisition of property and equipment	(671,900)	(281,489)
Cash paid for acquisition of Xiamen DL Medical Technology Co, Ltd. ("DL Medical"), net of cash received	(577,453)	-
Cash received from acquisition of Hubei Rongentang Herbal Wine Co., Ltd., ("RET")	371,310	-
Net cash provided by (used in) investing activities	(1,680,106)	329,249
Cash flows from financing activities		
Cash received from government loans	1,768,212	-
Repayments on term loan	-	(507,599)
Repayments on notes payable	(18,990)	(24,814)
Payments on finance lease obligations	(35,546)	(34,427)
Cash received from capital contribution	-	1,119,582
Cash received from issuance of stock	2,500,000	-
Net cash provided by financing activities	4,213,676	552,742
Effect of exchange rate change on Cash and cash equivalents	196	-
Net increase in cash and cash equivalents	3,674,894	261,524
Cash and cash equivalents at beginning of the period	751,942	1,048,090
Cash and cash equivalents at the end of the period	$ 4,426,836	$ 1,309,614
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 9,858	$ 609,745
Supplemental disclosure of non-cash investing and financing activities		
Right of use assets obtained in exchange for operating lease liabilities	$ 1,989,116	$ -
Common stock issued for business acquisitions	$ 6,052,335	$ -
Preferred stock issued for business acquisitions	$ 4,908,539	$ -

See accompanying notes to the unaudited condensed consolidated financial statements

iFRESH INC AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHIANGE IN EQUITY (DEFICIENCY)
For the three months ended June 30, 2020 and 2019

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	Total iFresh Stockholders' Equity	Noncontrolling	Total Equity
	Shares	Amount	Shares	amount	Capital	Deficit	Income	(deficiency)	Interest	(Deficiency)
Balances at March 31, 2019	**-**	**$ -**	**16,737,685**	**$ 1,674**	**$ 14,933,829**	**$ (15,967,482)**	**$ -**	**$ (1,031,979)**	**$ -**	**$ (1,031,979)**
Capital contribution					1,119,421			1,119,421		1,119,421
Net loss						(3,368,126)		(3,368,126)		(3,368,126)
Common stock issued in connection of warrants exercise			1,170,000	117	1,450,683			1,450,800		1,450,800
Stock issued for service			443,813	44	470,398			470,442		470,442
Balances at June 30, 2019	**-**	**$ -**	**18,351,498**	**1,835**	**$ 17,974,330**	**$ (19,335,608)**	**$ -**	**$ (1,359,442)**	**$ -**	**$ (1,359,442)**
Balances at March 31, 2020	**1,000**	**$ 3,500,000**	**18,658,547**	**$ 1,866**	**$ 18,202,323**	**$ (24,254,336)**	**$ -**	**$ (2,550,147)**	**$ -**	**$ (2,550,147)**
Stock issued for business acquisition	1,000	$ 4,908,539	4,752,372	1,901	6,052,335	-		10,962,775	579,855	11,542,630
Stock issued for stock purchase agreement			1,783,167	178	2,499,822			2,500,000		2,500,000
Net income (loss)					-	3,603,388		3,603,388	(5,918)	3,597,470
Foreign currency translation adjustment					-	-	21,560	21,560	420	21,980
Balances at June 30, 2020	**2,000**	**$ 8,408,539**	**25,194,086**	**3,945**	**26,754,480**	**$ (20,650,949)**	**$ 21,560**	**$ 14,537,575**	**$ 574,358**	**$ 15,111,933**

See accompanying notes to the unaudited condensed consolidated financial statements

1. Organization and Description of Business

Organization and General

iFresh (herein referred to collectively with its subsidiaries as the "Company") is an Asian/Chinese supermarket chain with multiple retail locations and its own distribution operations, currently all located along the East Coast of the United States. The Company offers seafood, vegetables, meat, fruit, frozen goods, groceries, and bakery products through its retail stores.

On June 7, 2019, the Company, entered into certain Share Exchange Agreement ("Exchange Agreement") with Xiaotai International Investment Inc. ("Xiaotai"), a Cayman Island Company, and certain shareholders of Xiaotai (collectively with Xiaotai, "Seller"), pursuant to which, among other things and subject to the terms and conditions contained therein, the Company will acquire all of the outstanding issued shares and other equity interests in Xiaotai from certain shareholders of Xiaotai (such transactions, collectively, the "Acquisition"). The Company agreed to issue to the sellers an aggregate of 254,813,383 shares of the Company's common stock, par value $0.0001. This Exchange Agreement was terminated and the proposed acquisition was cancelled in November 2019 after Zhejiang Xiao's business activities were found in violation of China's laws and regulations.

In April 2020, the Company acquired Hubei Rongentang Wine Co., Ltd and Hubei Rongentang Herbal Wine Co., Ltd., ("RET") and Xiamen DL Medical Technology Co, Ltd., ("DL Medical") which are incorporated and located in China to expand its business. RET is engaged in the business of manufacturing and selling rice liquor products and herbal rice wine products. DL Medical's core business includes engineering and technical research and experimental development in and production of medical protective masks, non-medical daily protective masks, cotton spinning processing (Refer to Note 5 for the detail of these acquisitions).

2. Liquidity and Going Concern

As reflected in the Company's consolidated financial statements, the Company had negative working capital of $19.1 million and $28.6 million as of June 30, 2020 and March 31, 2020, respectively. The Company had negative equity of $2.6 million as of March 31, 2020. For the year ended March 31, 2020, the Company had operating losses of $8.3 million. The Company did not meet certain financial covenants required in the credit agreement with KeyBank National Association ("KeyBank"). As of June 30, 2020, the Company has outstanding loan facilities of approximately $20.1 million due to KeyBank. Failure to maintain these loan facilities will have a significant impact on the Company's operations.

In assessing its liquidity, management monitors and analyzes the Company's cash on-hand, its ability to generate sufficient revenue sources in the future and its operating and capital expenditure commitments. iFresh had funded working capital and other capital requirements in the past primarily by equity contribution from shareholders, cash flow from operations, and bank loans. As of June 30, 2020, the Company also has $5.9 million of advances and receivable from the related parties we intend to collect. In April and May 2020, the Company received Paycheck Protection Program loan ("PPP loan") of approximately $1.77 million. For the quarter ended June 30, 2020, the Company has net operating income of $3.6 million due to the effort of cutting expense, closing stores with low performance. In addition, the Company had positive net equity through the acquisition of two business in China.

The Company was in default under the Credit Agreement as of June 30, 2020 and March 31, 2020. Specifically, the financial covenants of the Credit Agreement require the Company to maintain a senior funded debt to earnings before interest, tax, depreciation and amortization ("EBITDA") ratio for the trailing 12 month period of less than 3.00 to 1.00 at the last day of each fiscal quarter. As of June 30, 2020 and March 31, 2020, this ratio was greater than 3.00 to 1.00, and the Company was therefore not in compliance with the financial covenants of the KeyBank loan. In addition, the Company violated the loan covenant when Mr. Long Deng, CEO and major shareholder of the Company sold an aggregate of 8,294,989 restricted shares to HK Xu Ding Co., Limited, representing 51% of the total issued and outstanding shares of the Company as of December 31, 2018. The Company failed to obtain a written consent for the occurrence of the change of ownership. KeyBank has notified the Company in February that it has not waived the default and reserves all of its rights, power, privileges, and remedies under the Credit Agreement. effective as of March 1, 2019, interest was accrued on all loans at the default rate.

On May 20, 2019 (the “Effective Date”), the Company entered into a forbearance agreement (the “Forbearance Agreement”) with KeyBank, pursuant to which KeyBank has agreed to delay the exercise of its rights and remedies under the Loan agreement based on the existence of the events of shares transfer defaults for certain period of time. The Forbearance Agreement contains customary forbearance covenants and other forbearance covenants and defined certain events of defaults. Starting from May 2019, the monthly payment decreased to $142,842 as originally required per the credit facility agreements.

From January to June 2020, non-payment of amount due by the Company was $1,194,878. Also, the Company is not incompliance with certain loan covenants. On August 6, 2020 the Company received 3rd forbearance agreement from Key Bank, which includes the following terms:

- All delinquent regular interest paid at or before settlement.
- August and September required payments will be regular interest amounts
- Default interest will be deferred until September 25, 2020
- Store valuations will be ordered by the lender.
- Continue to provide weekly cash flow reports
- Provide quarterly financial statements of NYM, iFresh and newly acquired businesses.
- Monthly financial projections
- Cost/work detail on the completion of the CT store
- Pledge of the equity and guarantee of newly acquired businesses.
- File a UCC-1 financing statement for iFresh Inc.

If agreement cannot be reached, KeyBank is fully prepared to pursue legal remedies. As of the date of this filing, the Forbearance Agreement is still under negotiation.

On December 17, 2019, the Company received a letter from the Listing Qualifications Staff (the “Staff’) of the Nasdaq Stock Market LLC (“Nasdaq”), which stated that the Company was not in compliance with Nasdaq Listing Rule 5550(a)(2), which requires an issuer to maintain a minimum closing bid price of $1.00 per share (the “Bid Price Rule”). In accordance with the Nasdaq Listing Rules, the Company was provided with a 180-day grace period to regain compliance with the Bid Price Rule, through June 15, 2020. The notice has no immediate impact on the listing or trading of the Company’s securities on Nasdaq. The Company has received a written notice from the Listing Qualifications Staff of Nasdaq on May 4, 2020, indicating that the Company has regained compliance with Nasdaq’s continued listing requirements and that its common stock will continue to be listed on Nasdaq Stock Market.

The Company was impacted by the COVID-19 outbreak as it operates in area under stay-at-home orders since mid-March 2020. The Company had to operate under reduced hours including temporary closure of the stores located in in Brooklyn, New York and in Flushing, New York, where are with high population and at high risk of infection during the end of March and April peak period. Sales decreased by $1.0 million due to the lockdown for the quarter ended June 30, 2020.

The Company's principal liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. The Company's ability to fund these needs will depend on its future performance, which will be subject in part to general economic, competitive and other factors beyond its control. These conditions raise substantial doubt as to the Company's ability to remain a going concern.

3. Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended June 30, 2020 and 2019 are not necessarily indicative of the results that may be expected for the full year. The information included in this Form 10-Q should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2020 filed with the SEC on August 13, 2020.

The Company has four reportable and operating segments. The Company's Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The CODM bears ultimate responsibility for, and is actively engaged in, the allocation of resources and the evaluation of the Company's operating and financial results.

4. Summary of Significant Accounting Policies

Significant Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's critical accounting estimates included, but are not limited to: allowance for estimated uncollectible receivables, inventory valuations, lease assumptions, impairment of long-lived assets, impairment of intangible assets, and income taxes. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable consist primarily of uncollected amounts from customer purchases (primarily from the Company's two distribution operations), credit card receivables, and food stamp vouchers, and are presented net of an allowance for estimated uncollectible amounts.

The Company periodically assesses its accounts receivable for collectability on a specific identification basis. If collectability of an account becomes unlikely, an allowance is recorded for that doubtful account. Once collection efforts have been exhausted, the account receivable is written off against the allowance.

Inventories

Inventories in our supermarket and trading business consist of merchandise purchased for resale, which are stated at the lower of cost or market. The cost method is used for wholesale and retail perishable inventories by assigning costs to each of these items based on a first-in, first-out (FIFO) basis (net of vendor discounts). Inventories in our business consist raw material, working in progress and finished products. Costs include the cost of raw materials, freight, direct labor and related production overhead. The cost of inventories is calculated using the weighted average method.

Any excess of the cost over the net realizable value of each item of inventories is recognized as a provision for diminution in the value of inventories. Net realizable value is the estimated selling price in the normal course of business less any costs to complete and sell products. Allowances for obsolescence are also assessed based on expiration dates, as applicable, taking into consideration historical and expected future product sales.

Leases

On April 1, 2019 the Company adopted Accounting Standards Update ("ASU") 2016-02. For all leases that were entered into prior to the effective date of ASC 842, we elected to apply the package of practical expedients. Based on this guidance we will not reassess the following: (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases. The adoption of Topic 842 resulted in the presentation of $65.6 million of operating lease assets and $72.3 operating lease liabilities on the consolidated balance sheet as of April 1, 2019(See Note 13 for additional information).

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current portion of obligations under operating leases, and obligations under operating leases, non-current on the Company's consolidated balance sheets. Finance leases are included in property and equipment, net, current portion of obligations under capital leases, and obligations under capital leases, non-current on our consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date, adjusted by the deferred rent liabilities at the adoption date. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The Company's terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Fair Value Measurements

The Company records its financial assets and liabilities in accordance with the framework for measuring fair value in accordance with U.S GAAP. This framework establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Fair value measurements of nonfinancial assets and non-financial liabilities are primarily used in the impairment analysis of intangible assets and long-lived assets.

Cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, advances to related parties, accounts payable, deferred revenue and accrued expenses approximate fair value because of the short maturity of those instruments. Based on comparable open market transactions, the fair value of the lines of credit, PPP loans and other liabilities, including current maturities, approximated their carrying value as of June 30, 2020 and March 31, 2020, respectively. The Company's estimates of the fair value of line of credit and other liabilities (including current maturities) were classified as Level 2 in the fair value hierarchy.

Paycheck Protection Program Loans (PPP) Loans

The Company's policy is to account for the PPP loan (See Note 11) as debt. The Company will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and the Company has been legally released, at which point the amount forgiven will be recorded as income or (2) the Company pays off the loan.

