

Research Report – Update

Investors should consider this report as only a single factor in making their investment decision.

MamaMancini's Holdings, Inc.

Speculative Buy

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June 22, 2022

MMMB \$1.40 — (NASDAQ)

	FY2020 A	FY2021 A	FY2022 A	FY2023 E	FY2024 E
Net Sales (in millions)	\$33.8	\$40.8	\$47.1	\$93.8	\$107.6
Earnings (loss) per share	\$0.04	\$0.12*	(\$0.01)**	\$0.09	\$0.17
52-Week range	\$2.88 – \$1.13			Fiscal year ends: January	
Shares outstanding a/o 06/14/22	35.8 million			Revenue/shares (ttm) \$1.64	
Approximate float	19.4 million			Price/Sales (ttm) 0.9X	
Market Capitalization	\$50.1 million			Price/Sales (2024) E 0.5X	
Tangible Book value/shr	(\$0.07)			Price/Earnings (ttm) NMF	
Price/Book	NMF			Price/Earnings (2024) E 8.2X	

* Includes a deferred tax benefit of \$745,000 or \$0.02 per share ** Includes one-time acquisition related transaction expenses of \$748,000 or (\$0.02) per share
MamaMancini's Holdings, Inc., headquartered in East Rutherford, NJ, is a specialty prepared foods marketer and distributor of natural foods and prepared salads.

Key Investment Considerations:

Maintaining Speculative Buy rating and twelve-month price target of \$3.25 per share.

MamaMancini's has substantial growth potential for its specialty prepared authentic Italian products. We estimate MMMB's Italian products are currently available in over 50,000 US shelf locations with the potential for an additional 15,000 shelf locations based on new product authorizations to new and existing customers.

Supporting our forecasts are an increase in customer demand for the company's authentic Italian products and the December 2021 acquisitions of T&L Creative Salads, Inc. and Olive Branch, LLC that added over 10,000 spots on US shelf locations. We anticipate a net sales contribution from the acquisition of at least \$40 million in FY23.

MMMB reported (on 6-15-22) 1Q23 net sales of \$21.8 million and net income of \$104,000 or breakeven per share. In 1Q22, EPS was \$0.02 on sales of \$10.3 million. We projected net sales of \$20 million and breakeven per share. The current period included net sales of \$10.8 million from T&L Creative Salads and Olive Branch.

For FY23, we forecast EPS of \$0.09 (unchanged) on net sales of \$93.8 million (prior was \$92 million). Our sales forecast reflects approximately \$40 million in sales from the December 2021 acquisitions. Our revised net sales forecast reflects 1Q23 results.

For FY24, we forecast EPS of \$0.17 (unchanged) on net sales growth of 14.7% to \$107.6 million (prior was \$105.8 million) as new product offering such as Meatballs in a Cup contribute a full year of revenue. Our EPS forecast anticipates gross margin improving to 22.9% from an estimated 20.6% in FY23, as raw material costs begin to ease and operating margin reaches 8% compared to an estimated 4.9% in FY23.

Please view our Disclosures on pages 13 – 15.

Appreciation Potential

Maintaining Speculative Buy rating and twelve-month price target of \$3.25 per share. Our rating reflects the substantial growth potential for the company's specialty prepared authentic Italian products. We estimate MMMB's Italian products are available in at least 50,000 US shelf locations, which should grow through our forecast period. Growth should be supported by the company's receipt of new authorizations representing approximately 15,000 new spots on retailer shelves from national accounts, club stores and large regional retailers.

Our rating and forecasts should be supported by the December 2021 acquisitions of T&L Creative Salads, Inc. and Olive Branch, LLC. In FY23, those acquisitions should contribute at least \$40 million in net sales and have a positive impact on operating income through our forecast period. Total consideration paid for the acquisitions was approximately \$14 million from a combination of cash on hand from MMMB, a promissory note to the principals of the companies acquired, and an acquisition related note from M&T Bank.

Our 12-month price target of \$3.25 per share implies shares could more than double over the next twelve months. According to finviz (a/o 6/21/22), the average forward P/E multiple for companies in the Packaged and Distribution Food sectors is 22X (prior was 22.4X). The company's forward P/E multiple is 8.2X (unchanged). We believe investors are likely to accord the sector valuation multiple based on our earnings growth forecast of 88.9% for FY24. We applied a 22X (prior was 22.4X) multiple to our FY24 EPS forecast of \$0.17 (unchanged), discounted for execution risk, to obtain a year-ahead value of approximately \$3.25 per share.