Revenue Recognition

In accordance with Topic 606 revenue is recognized at the time the sale is made, at which time our walk-in customers take immediate possession of the merchandise or delivery is made to our wholesale customers. Payment terms are established for our wholesale customers based on the Company's pre-established credit requirements. Payment terms vary depending on the customer. Based on the nature of receivables, no significant financing components exist. Sales are recorded net of discounts, sales incentives and rebates, sales taxes and estimated returns and allowances. We estimate the reduction to sales and cost of sales for returns based on current sales levels and our historical return experience.

Topic 606 defines a performance obligation as a promise in a contract to transfer a distinct good or service to the customer and is considered the unit of account. The majority of our contracts have one single performance obligation as the promise to transfer the individual goods is not separately identifiable from other promises in the contracts and is, therefore, not distinct.

We had no material contract assets, contract liabilities, or costs to obtain and fulfill contracts recorded on the Consolidated Balance Sheet as of June 30, 2020 and March 31, 2020. For the three months ended June 30, 2020 and 2019, revenue recognized from performance obligations related to prior periods was insignificant.

Revenue expected to be recognized in any future periods related to remaining performance obligations is insignificant.

The following table summarizes disaggregated revenue from contracts with customers by geographical group:

	For the three months ended	
	June 30, 2020	June 30, 2019
The United States	$ 21,316,863	$ 23,827,782
China	217,052	-
Total	$ 21,533,915	$ 23,827,782

Business Combinations

The Company accounts for its business combinations using the purchase method of accounting in accordance with ASC 805 ("ASC 805"), "Business Combinations". The purchase method of accounting requires that the consideration transferred be allocated to the assets, including separately identifiable assets and liabilities the Company acquired, based on their estimated fair values. The consideration transferred in an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree , (ii) the fair value of the identifiable net assets of the acquiree, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in earnings.

The Company estimates the fair value of assets acquired and liabilities assumed in a business combination. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, its estimates are inherently uncertain and subject to refinement. Significant estimates in valuing certain intangible assets include, but are not limited to future expected revenues and cash flows, useful lives, discount rates, and selection of comparable companies. Although the Company believes the assumptions and estimates it has made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from management of the acquired companies and are inherently uncertain. During the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. On the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of income.

Goodwill

The Company early adopted ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The standard simplifies the subsequent measurement of goodwill by removing Step 2 of the current goodwill impairment test, which requires a hypothetical purchase price allocation. Under the new standard, an impairment loss will be recognized in the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company tests goodwill for impairment at least annually, in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired.

The Company reviews the carrying values of goodwill and identifiable intangibles whenever events or changes in circumstances indicate that such carrying values may not be recoverable and annually for goodwill and indefinite lived intangible assets as required by ASC Topic 350, Intangibles — Goodwill and Other. This guidance provides the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on a review of qualitative factors, it is more likely than not that the fair value of a reporting unit is less than its carrying value, the Company performs a quantitative analysis. If the quantitative analysis indicates the carrying value of a reporting unit exceeds its fair value, the Company measures any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

Intangible Assets

Intangible assets are carried at cost and amortized on a straight-line basis over their estimated useful lives. The Company determines the appropriate useful life of its intangible assets by measuring the expected cash flows of acquired assets. The estimated useful lives of intangible assets are as follows:

	Estimated useful lives (years)
Business license	15
Land use right	46
Backlog	1

Recently Issued Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-07, "Improvements to Nonemployee Share-Based Payment Accounting", which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The changes take effect for public companies for fiscal years starting after December. 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. On April 1, 2019, the Company adopted this ASU and the adoption did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): The amendments in this Update require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The amendments broaden the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The use of forecasted information incorporates more timely information in the estimate of expected credit loss, which will be more decision useful to users of the financial statements. This ASU is effective for annual and interim periods beginning after December 15, 2019 for issuers and December 15, 2020 for non-issuers. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. In May 2019, the FASB issued ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. This update adds optional transition relief for entities to elect the fair value option for certain financial assets previously measured at amortized cost basis to increase comparability of similar financial assets. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified retrospective approach). In November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-13 to be fiscal years beginning after December 15, 2022 and interim periods therein. The Company does not believe this guidance will have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12 ("ASU 2019-12"), Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to managerial accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently assessing the impact of adopting this standard, and does not believe this guidance will have a material impact on its consolidated financial statements.

No other new accounting pronouncements issued or effective had, or are expected to have, a material impact on the Company's condensed consolidated financial statements.

5. Acquisitions

Hubei Rongentang Wine Co., Ltd and Hubei Rongentang Herbal Wine Co., Ltd. ("RET")

On March 26, 2020, the Company entered into an agreement (the "Acquisition Agreement") with Kairui Tong and Hao Huang (collectively, the "Sellers") and Hubei Rongentang Wine Co., Ltd. and Hubei Rongentang Herbal Wine Co., Ltd., pursuant to which the Sellers will sell their 100% interest in Hubei Rongentang Wine Co., Ltd. and Hubei Rongentang Herbal Wine Co., Ltd. (collectively, the "Target Companies") to the Company in exchange for 3,852,372 shares of the Company's common stock and 1,000 shares of the Company's Series B Convertible Preferred Stock (the "Series B Preferred Stock"). Upon approval of the Company's shareholders, the 1,000 shares of Series B Preferred Stock will be converted into 3,834,796 shares of the Company's common stock. The Series B Preferred will rank on parity with the Series A Convertible Preferred Stock of the Company.

On April 22, 2020, the Company consummated the above transactions. The aggregate fair value of the consideration paid by the Company in the acquisition is approximately $9.8 million and is based on the closing price of the Company's common stock at the date of closing. The excess of total cost of acquisition over the fair value of the identifiable net assets of the acquiree is recorded as goodwill.

The transaction was accounted for as a business combination using the purchase method of accounting. The preliminary purchase price allocation of the transaction was determined by the Company with the assistance of an independent appraisal firm based on the estimated fair value of the assets acquired and liabilities assumed as of the acquisition date.

The following table presents the preliminary purchase price allocation to the assets acquired and liabilities assumed at the date of this acquisition:

Cash	$ 371,310
Accounts receivable, net	84,260
Inventories, net	2,099,306
Advances to suppliers, net	76,476
Other current assets	910,435
Property and equipment, net	4,310,878
Total tangible assets acquired	$ 7,852,665
Accounts payable	$ 9,260
Advance from customers	386,119
Accrued expenses and other payables	703,060
Deferred tax liability	954,173
Total liability assumed	2,052,612
Net tangible assets acquired	5,800,053
Intangible assets	3,013,272
Goodwill	1,026,250
Total consideration	$ 9,839,575

The Company recorded acquired intangible assets of $3,013,272. These intangible assets include land use right of $2,745,289 and business license of $208,756. The associated goodwill and intangible assets are not deductible for tax purposes.

The amounts of revenue and earnings of RET included in the Company's condensed consolidated statement of operations and comprehensive income (loss) from the acquisition date to June 30, 2020 are as follows:

	From acquisition date to June 30, 2020
Revenue	$ 192,749
Net Loss	(22,597)

Xiamen DL Medical Technology Co, Ltd. ("DL Medical")

On March 17, 2020, the Company entered into a purchase agreement (the "Acquisition Agreement") with Guo Hui Ji, a citizen of the People's Republic of China (the "Seller") and Xiamen DL Medical Technology Co, Ltd., a People's Republic of China company, pursuant to which the Seller will sell his 70% equity interests in Xiamen DL Medical Technology Co, Ltd. to the Company (the "Equity Interests"). In consideration for the Equity Interests, the Company shall pay to the Seller $600,000 in cash and issue 900,000 shares of common stock of the Company to the Seller.

On April 28, 2020, the Company consummated the above transactions. The aggregate fair value of the consideration paid by the Company in the acquisition is approximately $1.7 million and is based on the closing price of the Company's common stock at the date of closing.

The transaction was accounted for as a business combination using the purchase method of accounting. The preliminary purchase price allocation of the transaction was determined by the Company with the assistance of an independent appraisal firm based on the estimated fair value of the assets acquired and liabilities assumed as of the acquisition date.

The following table presents the preliminary purchase price allocation to the assets acquired and liabilities assumed at the date of this acquisition:

Cash	$ 22,577
Inventories, net	28,975
Advances to suppliers, net	1,341,604
Property and equipment, net	69,780
Total tangible assets acquired	$ 1,462,936
Advance from customers	$ 703,321
Accrued expenses and other payables	59,880
Deferred tax liability	129,590
Total liability assumed	892,791
Net tangible assets acquired	570,145
Intangible assets	518,362
Goodwill	1,214,548
Net assets acquired	2,303,055
Noncontrolling interest	579,855
Total consideration	$ 1,723,200

The Company recorded acquired intangible asset of $518,362. These intangible asset includes backlog list. The associated goodwill and intangible assets are not deductible for tax purposes. The estimated fair value of the non-controlling interest was determined based on the preliminary purchase price allocation report prepared by an independent third-party appraiser by using discount cash flow model.

The amounts of revenue and earnings of DL Medical included in the Company's condensed consolidated statement of operations and comprehensive income (loss) from the acquisition date to June 30, 2020 are as follows:

	From acquisition date to June 30, 2020
Revenue	$ 24,303
Net Loss	(19,725)

The following table presents the Company's unaudited pro forma results for the three months ended June 30, 2020 and 2019, respectively, as if the RET and DL Medical Acquisition had occurred on April 1, 2019. The unaudited pro forma financial information presented includes the effects of adjustments related to the amortization of acquired intangible assets, and Statutory rates were used to calculate income taxes.

	June 30, 2020	June 30, 2019
Pro forma revenue	$ 21,364,676	$ 24,290,654
Pro forma net income (loss)	3,529,731	(3,257,360)
Pro forma earnings per common share-basic and diluted	0.14	(0.15)
Weighted average shares-basic and diluted	25,017,729	21,894,114

6. Accounts Receivable

A summary of accounts receivable, net is as follows:

	June 30, 2020	March 31, 2020
Customer purchases	$ 3,927,986	$ 3,975,414
Credit card receivables	270,346	143,851
Food stamps	25,410	26,407
Others	1,052	2,518
Total accounts receivable	4,224,794	4,148,190
Allowance for bad debt	(844,557)	(742,849)
Accounts receivable, net	$ 3,380,237	$ 3,405,341

7. Inventories

A summary of inventories, net is as follows:

Inventories in US entities	June 30, 2020	March 31, 2020
Non-perishables	$ 7,569,408	$ 5,396,152
Perishables	1,092,723	820,761
Subtotal	8,662,131	6,216,913
Inventories in Chinese entities		
Raw material	$ 976,068	$ -
Work-in-process	$ 548,236	$ -
Finished goods	$ 734,689	$ -
Subtotal	2,258,993	-
Allowance for slow moving or defective inventories	(42,701)	(31,811)
Inventories, net	$ 10,878,423	$ 6,185,102

8. Advances and receivables - related parties

A summary of advances and receivables - related parties is as follows:

Entities	June 30, 2020	March 31, 2020
New York Mart, Inc.	$ 2,092	$ 2092
New York Mart Elmhurst Inc.	450,908	-
NY Mart MD Inc.	770,701	363,296
iFresh Harwin Inc.	85	-
Advances – related parties	$ 1,223,786	$ 365,388
New York Mart, Inc.	605,265	605,265
New York Mart Elmhurst Inc.	53,390	-
NY Mart MD Inc.	3,731,511	3,841,237
iFresh Harwin Inc.	248,480	248,480
Receivables – related parties	4,638,646	4,694,982
Total advances and receivables – related parties	$ 5,862,432	$ 5,060,370

The Company has advanced funds to related parties and accounts receivable due from the related parties with the intention of converting some of these advances and receivables into deposits towards the purchase price upon planned acquisitions of some of these entities, which are directly or indirectly owned, in whole or in part, by Mr. Long Deng, the majority shareholder and the Chief Executive Officer of the Company. Accounts receivable due from related parties relate to the sales to these related parties (see Note 17). The advances and receivables are interest free, repayable on demand, and guaranteed by Mr. Long Deng.

9. Property and Equipment

	June 30, 2020	March 31, 2020
Buildings and properties	$ 4,333,245	$ -
Furniture, fixtures and equipment	23,204,560	21,023,715
Automobiles	2,089,597	1,997,925
Leasehold improvements	9,594,296	9,442,401
Software	11,435	6,735
Total property and equipment	39,233,133	32,470,776
Accumulated depreciation and amortization	(14,971,405)	(12,701,624)
Property and equipment, net	$ 24,261,728	$ 19,769,152

In connection with the Business Acquisition as disclosed in Note 5 above, the Company acquired approximately $4.3 million buildings and properties, of which depreciation period is 15 years

Depreciation expense for the three months ended June 30, 2020 and 2019 was $573,872 and $561,644, respectively.

10. Intangible Assets

	June 30, 2020		March 31, 2020	
Acquired leasehold rights	$	2,500,000	$	2,500,000
Business license		208,756		-
Land use right		2,804,539		-
Backlog		518,362		-
Total Intangible assets		6,031,657		2,500,000
Accumulated amortization		(1,736,628)		(1,599,995)
Intangible assets, net	$	4,295,029	$	900,005

In connection with the Business Acquisition as disclosed in Note 5, the Company acquired $3,531,657 of intangible assets. Business license , land use right and backlog has an estimated weighted-average amortization period of approximately 15 years, 46 years and 12 months respectively.

Amortization expense was $136,333 and $33,333 for the three months ended June, 2020 and 2019, respectively. Future amortization associated with the net carrying amount of definite-lived intangible assets is as follows:

Year Ending June 30,		
2021	$	666,737
2022		234,763
2023		234,763
2024		234,763
2025		234,763
Thereafter		2,689,240
Total	$	4,295,029

11. Debt

A summary of the Company's debt is as follows:

	June 30, 2020		March 31, 2020	
PPP loans from government	$	1,768,212	$	-
Revolving Line of Credit-KeyBank National Association		4,950,000		4,950,000
Delayed Term Loan-KeyBank National Association		4,102,483		4,102,483
Term Loan-KeyBank National Association		11,408,189		11,408,189
Less: Deferred financing cost		(319,375)		(319,375)
Total	$	21,909,509	$	20,141,297

PPP Loans from government

In April and May 2020, the Company applied for and received funding for a loan of $1,768,212 provided by US Small Business Administration ("SBA") Paycheck Protection Program, which is part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES"), enacted on March 27, 2020. Under the terms of the SBA PPP loan, up to 100% of the principal and accrued interest may be forgiven if certain criteria are met and the loan proceeds are used for qualifying expenses such as payroll costs, benefits, rent, and utilities as described in the CARES Act. These loans have an interest rate of 1% with a maturity of 2 years.

KeyBank National Association ("KeyBank") – Senior Secured Credit Facilities

On December 23, 2016, NYM, as borrower, entered into a $25 million senior secured Credit Agreement (the "Credit Agreement") with Key Bank National Association ("Key Bank" or "Lender"). The Credit Agreement provides for (1) a revolving credit of $5,000,000 for making advance and issuance of letter of credit, (2) $15,000,000 of effective date term loan and (3) $5,000,000 of delayed draw term loan. The interest rate is equal to (1) the Lender's "prime rate" plus 0.95%, or (b) the Adjusted LIBOR rate plus 1.95%. Both the termination date of the revolving credit and the maturity date of the term loans are December 23, 2021. The Company will pay a commitment fee equal to 0.25% of the undrawn amount of the Revolving Credit Facility and 0.25% of the unused Delayed Draw Term Loan Facility. $4,950,000 of the revolving credit was used as of June 30, 2020.

$15,000,000 of the term loan was fully funded by the lender in January 2017. The Company is required to make fifty-nine consecutive monthly payments of principal and interest in the amount of $142,842 starting from February 1, 2017 and a final payment of the then entire unpaid principal balance of the term loan, plus accrued interest on the maturity date. On December 23, 2016, the Company used the proceeds from the loan term to pay off the outstanding balance under the Bank of America credit line agreement and HSBC line of credit.

The Delayed Draw Term Loan shall be advanced on the Delayed Draw Funding date, which is no later than December 23, 2021.

The senior secured credit facility is secured by all assets of the Company and is jointly guaranteed by the Company and its subsidiaries and contains financial and restrictive covenants. The financial covenants require NYM to deliver audited consolidated financial statements within one hundred twenty days after the fiscal year end and to maintain a fixed charge coverage ratio not less than 1.1 to 1.0 and senior funded debt to earnings before interest, tax, depreciation and amortization ("EBITDA") ratio less than 3.0 to 1.0 at the last day of each fiscal quarter, beginning with the fiscal quarter ending March 31, 2017. As of June 30, 2020 and March 31, 2020, these ratios were failed, and the Company was therefore not in compliance with the financial covenants of the KeyBank loan. Except as stated below, the senior secured credit facility is subject to customary events of default. It will be an event of default if Mr. Long Deng resigns, is terminated, or is no longer actively involved in the management of NYM and a replacement reasonably satisfactory to the Lender is not made within sixty (60) days after such event takes place. The Company violated the loan covenant when Mr. Long Deng, CEO and major shareholder of the Company sold an aggregate of 8,294,989 restricted shares to HK Xu Ding Co., Limited on January 23, 2019, representing 51% of the total issued and outstanding shares of the Company as of December 31, 2018. The Company failed to obtain a written consent for the occurrence of the change of ownership. As a result, effective as of March 1, 2019, interest was accrued on all loans at the default rate and the monthly principal and interest payment due under the effective date term loan will be $155,872 instead of $142,842.

On May 20, 2019 (the "Effective Date"), the Company entered into a forbearance agreement (the "Forbearance Agreement") with KeyBank, pursuant to which KeyBank has agreed to delay the exercise of its rights and remedies under the Loan agreement based on the existence of the events of shares transfer defaults for certain period of time. The Forbearance Agreement contains customary forbearance covenants and other forbearance covenants and defined certain events of defaults. Starting from May, 2019, the monthly payment decreased to $142,842 as originally required per the credit facility agreements.

The Company failed to meet its obligations under the Loan Agreements by the end of the First Forbearance Period. On October 17, 2019 (the "Effective Date"), the Company, Go Fresh 365, Inc. ("Go Fresh"), Mr. Long Deng and Keybank entered into the second forbearance agreement (the "Second Forbearance Agreement"). Pursuant to certain Guaranty Agreement dated as of December 26, 2016, as amended by several joinder agreements and the Second Forbearance Agreement, the Company, certain subsidiaries of NYM, Go Fresh and Mr. Long Deng (collectively, the "Guarantors", and together with the Borrower, the "Loan Parties") have agreed to guarantee the payment and performance of the obligations of the Borrower under the Credit Agreement ("Obligations"). Key Bank has agreed to delay the exercise of its rights and remedies under the Loan Agreement based on the existence of certain events of default (the "Specified Events of Default") until the earlier to occur of: (a) 5:00 p.m. Eastern Time on the November 29, 2019; and (b) a Forbearance Event of Default.

From Jan to June 2020, non-payment of amount due by the Company was $1,194,878. Also, the Company has failed certain loan covenants. On August 6, 2020 the Company received 3rd forbearance agreement from Key Bank, which includes the following terms:

- All delinquent regular interest paid at or before settlement.
- July and August required payments will be regular interest amounts.
- Default interest will be deferred until 9/25/2020
- Store valuations will be ordered immediately.
- Continue to provide weekly cash flow reports.
- Provide quarterly financial statements of NYM, iFresh and newly acquired businesses.
- Monthly financial projections.
- Cost/work detail on the completion of the CT store.
- Pledge of the equity and guarantee of newly acquired businesses.
- File a UCC-1 financing statement for iFresh Inc.

If agreement cannot be reached, KeyBank is fully prepared to pursue legal remedies. As of the date of this report, the Forbearance Agreement is still under negotiation.

12. Notes Payable

Notes payables consist of the following:

	June 30, 2020	March 31, 2020
Triangle Auto Center, Inc.		
Secured by vehicle, 4.02%, principal and interest of $890 due monthly through January 28, 2021	6,142	8,730
Koeppel Nissan, Inc.		
Secured by vehicle, 7.86%, principal and interest of $758 due monthly through June 1, 2022	16,776	18,707
Silver Star Motors		
Secured by vehicle, 4.22%, principal and interest of $916 due monthly through June 1, 2021	10,741	13,357
BMO		
Secured by vehicle, 5.99%, principal and interest of $1,924 due monthly through July 1, 2021	24,165	29,532
Wells Fargo		
Secured by vehicle, 4.01%, principal and interest of $420 due monthly through December 1, 2021	7,322	8,500
Toyota Finance		
Secured by vehicle, 0%, principal and interest of $632 due monthly through August, 2022	16,442	18,340
Secured by vehicle, 4.87%, principal and interest of $761 due monthly through July, 2021	9,483	11,633
Secured by vehicle, 0%, principal and interest of $633 due monthly through April 1, 2022	14,547	15,810
Total Notes Payable	$ 105,618	$ 124,609
Current notes payable	(76,068)	(77,903)
Long-term notes payable, net of current maturities	$ 29,550	$ 46,706

All notes payables are secured by the underlying financed vehicles.

Maturities of the notes payables for each of the next five years are as follows:

Year Ending June 30,		
2021	$	76,070
2022		28,284
2023		1,264
Total	$	105,618

13. Leases

The Company's material leases consist of store, warehouse, parking lots and its offices with expiration dates through 2027. In general, the leases have remaining terms of 1-20 years, most of which include options to extend the leases. The lease term is generally the minimum non-cancellable period of the lease. The Company does not include option periods unless the Company determines that it is reasonably certain of exercising the option at inception or when a triggering event occurs.

Balance sheet information related to the Company's operating and finance leases (noting the financial statement caption each is included with) as of June 30, 2020 was as follows:

		As of June 30, 2020
Operating Lease Assets:		
Operating Lease	$	58,408,630
Total operating lease assets		58,408,630
Operating lease obligations:		
Current operating lease liabilities		5,441,020
Non-current operating lease liabilities		59,546,344
Total Lease liabilities	$	64,987,364
Weighted Average Remaining Lease Term Operating Lease		13.64 years
Weighted Average discount rate		4.3%

		June 30, 2020		March 31, 2020
Finance lease Assets				
Vehicles under finance lease	$	874,698	$	874,698
Accumulated depreciation		234,614		219,679
Finance lease assets, net	$	640,084	$	655,019

		June 30, 2020		March 31, 2020
Finance lease obligations:				
Current	$	133,733	$	137,243
Long-term		245,314		277,350
Total obligations	$	379,047	$	414,593

Weighted Average Remaining Lease Term Finance Lease	2.67 years
Weighted Average discount rate	7.1%

Supplemental cash flow information related to leases was as follows:

		As of June 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating Lease	$	1,969,181
Finance lease	$	35,546

The estimated future lease payments under the operating and finance leases are as follows:

Twelve months ending June 30,		Capital Lease		Operating, lease
2021		162,551		7,903,304
2022		146,831		8,122,465
2023		118,289		8,563,378
2024		2,259		8,117,492
2025		-		7,364,547
Thereafter		-		46,140,193
Total minimum lease payments	$	429,930	$	86,211,379
Less: Amount representing interest		(50,883)		(21,224,015)
Total	$	379,047	$	64,987,364

14. Segment Reporting

ASC 280, “Segment Reporting”, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company’s business segments. The Company uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s CODM for making operating decisions and assessing performance as the source for determining the Company’s reportable segments. Management, including the CODM, reviews operation results by the revenue of different products or services. Based on management’s assessment, the Company has determined that it has four operating segments as defined by ASC 280, consisting of wholesale, retail, liquor business and medical product business for the three months ended June 30, 2020. For the three months ended June 30, 2019, the Company determined it has two operation segments consisting of wholesale and retail.

The primary financial measures used by the Company to evaluate performance of individual operating segments are sales and income before income tax provision.

The following table presents summary information by segment for the three months ended June 30, 2020 and 2019, respectively:

	For the three months ended June 30, 2020				
	US wholesale	US retail	Liquor Products	Mask products	Total
Net sales	$ 4,227,311	$ 17,089,552	$ 192,749	$ 24,303	$ 21,533,915
Cost of sales (including retail occupancy cost)	2,761,865	12,645,555	70,554	12,283	15,490,257
Gross profit	$ 1,465,446	$ 4,443,997	$ 122,195	$ 12,020	$ 6,043,658
Interest expense, net	$ 910	$ 360,316	$ -	$ -	$ 361,226
Depreciation and amortization	$ 50,313	$ 480,604	$ 78,431	$ 101,157	$ 710,505
Capital expenditures	$ -	$ 196,987	$ 6,795	$ 468,118	$ 671,900
Segment income (loss) before income tax provision	$ 353,414	$ 3,399,266	$ (49,088)	$ (106,122)	$ 3,597,470
Income tax provision	$ -	$ -	$ -	$ -	$ -
Segment assets	$ 15,084,531	$ 91,828,072	$ 10,857,470	$ 3,578,753	$ 121,348,826

	Three months ended June 30, 2019		
	Wholesale	Retail	Total
Net sales	$ 4,532,105	$ 19,295,677	$ 23,827,782
Cost of sales	3,193,655	13,905,013	17,098,668
Retail occupancy costs	-	1,930,619	1,930,619
Gross profit	$ 1,338,450	$ 3,460,045	$ 4,798,495
Interest expense, net	$ (3,040)	$ (606,705)	$ (609,745)
Depreciation and amortization	$ 326,843	$ 2,592,644	$ 2,354,881
Capital expenditures	$ -	$ 479,396	$ 479,396
Segment income (loss) before income tax provision	$ 365,856	$ (3,831,919)	$ (3,466,063)
Income tax provision (benefit)	$ 10,338	$ (108,275)	$ (97,937)
Segment assets	$ 17,638,285	$ 91,914,715	$ 109,553,000

15. Shareholder’s Equity

On October 19, 2018, the Company and certain institutional investors entered into a securities purchase agreement (the “Purchase Agreement”), pursuant to which the Company agreed to sell to such investors an aggregate of 1,275,000 shares of common stock (the “Common Stock”) in a registered direct offering and warrants to purchase up to approximately 1,170,000 shares of the Company’s Common Stock in a concurrent private placement, for gross proceeds of approximately $2.55 million (the “Financing”). The warrants will be exercisable immediately following the date of issuance and have an exercise price of $2.25. The warrants will expire 5 years from the earlier of the date on which the shares of Common Stock issuable upon exercise of the warrants may be sold pursuant to an effective registration statement or may be exercised on a cashless basis and be immediately sold pursuant to Rule 144. The purchase price for each share of Common Stock and the corresponding warrant is $2.00. Each warrant is subject to anti-dilution provisions that require adjustment of the number of shares of Common Stock that may be acquired upon exercise of the warrant, or to the exercise price of such shares, or both, to reflect stock dividends and splits, subsequent rights offerings, pro-rata distributions, and certain fundamental transactions.