MamaMancini's Holdings, Inc. valuation improvement is contingent upon quarterly net sales growth, expense leverage, cash earnings, and sustained annual profitability. We forecast MMMB to generate operating profits in FY23 and FY24 and produce cash earnings of \$7.6 million in FY24, up from our FY23 cash earnings projection of \$4.6 million. The company had cash earnings of \$797,000 in FY22.

In our view this stock is suitable for risk-tolerant investors. Net sales growth and reaching our earnings expectations for FY23/24 will depend on MMMB successfully increasing its penetration of supermarket locations and shelf placements, as well as continuing programs to increase operating efficiencies at its manufacturing facility and managing and leveraging the operations of acquisitions.

Overview

MamaMancini's Holdings, Inc., headquartered in East Rutherford, New Jersey, is a specialty prepared foods marketer and distributor of all natural, authentic Italian meatballs that contain beef, turkey, chicken, and pork combined with its homemade slow cooked Italian sauce. Additional major product categories produced and sold by the company include Italian style meatloaf, stuffed pepper filling kits, chicken parmigiana stuffed meatballs, beef and turkey parmigiana meat loaves, slow cooked marinara sauce, and gluten free slow cooked Italian style sauce and meatballs (beef and turkey). New products that have become best sellers include ready to serve dinners and single-size pasta bowls. Entering FY23, the company has 29 different product offerings that are packaged in different sized retail and bulk packages and sold to food retailers and food distributors. The company intends to fully launch in 2H23 a meals-for-one product line that will include spaghetti and meatballs, chicken parmesan, chicken fettuccine alfredo, and sausage with pepper and onions in microwavable 14 ounce trays with the ability to double tray capacity to 28 ounces.

The company's all natural products contain a minimum number of ingredients and are generally derived from the original recipes of Anna "Mama" Mancini. The products are aimed at appealing to health-conscious consumers who seek to avoid artificial flavors, synthetic colors and preservatives that are used in many conventional packaged foods. Dan Dougherty, the grandson of Anna 'Mama' Mancini, founded the company. Mama's recipes arrived in the US when she immigrated from Bari, Italy to Bay Ridge, Brooklyn in 1921. Her grandson developed the company's line of all natural specialty prepared, frozen and refrigerated foods that include beef, turkey, chicken and pork meatballs, all with slow cooked Italian sauce from her recipes. A trademark of the company's offerings is that they are produced with as few ingredients as possible in order to appeal to health-conscious consumers seeking to avoid artificial flavors, synthetic colors and preservatives.

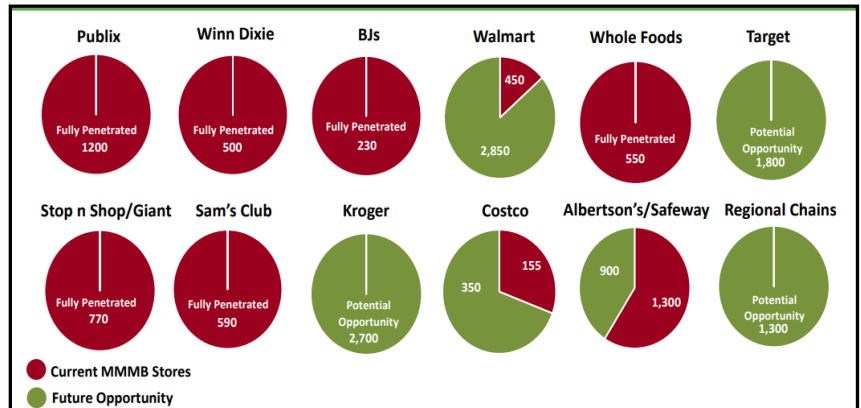
On December 29, 2021, MMMB made two acquisitions, T&L Creative Salads, Inc. and Olive Branch, LLC. T&L Creative Salads offers its customers a line of chicken products, including grilled and breaded chicken breasts, chicken strips, as well as a kosher salad line. Their offerings should be expanded into MMMB's national network of retailers and Club Stores. T&L Creative Salads, through their safe quality food level 2 certified USDA facility located in Farmingdale, New York, offers salads and prepared products to over 250 delis, bagel shops, smaller retail accounts and food distributors in the New York metropolitan area.

Olive Branch sells olives, olive mixes, and savory products to a limited number of large retail customers, primarily in pre-packaged containers. Olive Branch products are manufactured at the same facility as T&L in Farmingdale, NY.