Management determined that these warrants are equity instruments because the warrants are both a) indexed to its own stock; and b) classified in stockholders’ equity. The warrants were recorded at their fair value on the date of grant as a component of stockholders’ equity. On June 5, 2019, the Company agreed to issue to the Holders an aggregate of 1,170,000 shares (“Exchange Shares”) of the Company’s common stock, par value $0.0001 per share and warrant to purchase an aggregate of 1,170,000 shares of Common Stock (the “Exchange Warrants”) as the negotiated purchase price for the Existing Warrants based on the Black Scholes Value as a result of a certain transaction which was deemed as a Fundamental Transaction as defined in purchase agreement. On March 23, 2020, 585,000 warrants has been cashless exercised to 287,049 shares of common stock.

On December 11, 2019, iFresh Inc. (the “Company”) entered into an agreement (the “Conversion Agreement”) between Mr. Deng and the Company, pursuant to which the Mr. Deng agreed to convert debt owed to him by the Company into 1,000 preferred shares of the Company’s common stock. Upon receiving stockholder approval for the conversion, the 1,000 shares of preferred stock will automatically convert into shares of the Company’s common stock.

On January 13, 2020, the Company filed a Certificate of Designation creating the class of Preferred Stock required by the Conversion Agreement, and $3,500,000 of capital Mr. Deng contributed to the Company were converted into 1,000 shares of Series A Convertible Preferred Stock (the “Preferred Stock”). The Preferred Stock has no voting rights, no dividend, no redemption right and will convert automatically into 9,210,526 shares of the Company’s common stock once the conversion is approved by the Company’s stockholders. In the event of the liquidation of the Company, the Preferred Stock has a preference equal to $3,500,000 over the Company’s common stock.

On March 25, 2020, the Company entered into an agreement (the “Purchase Agreement”) with two third party individuals, Dengrong Zhou and Qiang Ou (the “Investors”), pursuant to which the Investors agreed to purchase 1,783,167 shares of the Company’s common stock in exchange for $2,500,000. Subsequently on April 9, 2020, these shares were issued and the transaction was closed.

In April 2020, the Company issued 3,852,372 shares of the Company’s common stock and 1,000 shares of the Company’s series B convertible preferred stock., which will be converted to 3,834,796 shares of the Company’s common stock to acquire RET and DL Medical. The Series B Preferred will rank on parity with the Series A Convertible Preferred Stock of the Company. See Note 5 for the details of the transactions. The noncontrolling interest represents the 30% of equity interest in DL Medical owned by noncontrolling interest holders.

16. Income Taxes

The Company is subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which each entity is domiciled. iFresh is a Delaware holding company that is subject to the U.S. income tax.

NYM is taxed as a corporation for income tax purposes and as a result of the “Contribution Agreement” entered into in December 31, 2014 NYM has elected to file a consolidated federal income tax return with its eleven subsidiaries. NYM and the shareholders of the eleven entities, as parties to the Contribution Agreement, entered into a tax-free transaction under Section 351 of the Internal Revenue Code of 1986 whereby the eleven entities became wholly owned subsidiaries of the Company. As a result of the tax-free transaction and the creation of a consolidated group, the subsidiaries are required to adopt the tax year-end of its parent, NYM. NYM was incorporated on December 30, 2014 and has adopted a tax-year end of March 31.

RET and DL Medical are incorporated in the PRC and subject to PRC income tax which is computed according to the relevant laws and regulations in the PRC. Under the Corporate Income Tax Law of PRC, current corporate income tax rate of 25% is applicable to all companies, including both domestic and foreign-invested companies.

Certain of the subsidiaries have incurred net operating losses (“NOL”) in tax years ending prior to the Contribution Agreement. The net operating losses are subject to the Separate Return Limitation Year (“SRLY”) rules which limit the utilization of the losses to the subsidiaries who generated the losses. The SRLY losses are not available to offset taxable income generated by members of the consolidated group.

Based upon management’s assessment of all available evidence, the Company believes that it is more-likely-than-not that the deferred tax assets, primarily for certain of the subsidiaries SRLY NOL carry-forwards will not be realizable; and therefore, a full valuation allowance is established for SRLY NOL carry-forwards. Pursuant to The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, NOLs from the 2018, 2019, and 2020 tax years to be carried back to the previous five tax years (beginning with the earliest year first) and suspends the 80% of taxable income limitation through the 2020 tax year. The NOL carryback can result in an immediate refund of taxes paid in prior years. The valuation allowance for deferred tax assets was $7,749,248 and $7,643,963 as of June 30, 2020 and March 31, 2020.

The Company has approximately $26,743,963 and $30,496,643 of US NOL carry forward of which approximately $2,749,947 and $3,135,816 are SRLY NOL as of June 30, 2020 and March 31, 2020, respectively. The Company also has $4,789,759 NOL from its Chinese entities, which was fully reserved as valuation allowance. For income tax purposes, those NOLs will expire in the year 2033 through 2037.

Income Tax Provision (Benefit)

The provision (benefit) for income taxes consists of the following components:

	For the three months ended June 30,	
	2020	**2019**
Current:		
Federal	$ -	$ -
State	-	-
	-	-
Deferred:		
Federal	-	(73,453)
State	-	(24,484)
	-	(97,937)
Total	$ -	$ (97,937)

Tax Rate Reconciliation

Following is a reconciliation of the Company's effective income tax rate to the United State federal statutory tax rate:

	For the three months ended June 30, 2020	2019
Expected tax at U.S. statutory income tax rate	21%	21%
State and local income taxes, net of federal income tax effect	7%	7%
Other non-deductible fees and expenses	-%	(0.8)%
Changes in deferred tax allowance	(28)%	(24.4)%
Effective tax rate	0.0%	2.8%

Deferred Taxes

The effect of temporary differences included in the deferred tax accounts in the two tax jurisdiction in US and China are as follows:

	June 30, 2020	March 31, 2020
Deferred Tax Assets/ (Liabilities) in US		
Deferred expenses	$ 200,697	$ 164,434
Sec 263A Inventory Cap	136,304	38,207
Deferred rent/Lease obligation	2,217,905	2,215,294
Depreciation and amortization	(3,186,433)	(3,008,058)
Net operating losses	7,826,452	8,305,813
Valuation allowance	(6,551,809)	(7,643,963)
Net Deferred Tax Assets (Liabilities) in US	$ 643,116	$ 643,116

	June 30, 2020	March 31, 2020
Deferred Tax Assets/ (Liabilities) in China		
Intangible assets	$ (838,784)	$ -
Property and equipment	(244,979)	-
Net operating losses	1,197,440	-
Valuation allowance	(1,197,440)	-
Net Deferred Tax Assets (Liabilities) in China	$ (1,083,763)	$ -

17. Related-Party Transactions

Management Fees, Advertising Fees and Sale of Non-Perishable and Perishable Products to Related Parties

The following is a detailed breakdown of significant management fees, advertising fees and sale of products for the three months ended June 30, 2020 and 2019 to related parties, which are directly or indirectly owned, in whole or in part, by Mr. Long Deng, a majority shareholder, and not eliminated in the consolidated financial statements. In addition, the outstanding receivables due from these related parties as of June 30, 2020 and March 31, 2020 were included in advances and receivables – related parties (see Note 8).

Three months ended June 30, 2020

Related Parties	Management Fees	Advertising Fees	Non-Perishable & Perishable Sales
Tampa Seafood	$ 2,000	$ -	$ -
NY Mart MD Inc.	16,750	-	167,003
NYM Elmhurst Inc.	6,000	-	98,318
Spring Farm Inc.	2,750	-	293
	$ 27,500	$ -	$ 265,614

Three months ended June 30, 2019

Related Parties	Management Fees	Advertising Fees	Non-Perishable & Perishable Sales
Dragon Seeds Inc.	1,650	-	-
NY Mart MD Inc.	29,300	3,680	455,377
NYM Elmhurst Inc.	24,612	2,210	279,004
Spring Farm Inc.	3,300	-	-
Pine Court Chinese Bistro	-	-	8,726
	$ 58,862	$ 5,890	$ 743,107

Long-Term Operating Lease Agreement with a Related Party

The Company leases warehouse and stores from related parties that is owned by Mr. Long Deng, the majority shareholder of the Company, and will expire on April 30, 2026. Rent incurred to the related party was $201,830 and $292,460 for the three months ended on June 30, 2020 and 2019.

18. Contingent Liabilities

The Company is exposed to claims and litigation matters arising in the ordinary course of business and uses various methods to resolve these matters in a manner that the Company believes best serves the interests of its stakeholders. These matters have not resulted in any material losses to date.

Leo J. Motsis, as Trustee of the 140-148 East Berkeley Realty Trust v. Ming's Supermarket, Inc.

This case relates to a dispute between Ming's Supermarket, Inc. ("Ming"), the subsidiary of the Company and the landlord of the building located at 140-148 East Berkeley Street, Boston, MA (the "Property"), under a long-term operating lease ("Lease"). Since February 2015, Ming was unable to use the premise of the property due to a structure damage assessed by the Inspectional Services Department of the City of Boston ("ISD"), and stopped paying the rent since April 2015 after the landlord refused to perform structural repairs. The landlord then sued Ming for breach of the Lease and unpaid rent, and Ming counterclaimed for constructive eviction and for damages resulting from the landlord's breach of its duty to perform structural repairs under the Lease.

The case was tried before a jury in August 2017. The jury awarded Ming judgment against the landlord in the amount of $795,000, plus continuing damages of $2,250 per month until the structural repairs are completed. The court found that the landlord's actions violated the Massachusetts unfair and deceptive acts and practices statute and therefore doubled the amount of damages to $1,590,000 and further ruled that Ming should also recover costs and attorneys' fees of approximately $250,000. The result is a judgment in favor of Ming and against the landlord that will total approximately $1.85 million. The judgment requires the landlord to repair the premises and obtain an occupancy permit. The landlord is responsible to Ming for damages in the amount of $2,250 per month until an occupancy permit is issued. The judgment also accrues interest at the rate of 12% per year until paid.

The landlord filed an appeal, the appeal hearing was held in July 12, 2019 and judge concluded that the landlord should be required both to perform the relevant obligations of the lease in the future and to pay damages caused by his previous failure to do so and for any period of delay in completing specific performance. On November 5, 2019, the Appeal Count issued a full decision affirming the judgment was entered and transmitted a rescript of the affirmance of the judgment to the superior count.

The final judgment was entered after rescript on May 7, 2020. On June 29, 2020, the landlord executed the final judgment finally and made the payment of $2,536,142 to Ming, which included in other income.

Hartford Fire Insurance Company v. New York Mart Group Inc.

On November 28, 2018, a lawsuit was filed against New York Mart Group, Inc. by Hartford Fire Insurance Company ("Hartford"), who seeks contractual indemnification from the Company and other defendants relating to certain supersedeas bonds issued by Hartford in connection with the unsuccessful appeal of state court litigation by iFresh's codefendant. Hartford alleges that iFresh guaranteed performance of the bonds and therefore seeks to enforce the indemnification terms thereof against iFresh in addition to the other defendants. On June 14, 2019, Hartford filed a motion for summary judgment against iFresh, arguing that Hartford is entitled to judgment as a matter of law. On July 29, 2019, the Court granted judgment against iFresh in a consented amount of $458,498 for the alleged loss. The Court is still having a hearing on Hartford's entitlement to attorneys' fees/costs. The Company has accrued $500,000 for the potential loss and expense associated with this case.

Winking Group LLC v. New York Supermarket E. Broadway Inc.

A subsidiary of the Company, New York Supermarket E. Broadway Inc., entered into a lease with Winking Group LLC for the Company's store located at 75 East Broadway, NY, 10002. The landlord sued the Company for failing to pay rent and additional fee of $450,867. The Company is currently negotiating an agreement with the landlord to settle the case. On November 21, 2019, the Company consented to a final judgement of possession in favor of Winking Group LLC in the amount of $400,000, with $50,867 being waived by the landlord. $400,000 was paid as of December 31, 2019.

JD Prroduce Maspeth LLC v. iFresh, Inc. alt.

On September 16, 2019, the JD Produce Maspeth ("plaintiff") seeks $178,953 in unpaid goods purchased by the Company. The legal process was just initiated and interrupted by the outbreak of COVID-19. The Company has recorded the purchase and payable on the financial statements.

Don Rick Associates LLC. v. New York Mart Roosevelt Inc.

One of the subsidiaries of the Company, New York Mart Roosevelt Inc., has failed to pay the rents on time. The landlord has sued the Company for nonpayment. On May 31, 2019, a motion for summary Judgement was filed for unpaid rent in the amount of $102,792 and $14,984 for attorney fees. These amounts have been fully accrued as of March 31, 2020.

19. Subsequent Events

Key Bank Loans

From Jan to June 2020, the Company failed to make loan payments of $1,194,878. On August 6, 2020 the Company received 3rd forbearance agreement from Key Bank. Please refer to Note 11 for key terms. It's still under negotiations.

Acquisitions

On August 6, 2020, the Company entered into an agreement (the "Acquisition Agreement") with Zhang Fei and Liu Meng (collectively, the "Sellers") and Jiuxiang Blue Sky Technology (Beijing) Co., Ltd. (the "Target Company"), pursuant to which the Sellers will sell their 100% interest in the Target Company to the Company in exchange for 5,036,298 shares of the Company's common stock and 1,000 shares of the Company's Series C Convertible Preferred Stock (the "Series C Preferred Stock"). Upon approval of the Company's shareholders, the 1,000 shares of Series C Preferred Stock will be converted into 1,916,781 shares of the Company's common stock. The Series C Preferred Stock will rank on parity with the Series A Convertible Preferred Stock and Series B Convertible Preferred Stock of the Company. All of the issuances and conversions of the Company's common stock in the foregoing Acquisition Agreement were at a price per share of $1.402. The closing of the acquisition as contemplated by the Acquisition Agreement is subject to customary closing terms and conditions.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This report includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission (“SEC”) filings. References to “we”, “us”, “our,” “iFresh” or the “Company” are to iFresh Inc., except where the context requires otherwise. The following discussion should be read in conjunction with our unaudited condensed financial statements and related notes thereto included elsewhere in this report.

Overview

iFresh Inc. (“we,” “us,” “our,” or “iFresh” or the “Company”) is a Delaware company incorporated in July 2016 in order to reincorporate E-Compass Acquisition Corp. (“E-Compass”) to Delaware pursuant to the Merger Agreement (as defined below). Immediately following the reincorporation, we acquired NYM Holding, Inc (“NYM”). E-Compass was a blank check company formed for the purpose of entering into a share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. NYM is a fast growing Asian/Chinese grocery supermarket chain in the north-eastern U.S. providing food and other merchandise hard to find in mainstream grocery stores. Since NYM was formed in 1995, NYM has been targeting the Chinese and other Asian population in the U.S. with its in-depth cultural understanding of its target customer’s unique consumption habits. iFresh currently has ten retail supermarkets across New York, Massachusetts and Florida, with in excess of 4,938,600 sales transactions in its stores in the fiscal year ended March 31, 2020. It also has one in-house wholesale businesses, Strong America Limited (“Strong America covering more than 6,000 wholesale products and servicing both NYM retail supermarkets and over 1,000 external clients that range from wholesalers to retailing groceries and restaurants. NYM has a stable supply of food from farms in New Jersey and Florida, ensuring reliable supplies of the most popular vegetables, fruits and seafood. Its wholesale business and long term relationships with farms insulate NYM from supply interruptions and sales declines, allowing it to remain competitive even during difficult markets.

On March 26, 2020, the Company entered into an agreement (the “Acquisition Agreement”) with Kairui Tong and Hao Huang (collectively, the “Sellers”) and Hubei Rongentang Wine Co., Ltd. and Hubei Rongentang Herbal Wine Co., Ltd (collectlively, the “RET Wine Co.”)., pursuant to which the Sellers will sell their 100% interest in Hubei Rongentang Wine Co., Ltd. and Hubei Rongentang Herbal Wine Co., Ltd. (collectively, the “Target Companies”) to the Company in exchange for 3,852,372 shares of the Company’s common stock and 1,000 shares of the Company’s Series B Convertible Preferred Stock (the “Series B Preferred Stock”). Upon approval of the Company’s shareholders, the 1,000 shares of Series B Preferred Stock will be converted into 3,834,796 shares of the Company’s common stock. The acquisition was closed on April 22, 2020. RET Wine Co. is engaged in the business of manufacturing and sales of rice liquor products and Herbal Wine Co. is engaged in the business of manufacturing and sales of herbal rice liquor products.

RET Wine Co. has an automatic filling production line with an annual production capacity of 5,000 tons of liquor products at a 1,000 square-meter facility. Herbal Wine Co. has an automatic filling production line with an annual production capacity of 6,000 tons of herbal liquor.

In April 2020, we acquired 70% of Xiamen DL Medical Technology Co, Ltd., (“DL Medical”) a People’s Republic of China company, in exchange for $600,000 in cash and 900,000 shares of our common stock. The acquisition was closed on April 28, 2020.

Xiamen DL Medical Technology Co, Ltd is our subsidiary that produces face masks in China founded in March 2020. Its core business includes engineering and technical research and experimental development in and production of medical protective masks, non-medical daily protective masks, cotton spinning processing. We have built our production lines from scratch, with an estimated aggregate annual output of 5 million masks. We have one medical mask production line, which we expect, once operational, can handle a daily capacity of up to 30,000 masks, and two non-medical mask production lines, with an output capacity of up to 400,000 marks per day. We expect to launch production from these production lines in the fourth quarter of 2020. Around $420,000 was needed to fund the production.

These acquisitions are aimed to diversify the Company's revenue stream and reduce the operational risk in the US. The operation of these two companies is expected to increase the Company's profitability, increase the cash flow and improve the Company's liquidity.

Outlook

iFresh is an Asian Chinese supermarket chain in the U.S. northeastern region with nine retail super markets and one wholesale facility. iFresh has strategically expanded along the I-95 corridor in the past few years.

a. iFresh provides unique products to meet the demands of the Asian/Chinese American Market;

b. iFresh has established a merchandising system backed by an in-house wholesale business and by long-standing relationships with farms;

c. iFresh maintains an in-house cooling system with unique hibernation technology that is has developed over 20 years to preserve perishables, especially produce and seafood; and

d. iFresh capitalizes on economies of scale, allowing strong negotiating power with upstream vendors, downstream customers and sizable competitors;

As mentioned above, starting from 2020, the Company started to expand its operations in China by acquiring two companies in liquor products making business and mask making business to diversify its revenue stream and reduce the supermarket operational risk in the US.

iFresh's net sales were $21.5 million and $23.8 million for the three months ended June 30, 2020 and 2019, respectively. Starting from April, 2020, we had revenue generated from our operations in China. For the three months ended June 30, liquor business and mask business from operations in China constituted approximately $217,000 sales. For the supermarket and trading business in the US, perishables constituted approximately 47.4% of the total sales for the three months ended June 30, 2020. iFresh's net income was $3.6 million for the three months ended June 30, 2020, an increase of $7.0 million, or 210%, from $3.4 million of net loss for the three months ended June 30, 2019. Adjusted EBITDA was $4.7 million for the three months ended June 30, 2020, an increase of $6.9 million, or 306%, from negative $2.3 million for the three months ended June 30, 2019.

Factors Affecting iFresh's Operating Results

Seasonality

iFresh's business shows seasonal fluctuations. Sales in its first and second fiscal quarters (ending June 30 and December 31, respectively) are usually 5% to 10% lower than in third and fourth quarters (ending December 31 and March 31, respectively). In its third fiscal quarter, customers make holiday purchases for Thanksgiving and Christmas. In its fourth quarter, customers make purchases for traditional Chinese holidays, such as the Spring Festival (Chinese New Year, in January or February).

Competition

The Company faces competition from other Asian supermarkets. In the fiscal year 2019, two of our stores located in Boston and New York experienced significantly decreased sales due to competition from newly opened grocery stores. In first quarter of fiscal year 2020, the Company outsourced these two stores to third party to operate and are collecting contracting fees. The Company's retail sales decreased significantly due to the change of operations of these two stores.

Payroll

Minimum wage rates in some states increased. For example, the minimum wage rose from $13 to $15 per hour in New York City. Payroll and related expenses decreased by $2.3 million, or 70.6% for the three months ended June 30, 2020 as compared to the same period of last year as a result of workforce reduction to reduce costs.

Vendor and Supply Management

iFresh believes that a centralized and efficient vendor and supply management system are the keys to profitability. iFresh operates its own wholesale facility, which supplied about 16.8% of its procurement for the three months ended June 30, 2020. iFresh believes that its centralized vendor management enhances iFresh's negotiating power and improves its ability to turnover inventory and vendor payables. Any changes to the vendor and supply management could affect iFresh's purchasing costs and operating expenses. Starting from Q4 of fiscal year 2019, the Company's wholesale business gradually slows down and the retail stores are heavily rely on third party vendors for inventory supplies instead of centralized supply system.

Store Maintenance and Renovation

From time to time, iFresh conducts maintenance on the fixtures and equipment for its stores. Any maintenance or renovations could interrupt the operation of our stores and result in a decline of customer volume, and therefore sales volume, but will, in the opinion of management, boost sales after they are completed. Significant maintenance or renovation would affect our operation and operating results. As of June 30, 2020, one iFresh store is under renovation and has not opened yet.

Store Acquisitions and Openings

iFresh expects the new stores it acquires or opens to be the primary driver of its sales, operating profit and market share gains. iFresh's results will be materially affected by the timing and number of new store additions and the amount of new store opening costs. For example, iFresh would incur rental, utilities and employee expenses during any period of renovation, which would be recorded as expenses on the income statement and would decrease iFresh's profit when a store opens. iFresh may incur higher than normal employee costs associated with setup, hiring, training, and other costs related to opening a new store. Operating margins are also affected by promotional discounts and other marketing costs and strategies associated with new store openings, primarily due to overstocking, and costs related to hiring and training new employees. Additionally, promotional activities may result in higher than normal net sales in the first several weeks following a new store opening. A new store builds its sales volume and its customer base over time and, as a result, generally has lower margins and higher operating expenses, as a percentage of sales, than our more mature stores. A new store could take more than a year to achieve a level of operating performance comparable to our existing stores. Due to operational difficulties and loss, iFresh closed two stores in New York and opened one store in Florida for the year ended March 31, 2020.

COVID-19

The Company was impacted by the COVID-19 outbreak as it operates in area under stay-at-home orders since mid-March 2020. The Company is classified as an essential business and has remained open to serve our customers and the communities. The safety of our associates and our customers is always our first priority. In response to COVID-19, iFresh incurred incremental operating expenses of over $305,000 in the 16 weeks ended June 30, 2020 for new initiatives implemented to support and protect our associates, customers and the communities:

1. Enhanced and more frequent sanitation practices, including hourly cleaning of high touch point areas throughout our stores, like cashier station, and customer bathroom, nightly deep cleaning and disinfectant fogging in every store

2. Reduced store operating hours, including the closure of the stores located in Brooklyn, New York and in Flushing, New York, where are with high population and at high risk of infection during the end of March and April peak period.

3. Posting and educating official recommended guidance and adhere to guidelines within safety plan.

4. Created a centralized call center to provide our associates with single guidance and direct reporting.

5. Expanded remote work capabilities for office associates and provided private numerous private car pools in order to limit access to public transportation.

6. Implemented a temporary wage or allowance premium of 15%-50% above standard base rate of pay for front line associates

7. Donated over 200,000 masks to local police precinct, school, community and our customers.

8. Expanded online order sales and mobile order delivery

9. Limited bulk sales per customer on diary produce such as milk, eggs, seafood & produce.

10. Limited the number of customers to approximately 25% of each store's maximum occupancy, test the temperature of each customer, sterilize, and distribute masks and gloves before entering to facility.

11. Implemented a Personal Protective Equipment program, provided associates with masks and gloves, provide frontline associates, such as cashiers, security guard, delivery team with protective clothing, goggles, and complimentary herbal heath care supplies to enhance immune system.

12. Step Marking for Social Distancing program - installed floor markers and additional signage in high traffic areas to signify six-foot distances to encourage proper social distancing, hiring safe guard to monitor the social distance and customer safety in store.

13. Reserved the first two hours of business each day for elderly and at-risk customers

14. Implemented temperature checks for all associates

15. Acquiring mask supplies business oversea, to stock up on in demand related products.

16. Installed plexiglass shields at all registers, guest services and pharmacy counters

Due to the stay-at-home order, sales transactions were decreased by 62% from 1.3 million transactions for the three months ended June 30, 2019 to 0.5 million transactions for the three months ended June 30, 2020. However, sales per transaction increased from $14 to $33. Sales decreased by $1.0 million due to the lockdown for the quarter ended June 30, 2020.

How to Assess iFresh's Performance

In assessing performance, iFresh's management considers a variety of performance and financial measures, including principal growth in net sales, gross profit and Adjusted EBITDA. The key measures that we use to evaluate the performance of our business are set forth below:

Net Sales

iFresh's net sales comprise gross sales net of coupons and discounts. We do not record sales taxes as a component of retail revenues as it considers it a pass-through conduit for collecting and remitting sales taxes.

Gross Profit

iFresh calculates gross profit as net sales less cost of sales and occupancy costs. Gross margin represents gross profit as a percentage of its net sales. Occupancy costs include store rental costs and property taxes. The components of our cost of sales and occupancy costs may not be identical to those of its competitors. As a result, our gross profit and gross margin may not be comparable to similar data made available by our competitors.

Cost of sales includes the cost of inventory sold during the period, including the direct costs of purchased merchandise (net of discounts and allowances), distribution and supply chain costs, buying costs and supplies. iFresh recognizes vendor allowances and merchandise volume related rebate allowances as a reduction of inventories during the period when earned and reflects the allowances as a component of cost of sales as the inventory is sold. Shipping and handling for inventories purchased are included in cost of goods sold.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of retail operational expenses, administrative salaries and benefits costs, marketing, advertising and corporate overhead.

Adjusted EBITDA

iFresh believes that Adjusted EBITDA is a useful performance measure and can be used to facilitate a comparison of NYM's operating performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business than GAAP measures alone can provide. iFresh also uses Adjusted EBITDA as one of the primary methods for planning and forecasting overall expected performance and for evaluating on a quarterly and annual basis actual results against such expectations, and as a performance evaluation metric in determining achievement of certain compensation programs and plans for employees, including senior executives. Other companies in the industry may calculate Adjusted EBITDA differently than iFresh does, limiting its usefulness as a comparative measure.

iFresh's management defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation and amortization expense, store opening costs, and non-recurring expenses. All of the omitted items are either (i) non-cash items or (ii) items that we do not consider in assessing its ongoing operating performance. Because it omits non-cash items, iFresh's management believes that Adjusted EBITDA is less susceptible to variances in actual performance resulting from depreciation, amortization and other non-cash charges and more reflective of other factors that affect its operating performance. iFresh's management believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the company's financial measures with other specialty retailers, many of which present similar non-GAAP financial measures to investors.

Results of Operations for the three months ended June 30, 2020 and 2019

	For the three months ended June 30,		Changes	
	2020	2019	$	%
Net sales-third parties	$ 21,268,301	$ 23,084,675	$ (1,816,374)	(7.9)%
Net sales-related parties	265,614	743,107	(477,493)	(64.3)%
Total Sales	21,533,915	23,827,782	(2,293,867)	(9.6)%
Cost of sales-third parties	13,822,463	16,516,099	(2,693,635)	(16.3)%
Cost of sales-related parties	194,620	582,569	(387,950)	(66.6)%
Occupancy costs	1,473,174	1,930,619	(457,445)	(23.7)%
Gross Profit	6,043,658	4,798,495	1,245,163	25.9%
Selling, general, and administrative expenses	4,414,162	8,575,894	(4,161,732)	(48.5)%
Income (loss) from operations	1,629,496	(3,777,399)	5,406,895	(143.1)%
Interest expense	(361,226)	(609,745)	248,519	(40.8)%
Other income	2,329,200	921,080	1,408,119	152.9%
Income (loss) before income tax provision	3,597,470	(3,466,064)	7,063,533	(203.8)%
Income tax provision (benefit)	-	(97,937)	97,937	(100)%
Net income (loss)	3,597,470	(3,368,127)	6,965,596	(206.,8)%
Less: net loss attributable to non-controlling interest	(5,918)	-	(5,918)	(100)%
Net income (loss) attributable to common shareholders	$ 3,603,388	$ (3,368,127)	$ 6,971,514	(207)%

Net Sales

The following table summarizes disaggregated revenue from contracts with customers by segments:

	For the three months ended June 30,		Changes	
	2020	2019	$	%
US Wholesale	$ 4,227,311	$ 4,532,105	$ (304,794)	(7)%
US Retail	$ 17,089,552	$ 19,295,677	$ (2,206,125)	(11)%
Liquor products	192,749	-	192,749	100%
Mask products	24,303	-	244,303	100%
Total Net Sales	$ 21,533,915	$ 23,827,782	$ (2,293,867)	(10)%

US Retail and wholesale business

The following table summarized the sales from US supermarket and trading business for the three months ended June 30, 2020 and 2019:

	For the three months ended June 30,		Changes	
	2020	2019	$	%
Net sales of retail-third parties	$ 17,089,552	$ 19,295,677	$ (2,206,125)	(11)%
Net sales of wholesale-third parties	3,961,697	3,788,998	172,699	5%
Net sales of wholesale-related parties	265,614	743,107	(477,493)	(64)%
Total Net Sales	$ 21,316,863	$ 23,827,782	$ (2,510,919)	(11)%

For the US supermarket and trading business, net sales were $21.3 million for the three months ended June 30, 2020, a decrease of $2.5 million, or 11 %, from $ 23.8million for the three months ended June 30, 2019.

Net retail sales to third parties decreased by $2.2 million, or 11%, from $19.3 million for the three months ended June 30, 2019 to $17.1 million for the three months ended June 30, 2020. The decrease resulted mainly from the closure of two stores in New York City due to lower performance. These two stores contributed $2.2 million for the three months ended June 30, 2019. Due to the impact of Covid-19, our sales was decreased by $1.0 million in the wholesale and retail business sector. However, we opened a new store in North Miami in January 2020, which contributed sales of $1.0 million for the three months ended June 30, 2020, compared to $nil for the three months ended June 30, 2019.

Our total net wholesale sales decreased by $0.2 million from $4.4 million for the three months ended June 30, 2019 to $4.2 million for the three months ended June 30, 2020. Sales was considered to be consistent for these two periods.

Liquor and mask products

In April 2020, we acquired RET Wine Co. and DL Medical in China. For the three months ended June 30, 2020, RET Wine Co. and DL Medical contributed sales of $192,749 and $24,303, respectively. DL Medical is a newly incorporated Company established in March 2020.

Cost of sales, Occupancy costs and Gross Profit

The following table summarizes disaggregated Cost from contracts with customers by segments:

	For the three months ended June 30,		Changes	
	2020	2019	$	%
US Whole sale	$ 2,761,865	$ 3,193,655	$ (431,790)	(14)%
US Retail	$ 12,645,555	$ 15,835,632	$ (3,190,077)	(20)%
Liquor products	70,554	-	70,554	100%
Mask products	12,283	-	12,283	100%
Total Cost of sales (including occupancy cost)	$ 15,490,257	$ 19,029,287	$ (3,539,030)	(19)%

US retail and wholesale business

Retail Segment	For the three months ended June 30, 2020	2019	Changes $	%
Cost of sales	$ 11,172381	$ 13,905,013	$ (2,732,632)	(20)%
Occupancy costs	1,473,174	1,930,619	(457,445)	(24)%
Gross profit	4,443,997	3,460,045	983,952	28%
Gross margin	26%	18%	8%	-

For the retail segment, cost of sales decreased by $2.7 million, from $13.9 million for the three months ended June 30, 2019, to $11.2 million for the three months ended June 30, 2020. The decrease was consistent with the sales decreased and mainly due to the closure of two stores in New York City in 2020, which contributed cost of $1.7 million for the three months ended June 30, 2019. The cost decreased by 20%, compared to sales decrease of 11%, lead to higher margin which was calculated before adding the occupancy cost in the total cost. This is expected when the strategic decision was made to close the two stores with margin lower compared to others. For the three months ended June 30, 2019, these two stores had gross margin of 2% only.

Occupancy costs consist of store-level expenses such as rental expenses, property taxes, and other store specific costs. Occupancy costs decreased by approximately $0.5million, which was mainly attributable to the closure of the two stores in New York City which contributed occupancy cost of $0.5 million for the three months ended June 30, 2019.

Gross profit was $4.4 million and $3.5 million for the three months ended June 30, 2020 and 2019, respectively. Gross margin was 26% and 18% for the three months ended June 30, 2020 and 2019, respectively. The gross profit increased due to the closure of the two stores with lower gross margin in 2020 as mentioned above.

Wholesale Segment	For the three months ended June 30, 2020	2019	Changes $	%
Cost of sales	$ 2,761,865	$ 3,193,655	$ (431,790)	(14)%
Gross profit	1,465,446	1,338,450	126,996	9%
Gross margin	35%	30%	5%	-

For our wholesale segment, the cost of sales for the three months ended June 30, 2020 decreased by $0.4 million, or 14%, from $3.2 million for the three months ended June 30, 2019 to $2.8 million for the three months ended June 30, 2020. The decrease is consistent with the decrease of sales from the wholesale segment in 2020.

Gross profit for the three months ended June 30, 2020 increased by around $0.1 million, or 9%, from $1.4 million for the three months ended June 30, 2019 to $1.5 million for the three months ended June 30, 2020. Gross margin increased by 5% from 30% to 35%. The increase was due to the significant sales decrease to its related parties, of which the margin is lower than sales made to third parties.

Liquor and mask products

For our liquor products, the cost of sales and gross profit for the three months ended June 30, 2020 were $70,554 and $122,195, respectively, with a gross margin of 63%. For our mask products, the cost of sales and gross profit for the three months ended June 30, 2020 were $12,283 and $12,020, respectively, with a gross margin of 49%. These two business have relatively high margin due to the industry barriers where business licenses are required for the manufacturing of these products.

Selling, General and Administrative Expenses

Selling, general, and administrative expenses were $4.4 million for the three months ended June 30, 2020, a decrease of $4.2 million, or 48.5%, compared to $8.6 million for the three months ended June 30, 2019. For the three months ended June 30, 2019, we had $0.5 million of stock compensation to employees and $1.5 million of expense associated with warrant exercise in that quarter. Due to the change of majority shareholder from Mr. Long Deng to HK Xu Ding Co., Limited, which is qualified as "fundamental transaction" defined in the warrant agreements dated in October 23, 2018. The shareholders exercised its warrants at no cost. For the three months ended June 30, 2020, due to the permanent closure of two stores in New York City, selling, general, and administrative expenses decreased by $0.7 million. In addition, overall selling, general, and administrative expenses decreased by $1.3 million across the all segments due to the lower sales and management's effort to cut expense, as well as the impact of Covid-19 when we have to temporarily close certain stores for 20 days in April.

Interest Expense

Interest expense was $0.4 million for the three months ended June 30, 2020, a decrease of $0.2 million, or 41%, from $0.6 million for the three months ended June 30, 2019, attributable to decreased interest rate from 4.45% for the three months ended June 30, 2019 to 2.25% for the three months ended June 30, 2019.

Other income

Other income was $2.3 million for the three months ended June 30, 2020, which included management and advertising fee income, rental income, lottery sales, and other miscellaneous income. Other income increased $1.4 million, 153%, from $0.9 million for the three months ended June 30, 2019. For the three months ended June 30, 2020, the Company collected $2.3 million from the litigation claims. For the three months ended June 30, 2020, management fee and rental income decreased by $0.6 million due to the closure of two stores, as well as the impact of Covid-19.

Income Taxes Provision

The Company is subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which each entity is domiciled. iFresh is a Delaware holding company that is subject to the U.S. income tax. RET and DL Medical are incorporated in the PRC and subject to PRC income tax which is computed according to the relevant laws and regulations in the PRC. Income tax expense was $nil for the three months ended June 30, 2020, compared to $98,000 of income tax benefit for the three months ended June 30, 2019. The effective income tax rate was 0% and 2.8% for the three months ended June 30, 2020 and 2019, respectively. For the three months ended June 30, 2020, the Company utilized the deferred tax assets due to NOLs from prior periods which has been fully reserved. For the three months ended June 30, 2019, the Company recognized deferred tax result from deferred expense, inventory cap and lease liabilities.

Net Income (loss) and Net Income (loss) attributable to noncontrolling interset

	For the three months ended June 30,		Changes	
	2020	**2019**	**$**	**%**
Net income (loss)	$ 3,597,470	$ (3,368,126)	$ 6,965,596	(207)%
Net loss attributable to noncontrolling interest	$ (5,918)	$ -	$ (5,918)	(100)%
Net income (loss) attributable to iFresh	$ 3,603,388	$ (3,368,126)	$ 6,971,514	(207)%
Net income (loss) Margin	17%	(14)%	31%	

Net income was $3.6 million for the three months ended June 30, 2020, an increase of $7.0 million, or 207%, from $3.4 million of net loss for the three months ended June 30, 2019, mainly attributable to the increased gross margin, decrease in selling, general, and administrative expenses and increased other income described above. Net loss attributable to noncontrolling interest resulted from the loss from DL Medical, which was 70% owned by iFresh. Net income(loss) as a percentage of sales was 17% and -14% for the three months ended June 30, 2020 and 2019, respectively.

Adjusted EBITDA

	For the three months ended June 30,		Changes	
	2020	2019	$	%
Net income (loss)	$ 3,597,470	$ (3,368,127)	$ 6,965,597	(207)%
Interest expense	361,226	609,745	(248,519)	(41)%
Income tax provision	-	(97,937)	97,937	(100)%
Depreciation	573,872	561,644	12,228	2%
Amortization	136,633	33,333	103,300	(310)%
Adjusted EBITDA	$ 4,669,201	$ (2,261,342)	$ 6,930,543	(306)%
Percentage of sales	21.7%	-9.5%	31.2%	

Income before income tax, depreciation, and amortization was $4.7 million for the three months ended June 30, 2020, an increase of $7.0 million, as compared to loss before income tax, depreciation, and amortization of $2.3 million for the three months ended June 30, 2019, mainly attributable to the increase in net income resulting from increased gross margin, decrease in selling, general, and administrative expenses and increased other income described above.

Liquidity and Capital Resources

As of June 30, 2020, iFresh had cash and cash equivalents of approximately $4.4 million. iFresh had operating income of $3.6 million and operating loss of $3.5 million for the three months ended June 30, 2020 and 2019, respectively, and had negative working capital of $19.1 million and $28.6 million as of June 30, 2020 and March 31, 2020, respectively. The long-term KeyBank loan of $20.1 million has been reclassified as short-term because the Company is not in compliance with the KeyBank loan covenants and KeyBank has the option to accelerate payment at any time. The Company did not meet certain financial covenants required in the credit agreement with KeyBank National Association (“KeyBank”). As of June 30, 2020, the Company has outstanding loan facilities of approximately $20.1 million due to KeyBank. Failure to maintain these loan facilities will have a significant impact on the Company’s operations. Refer to the discussion below in “KeyBank National Association – Senior Secured Credit Facilities” section for more detail.

iFresh had funded working capital and other capital requirements in the past primarily by equity contribution from shareholders, cash flow from operations, and bank loans. Cash is required to pay purchase costs for inventory, rental, salaries, office rental expenses, income taxes, other operating expenses and repay debts. iFresh’s ability to repay its current obligation will depend on the future realization of its current assets. iFresh’s management has considered the historical experience, the economy, trends in the retail industry, the expected collectability of the accounts receivables and the realization of the inventories as of June 30, 2020. iFresh’s ability to continue to fund these items may be affected by general economic, competitive and other factors, many of which are outside of our control.

We have $5.9 million of advances and receivables from related parties that we intend to collect or acquire. For the three months ended June 30, 2020, the Company’s received $2.5 million cash from the issuance of stock.

The Company’s principal liquidity needs are to meet its working capital requirements, operating expenses, and capital expenditure obligations. As of June 30, 2020, the Company remains in noncompliance with the financial covenants of the KeyBank Loan. These conditions continue to raise doubt as to the Company’s ability to remain a going concern. The management believe the Company does not have enough liquidity for the next twelve months.

The following table summarizes iFresh’s cash flow data for the three months ended June 30, 2020 and 2019.

	For the three months ended June 30,	
	2020	2019
Net cash provided by (used in) operating activities	$ 1,141,128	$ (620,468)
Net cash provided by (used in) investing activities	(1,680,106)	329,249
Net cash provided by financing activities	4,213,676	552,745
Effect of exchange rate change on Cash and cash equivalent	196	552,745
Net increase in cash and cash equivalents	$ 3,674,694	$ 261,526

Operating Activities

Net cash provided by operating activities consists primarily of net income adjusted for non-cash items, including depreciation, changes in deferred income taxes, loss on early extinguishment of debt, and the effect of working capital changes. Net cash provided from operating activities was approximately $1.1million for the three months ended June 30, 2020, an increase of $1.8 million, or 284%, compared to $0.6 million used in operating activities for the three months ended June 30, 2019. The increase was a result of an increase of $7.0 million net income, offset by $5.2 million decrease from change of working capital mainly resulting from decrease from inventory of $4.2 million and share based compensation of $1.9 million.

Investing Activities

Net cash used in investing activities was approximately $1.7 million for the three months ended June 30, 2020, an increase of $2.0million, compared to $0.3 million provided by investing activities for the three months ended June 30, 2019. The increase was primarily attributable to the increase of $0.4 million in acquisition of property and equipment in 2020, $1.4 million of cash advanced to related parties, as well as net cash paid to acquire two business in China for $0.2 million.

Financing Activities

Net cash provided by financing activities was approximately $4.2 million for the three months ended June 30, 2020, which mainly consisted of cash received from issuance of stock for $2.5 million and cash received from governmental PPP loans of $1.8 million, offset by $55,000 cash paid notes payable, and capital leases. Net cash provided by financing activities was approximately $0.6 million for the three months ended June 30, 2019, which mainly consisted of net cash paid for bank loans of $0.5 million, cash received from capital contribution of $1.1 million, offset by $60,000 cash paid notes payable, and capital leases.

Paycheck Protection Program loans from government

In April and May 2020, the Company received Paycheck Protection Program loan (“PPP loan”) of $1,768,212 provided by US Small Business Administration (“SBA”). These loans are designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. These loans have an interest rate of 1% with a maturity of 2 years.

KeyBank National Association – Senior Secured Credit Facilities

On December 23, 2016, NYM, as borrower, entered into a $25 million senior secured Credit Agreement (the “Credit Agreement”) with Key Bank National Association (“Key Bank” or “Lender”). The Credit Agreement provides for (1) a revolving credit of $5,000,000 for making advance and issuance of letter of credit, (2) $15,000,000 of effective date term loan and (3) $5,000,000 of delayed draw term loan. The interest rate is equal to (1) the Lender’s “prime rate” plus 0.95%, or (b) the Adjusted LIBOR rate plus 1.95%. Both the termination date of the revolving credit and the maturity date of the term loans are December 23, 2021. The Company will pay a commitment fee equal to 0.25% of the undrawn amount of the Revolving Credit Facility and 0.25% of the unused Delayed Draw Term Loan Facility. $4,950,000 of the revolving credit was used as of December 31, 2018.

$15,000,000 of the term loan was fully funded by the lender in January 2017. The Company is required to make fifty-nine consecutive monthly payments of principal and interest in the amount of $142,842 starting from February 1, 2017 and a final payment of the then entire unpaid principal balance of the term loan, plus accrued interest on the maturity date.

A Delayed Draw Term Loan was available and would be advanced on the Delayed Draw Funding date (as defined in the Credit Agreement, which is no later than December 23, 2021. A withdrawal of $5 million under the Delayed Draw Term Loan was made as of March 31, 2019.

The senior secured credit facility is secured by all assets of the Company and is jointly guaranteed by the Company and its subsidiaries and contains financial and restrictive covenants. The financial covenants require NYM to deliver audited consolidated financial statements within one hundred twenty days after the fiscal year end and to maintain a fixed charge coverage ratio not less than 1.1 to 1.0 and senior funded debt to earnings before interest, tax, depreciation and amortization ("EBITDA") ratio less than 3.0 to 1.0 at the last day of each fiscal quarter, beginning with the fiscal quarter ending March 31, 2017. Except as stated below, the senior secured credit facility is subject to customary events of default. It will be an event of default if Mr. Long Deng resigns, is terminated, or is no longer actively involved in the management of NYM and a replacement reasonably satisfactory to the Lender is not made within sixty (60) days after such event takes place. The Company violated the loan covenant when Mr. Long Deng, CEO and major shareholder of the Company sold an aggregate of 8,294,989 restricted shares to HK Xu Ding Co., Limited on January 23, 2019, representing 51% of the total issued and outstanding shares of the Company as of December 31, 2018. The Company failed to obtain a written consent for the occurrence of the change of ownership. As a result, effective as of March 1, 2019, interest was accrued on all loans at the default rate and the monthly principal and interest payment due under the effective date term loan will be $155,872 instead of $142,842.

On May 20, 2019 (the "Effective Date"), the Company entered into a forbearance agreement (the "Forbearance Agreement") with KeyBank, pursuant to which KeyBank has agreed to delay the exercise of its rights and remedies under the Loan agreement based on the existence of the events of defaults for certain period of time. The Forbearance Agreement contains customary forbearance covenants and other forbearance covenants and defined certain events of defaults. Starting from May, 2019, the monthly payment decreased to $142,842 as originally required per the credit facility agreements.

The Company failed to meet its obligations under the Loan Agreements by the end of the First Forbearance Period. On October 17, 2019 (the "Effective Date"), the Company, Go Fresh 365, Inc. ("Go Fresh"), Mr. Long Deng and Keybank entered into the second forbearance agreement (the "Second Forbearance Agreement"). Pursuant to certain Guaranty Agreement dated as of December 26, 2016, as amended by several joinder agreements and the Second Forbearance Agreement, the Company, certain subsidiaries of NYM, Go Fresh and Mr. Long Deng (collectively, the "Guarantors", and together with the Borrower, the "Loan Parties") have agreed to guarantee the payment and performance of the obligations of the Borrower under the Credit Agreement ("Obligations"). Key Bank has agreed to delay the exercise of its rights and remedies under the Loan Agreement based on the existence of certain events of default (the "Specified Events of Default") until the earlier to occur of: (a) 5:00 p.m. Eastern Time on the November 29, 2019; and (b) a Forbearance Event of Default.

From Jan to June 2020, non-payment of amount due by the Company was $1,194,878. Also, the Company has filed certain loan covenants. On August 6, 2020 the Company received 3rd forbearance agreement from Key Bank, which includes the following terms:

- All delinquent regular interest paid at or before settlement.
- July and August required payments will be regular interest amounts.
- Default interest will be deferred until 9/25/2020
- Store valuations will be ordered immediately.
- Continue to provide weekly cash flow reports.
- Provide quarterly financial statements of NYM, iFresh and newly acquired businesses.
- Monthly financial projections.
- Cost/work detail on the completion of the CT store.
- Pledge of the equity and guarantee of newly acquired businesses.
- File a UCC-1 financing statement for iFresh Inc.

If agreement cannot be reached, KeyBank is fully prepared to pursue legal remedies. As of the date of this report. The Forbearance Agreement is still under negotiation.

Commitments and Contractual Obligations

The following table presents the Company's material contractual obligations as of June 30, 2020:

Contractual Obligations (unaudited)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Bank Loans	$ 20,141,297	$ 20,141,297	$ —	$ —	—
PPP Loans	$ 1,768,212	$ —	$ 1,768,212	$ —	—
Estimated interest payments on bank loans	1,398,563	1,009,882	388,681	—	—
Notes payable	105,618	76,070	29,548	—	—
Capital lease obligations including interest	429,930	162,551	265,120	2,259	—
Operating Lease Obligations(1)	86,211,379	7,903,304	16,685,843	15,482,039	46,140,193
	$ 110,054,999	$ 29,293,104	$ 19,137,404	$ 15,484,298	$ 46,140,193

(1) Operating lease obligations do not include common area maintenance, utility and tax payments to which iFresh is obligated, which is estimated to be approximately 50% of operating lease obligation.

Off-balance Sheet Arrangements

iFresh is not a party to any off-balance sheet arrangements.

Critical Accounting Estimates

The discussion and analysis of iFresh's financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with GAAP. These principles require iFresh's management to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, cash flow and related disclosure of contingent assets and liabilities. The estimates include, but are not limited to, revenue recognition, inventory valuation, impairment of long-lived assets, lease, and income taxes. iFresh bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and the actual results, future financial statements will be affected.

iFresh's management believes that among their significant accounting policies, which are described in Note 3 to the unaudited condensed consolidated financial statements of iFresh included in this Form 10-Q, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, iFresh's management believes these are the most critical to fully understand and evaluate its financial condition and results of operations.

Revenue Recognition

In accordance with Topic 606 revenue is recognized at the time the sale is made, at which time our walk-in customers take immediate possession of the merchandise or delivery is made to our wholesale customers. Payment terms are established for our wholesale customers based on the Company's pre-established credit requirements. Payment terms vary depending on the customer. Based on the nature of receivables no significant financing components exist. Sales are recorded net of discounts, sales incentives and rebates, sales taxes and estimated returns and allowances. We estimate the reduction to sales and cost of sales for returns based on current sales levels and our historical return experience.

Topic 606 defines a performance obligation as a promise in a contract to transfer a distinct good or service to the customer and is considered the unit of account. The majority of our contracts have one single performance obligation as the promise to transfer the individual goods is not separately identifiable from other promises in the contracts and is, therefore, not distinct.

We had no material contract assets, contract liabilities or costs to obtain and fulfill contracts recorded on the Condensed Consolidated Balance Sheet as of June 30, 2019. Revenue recognized from performance obligations related to prior periods was insignificant.

Inventories

Inventories consist of merchandise purchased for resale, which are stated at the lower of cost or market. The cost method is used for wholesale and retail perishable inventories by assigning costs to each of these items based on a first-in, first-out (FIFO) basis (net of vendor discounts).

The Company's wholesale and retail non-perishable inventory is valued at the lower of cost or market using weighted average method.

Impairment of Long-Lived Assets

iFresh assesses its long-lived assets, including property and equipment and finite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. The Company groups and evaluates long-lived assets for impairment at the individual store level, which is the lowest level at which independent identifiable cash flows are available. Factors which may indicate potential impairment include a significant underperformance relative to the historical or projected future operating results of the store or a significant negative industry or economic trend. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by that asset. If impairment is indicated, a loss is recognized for any excess of the carrying value over the estimated fair value of the asset group. The fair value is estimated based on the discounted future cash flows or comparable market values, if available.

Leases

On April 1, 2019 the Company adopted Accounting Standards Update ("ASU") 2016-02. For all leases that were entered into prior to the effective date of ASC 842, we elected to apply the package of practical expedients. Based on this guidance we will not reassess the following: (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases. See Note 13 for additional information.

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current portion of obligations under operating leases, and obligations under operating leases, non-current on the Company's consolidated balance sheets. Finance leases are included in property and equipment, net, current portion of obligations under capital leases, and obligations under capital leases, non-current on our consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date, adjusted by the deferred rent liabilities at the adoption date. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The Company's terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Income Taxes

iFresh must make certain estimates and judgments in determining income tax expense for financial statement purposes. The amount of taxes currently payable or refundable is accrued, and deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for realizable loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the fiscal year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities for a change in income tax rates is recognized in income in the period that includes the enactment date.

iFresh apply the provisions of the authoritative guidance on accounting for uncertainty in income taxes that was issued by the Financial Accounting Standards Board, or FASB. Pursuant to this guidance, and may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The authoritative guidance also addresses other items related to uncertainty in income taxes, including derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Business Combinations

The Company accounts for its business combinations using the purchase method of accounting in accordance with ASC 805 ("ASC 805"), "Business Combinations". The purchase method of accounting requires that the consideration transferred be allocated to the assets, including separately identifiable assets and liabilities the Company acquired, based on their estimated fair values. The consideration transferred in an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred, and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over, (ii) the fair value of the identifiable net assets of the acquiree, is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in earnings.

The Company estimates the fair value of assets acquired and liabilities assumed in a business combination. While the Company uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, its estimates are inherently uncertain and subject to refinement. Significant estimates in valuing certain intangible assets include, but are not limited to future expected revenues and cash flows, useful lives, discount rates, and selection of comparable companies. Although the Company believes the assumptions and estimates it has made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from management of the acquired companies and are inherently uncertain. During the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. On the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of income.

Recently Issued Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-07, "Improvements to Nonemployee Share-Based Payment Accounting", which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The changes take effect for public companies for fiscal years starting after December. 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. On April 1, 2019, the Company adopted this ASU and the adoption did not have a material impact on the Company's unaudited condensed consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): The amendments in this Update require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The amendments broaden the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The use of forecasted information incorporates more timely information in the estimate of expected credit loss, which will be more decision useful to users of the financial statements. This ASU is effective for annual and interim periods beginning after December 15, 2019 for issuers and December 15, 2020 for non-issuers. Early adoption is permitted for all entities for annual periods beginning after December 15, 2018, and interim periods therein. In May 2019, the FASB issued ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. This update adds optional transition relief for entities to elect the fair value option for certain financial assets previously measured at amortized cost basis to increase comparability of similar financial assets. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified retrospective approach). In November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-13 to be fiscal years beginning after December 15, 2022 and interim periods therein. The Company does not believe this guidance will have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12 ("ASU 2019-12"), Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to managerial accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently assessing the impact of adopting this standard, and does not believe this guidance will have a material impact on its consolidated financial statements.

No other new accounting pronouncements issued or effective had, or are expected to have, a material impact on the Company's condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of June 30, 2020, we were not subject to material market or interest rate risk.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2020, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2020, due to our lack of experience being a public company and lack of professional staff with adequate knowledge of SEC's rules and requirements.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

In the ordinary course of our business, we are subject to periodic lawsuits, investigations and claims, including, but not limited to, contractual disputes, premises claims, and employment, environmental, health, safety and intellectual property matters. Although we cannot predict with certainty the ultimate resolution of any lawsuits, investigations, and claims asserted against the Company, we do not believe any currently pending legal proceedings to which the Company is a party will have a material adverse effect on the Company's business, prospects, financial condition, cash flows, or results of operations other than the following:

Leo J. Motsis, as Trustee of the 140-148 East Berkeley Realty Trust v. Ming's Supermarket, Inc.

This case relates to a dispute between Ming's Supermarket, Inc. ("Ming"), the subsidiary of the Company and the landlord of the building located at 140-148 East Berkeley Street, Boston, MA (the "Property"), under a long-term operating lease ("Lease"). Since February 2015, Ming was unable to use the premise of the property due to a structure damage assessed by the Inspectional Services Department of the City of Boston ("ISD"), and stopped paying the rent since April 2015 after the landlord refused to perform structural repairs. The landlord then sued Ming for breach of the Lease and unpaid rent, and Ming counterclaimed for constructive eviction and for damages resulting from the landlord's breach of its duty to perform structural repairs under the Lease.

The case was tried before a jury in August 2017. The jury awarded Ming judgment against the landlord in the amount of $795,000, plus continuing damages of $2,250 per month until the structural repairs are completed. The court found that the landlord's actions violated the Massachusetts unfair and deceptive acts and practices statute and therefore doubled the amount of damages to $1,590,000 and further ruled that Ming should also recover costs and attorneys' fees of approximately $250,000. The result is a judgment in favor of Ming and against the landlord that will total approximately $1.85 million. The judgment requires the landlord to repair the premises and obtain an occupancy permit. The landlord is responsible to Ming for damages in the amount of $2,250 per month until an occupancy permit is issued. The judgment also accrues interest at the rate of 12% per year until paid.

The landlord filed an appeal, the appeal hearing was held in July 12, 2019 and judge concluded that the landlord should be required both to perform the relevant obligations of the lease in the future and to pay damages caused by his previous failure to do so and for any period of delay in completing specific performance. On November 5, 2019, the Appeal Count issued a full decision affirming the judgment was entered and transmitted a rescript of the affirmance of the judgment to the superior count.

The final judgment was entered after rescript on May 7, 2020. On June 29, 2020, the landlord executed the final judgment and finally made the payment of $2,536,142 to Ming.

Hartford Fire Insurance Company v. New York Mart Group Inc

On November 28, 2018, a lawsuit was filed against New York Mart Group, Inc. by Hartford Fire Insurance Company ("Hartford"), who seeks contractual indemnification from the Company and other defendants relating to certain supersedeas bonds issued by Hartford in connection with the unsuccessful appeal of state court litigation by iFresh's codefendant. Hartford alleges that iFresh guaranteed performance of the bonds and therefore seeks to enforce the indemnification terms thereof against iFresh in addition to the other defendants. On June 14, 2019, Hartford filed a motion for summary judgment against iFresh, arguing that Hartford is entitled to judgment as a matter of law. The deadline for iFresh to respond to that motion has not yet occurred. In view of the uncertainties inherent in litigation, we are unable to form a judgment as to the likelihood of an unfavorable outcome. If the plaintiff was to prevail on the merit, it could obtained a judgment against iFresh in the amount of its alleged loss under the bonds for the amount of $424,772, in addition to attorney's fee, costs and interest. The Company has accrued $500,000 for the potential loss and expense associated with this case.

Winking Group LLC v. New York Supermarket E. Broadway Inc

A subsidiary of the Company, New York Supermarket E. Broadway Inc., entered into a lease with Winking Group LLC for the Company's store located at 75 East Broadway, NY, 10002. The landlord sued the Company for failing to pay rent and additional fee of $450,867. The Company negotiated an agreement with the landlord to settle the case. On November 21, 2019, the Company consented to a final judgment of possession in favor of Winking Group LLC in the amount of $400,000, with $50,867 being waived by the landlord. $400,000 has been paid in full as of December 31, 2019.

Earl M. Wheby, Jr. v. iFresh Inc.

On August 7, 2019, the Company received a complaint from a shareholder for the inspection of the Company's books and records and to request expedited proceedings. On October 7, 2019, the Company filed an answer in response to the shareholder's complaint, pursuant to which, among other things, the Company has agreed to produce some documents responsive to the shareholder's demand. No hearing has been scheduled for this matter. On November 15, 2019, The Court approved plaintiff's voluntarily withdrawal of the lawsuit.

JD Produce Maspeth LLC v. iFresh, Inc. alt.

On September 16, 2019, the JD Produce Maspeth ("plaintiff") seeks $178,953 in unpaid goods purchased by the Company. The legal process was just initiated and interrupted by the outbreak of COVID-19. The Company has recorded the purchase and payable on the financial statements.

Don Rick Associates LLC. v. New York Mart Roosevelt Inc.

One of the subsidiaries of the Company, New York Mart Roosevelt Inc, has failed to pay the rents on time. The landlord has sued the Company for nonpayment. On May 31, 2019, a motion for summary Judgement was filed for unpaid rent in the amount of $102,792 and $14,984 for attorney fees and disbursements. These amounts have been fully accrued as of June 30, 2020.

SEC Subpoena

On March 6, 2020, the Company announced that it has received a subpoena from the Securities and Exchange Commission ("SEC") requesting certain information. The subpoena sought various documents and information regarding, among other things, the Company's financial institution accounts, accounting practices, auditing practices, internal controls, payroll, and information furnished to auditors. Although the Company is not currently the subject of any enforcement proceedings, the investigation could lead to enforcement proceedings if SEC contends that the Company has not complied with securities laws. The Company is fully cooperating with the SEC's request.

Item 1A. Risk Factors.

Other than the risk factor related to the Company that is further discussed in this section, there have been no changes with respect to risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended March 31, 2020. Investing in our common stock involves a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and in our Annual Report on Form 10-K for the year ended March 31, 2020, under the caption "Risk Factors," our Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 2 of Part I of this Quarterly Report on Form 10-Q, our consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and our consolidated financial statements and related notes, as well as our Management's Discussion and Analysis of Financial Condition and Results of Operations and the other information in our Annual Report on Form 10-K for the year ended March 31, 2020. Readers should carefully review those risks, as well as additional risks described in other documents we file from time to time with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds from Registered Securities.

None.

Item 3. Defaults Upon Senior Securities.

On December 23, 2016, a wholly-owned subsidiary of the Company, NYM Holding, Inc. ("NYM"), as borrower, entered into a $25 million senior secured Credit Agreement (the "Credit Agreement") with Key Bank National Association ("Key Bank" or "Lender"). The Credit Agreement provides for (1) a revolving credit of $5,000,000 for making advance and issuance of letter of credit, (2) $15,000,000 of effective date term loan and (3) $5,000,000 of delayed draw term loan. The interest rate is equal to (1) the Lender's "prime rate" plus 0.95%, or (b) the Adjusted LIBOR rate plus 1.95%. Both the termination date of the revolving credit and the maturity date of the term loans are December 23, 2021. The Company will pay a commitment fee equal to 0.25% of the undrawn amount of the Revolving Credit Facility and 0.25% of the unused Delayed Draw Term Loan Facility. $4,950,000 of the revolving credit was used as of December 31, 2018.

$15,000,000 of the term loan was fully funded by the lender in January 2017. The Company is required to make fifty-nine consecutive monthly payments of principal and interest in the amount of $142,842 starting from February 1, 2017 and a final payment of the then entire unpaid principal balance of the term loan, plus accrued interest on the maturity date.

A Delayed Draw Term Loan was available and would be advanced on the Delayed Draw Funding date (as defined in the Credit Agreement, which is no later than December 23, 2021. A withdrawal of $5 million under the Delayed Draw Term Loan was made as of March 31, 2019.

The senior secured credit facility is secured by all assets of the Company and is jointly guaranteed by the Company and its subsidiaries and contains financial and restrictive covenants. The financial covenants require NYM to deliver audited consolidated financial statements within one hundred twenty days after the fiscal year end and to maintain a fixed charge coverage ratio not less than 1.1 to 1.0 and senior funded debt to earnings before interest, tax, depreciation and amortization ("EBITDA") ratio less than 3.0 to 1.0 at the last day of each fiscal quarter, beginning with the fiscal quarter ending March 31, 2017. Except as stated below, the senior secured credit facility is subject to customary events of default. It will be an event of default if Mr. Long Deng resigns, is terminated, or is no longer actively involved in the management of NYM and a replacement reasonably satisfactory to the Lender is not made within sixty (60) days after such event takes place. The Company violated the loan covenant when Mr. Long Deng, CEO and major shareholder of the Company sold an aggregate of 8,294,989 restricted shares to HK Xu Ding Co., Limited on January 23, 2019, representing 51% of the total issued and outstanding shares of the Company as of December 31, 2018. The Company failed to obtain a written consent for the occurrence of the change of ownership. As a result, effective as of March 1, 2019, interest was accrued on all loans at the default rate and the monthly principal and interest payment due under the effective date term loan will be $155,872 instead of $142,842.

On May 20, 2019, iFresh, NYM (or the "Borrower"), certain subsidiaries of NYM, Mr. Long Deng and KeyBank National Association ("KeyBank" or the "Lender") entered into the first forbearance agreement (the "First Forbearance Agreement") with respect to that certain Credit Agreement, dated as of December 23, 2016, as amended, pursuant to which KeyBank made available to NYM a revolving credit facility, a term loan facility, and other credit accommodations (the "Loan Agreements"). The Lender has agreed to delay the exercise of its rights and remedies under the Loan Agreements based on the existence of certain events of default until the earlier to occur of: (a) 5:00 p.m. Eastern Time on the 90^{th} day from the date of the First Forbearance Agreement (the "First Forbearance Period"); and (b) a Forbearance Event of Default. Reference is made to the current report on Form 8-K filed with the SEC on May 21, 2019.

The Borrower did not meet its obligations under the Loan Agreements by the end of the First Forbearance Period. On October 17, 2019 (the "Effective Date"), the Company, NYM, certain subsidiaries of NYM, Go Fresh 365, Inc. ("Go Fresh"), Mr. Long Deng and KeyBank entered into the second forbearance agreement (the "Second Forbearance Agreement"). Pursuant to certain Guaranty Agreement dated as of December 26, 2016, as amended by several joinder agreements and the Second Forbearance Agreement, the Company, certain subsidiaries of NYM, Go Fresh and Mr. Long Deng (collectively, the "Guarantors", and together with the Borrower, the "Loan Parties") agreed to guarantee the payment and performance of the obligations of the Borrower under the Credit Agreement ("Obligations"). Terms used but not otherwise defined herein have the meanings ascribed to them in the Second Forbearance Agreement.

From January 2020 to June 2020, non-payment of amount due by the Company was $1,194,878. Also, the Company has failed certain loan covenants. On August 6, 2020, the Company received the third forbearance agreement from KeyBank. If agreement cannot be reached, KeyBank is fully prepared to pursue legal remedies. As of the date of this report, the forbearance agreement is still under negotiation and no subsequent agreement or amendment was entered into.

As of June 30, 2020, the unpaid balance including interest owed to Key Bank is $21,266,149.

Our principal liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. Our ability to fund these needs will depend on its future performance, which will be subject in part to general economic, competitive and other factors beyond its control. In addition, if Keybank accelerates the loan, we may be forced to declare bankruptcy. These conditions raise substantial doubt as to our ability to remain a going concern.

Item 4. Mine Safety Disclosure.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	iFresh, Inc.
Date: August 20, 2020	By: /s/ Long Deng Long Deng Chairman of the Board and Chief Executive Officer (Principal executive officer)
	By: /s/ Yanhong (Amy) Xue Yanhong (Amy) Xue Chief Financial Officer (Principal financial and accounting officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Long Deng, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iFresh, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 20, 2020

/s/ Long Deng
Long Deng
Chief Executive Officer
(Principal executive officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yanhong (Amy) Xue, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iFresh, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 20, 2020

/s/ Yanhong (Amy) Xue
Yanhong (Amy) Xue
Chief Financial Officer
(Principal financial and accounting officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of iFresh, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2020 as filed with the Securities and Exchange Commission (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: August 20, 2020	/s/ Long Deng Long Deng Chief Executive Officer (Principal executive officer)
Date: August 20, 2020	/s/ Yanhong (Amy) Xue Yanhong (Amy) Xue Chief Financial Officer (Principal financial and accounting officer)