Product Distribution Growth

The Food Marketing Institute (FMI) estimates there are 38,300 supermarket locations in the US. Adding in the number of US club stores, locations selling groceries approximates 40,000 in the US.

Distribution for the company's products includes supermarkets and mass-market club store retailers, such as Sam's Club. The company's products are sold in multiple places within a supermarket, but primarily in the fresh prepared food



section, which is typically located along the perimeter of a retail or grocery location. MamaMancinis distributes (see picture above – April 2022 presentation) to retail and grocery locations, with Publix, Stop n Shop/Giant, Sam's Club and BJ's locations fully penetrated. Six other supermarket stores still have significant growth opportunities in terms of location expansion. The company's aim is to develop merchandising and distribution programs with new customers such as Target (approximately 1,800 locations) and obtain full year round distribution with existing club store customers such as Costco and Sam's Club. The revenue potential could be as much as \$25 million annually if the company were to obtain full year-round distribution at Costco stores in the US. Currently, the company has limited but growing distribution in US Costco locations.

In FY23, the acquisitions of T&L Creative Salads and Olive Branch should provide MMMB with 3,000 brand new locations and over 10,000 spots on retailer shelves. Also, MMMB secured new authorizations and shipments of products into national and regional food retailers, club stores, and a distributor to a major European airline carrier, as well as the addition of T&L Creative Salads products into its existing relationships with Sam's Club.

The company aims to expand sales and deliver more products within several areas frequented by consumers within the supermarket. The areas of growth include fresh packaged meat, fresh prepared meals, hot bars, cold bars in delis, and sandwich sections of supermarkets.

Due to the COVID-19 pandemic environment, the company continues to have unanticipated delays in entering the food service and alternate market channels, which could double its market size opportunity. The company anticipates that during 2H23, significant strides should be made to enter colleges, universities, and convenient stores in the US with certain product offerings like meatballs in a cup, pasta bowls, and non-beef meat offerings.

Industry Dynamics

Consumer surveys, industry trends, and market growth indicate MamaMancini's product offerings are positioned for profitable growth through our forecast period. Consumer surveys funded by the Beef Checkoff (a producer-funded marketing and research program) show that 34.1% of consumers surveyed indicated their favorite sauce and style of meatballs is Italian meatballs with marinara sauce with 42.9% preferring 100% beef meatballs, and 57.3% willing to

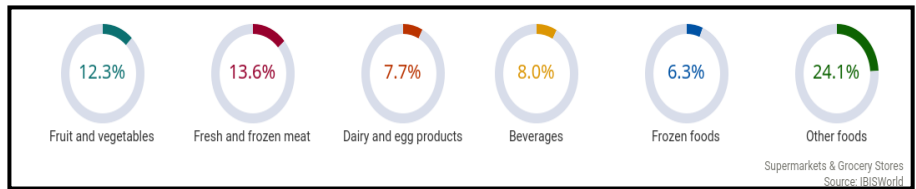
buy frozen cooked or ready-to-cook meatballs from the meat department. Approximately 61.6% still prefer to make their own meatballs from fresh ground meat.

The market for the company's specialty and prepared foods offerings of authentic Italian meatballs includes several perimeter sections of a supermarket, including deli-prepared foods, refrigerated meal kits, and the specialty section of the meat department such as the fresh hot bar (see chart at right – data from April 2022 company presentation).



In April 2022, The Business Research Company (a market research and intelligence company) published a report indicating that the global specialty foods market should grow 7.1% to an estimated \$170.2 billion in 2022 from \$158.9 billion in 2021. By 2026, the global market is estimated to reach \$224.9 billion. Overall growth should be driven by younger people preferring at-home and healthy meals coupled with growing interest in having nutritious food for a healthy lifestyle. According to the Specialty Foods Association, they are twice as likely to plan at-home meals and give high preferences for specialty products to create interesting and healthy eating experiences.

In December 2021, IBISWorld estimated the supermarkets and grocery stores industry will grow 1.5% annually to \$814.4 billion in 2026 from an estimated \$756.6 billion in 2020. Supermarket growth will be sustained as per capita disposable income increases and consumers continue shifting to premium, organic and all-natural brands, as well as price increases due to inflationary pressures. If the market share holds (see product segmentation table above), fresh and frozen meats should reach \$110.8 billion in 2026, up from \$102.9 billion in 2021.



Projections

Basis of Forecast

Our forecasts reflect the two December 2021 acquisitions contributing at least \$40 million to net sales in FY23 with growth from additional customers occurring in FY24. Core MMB growth should occur through securing recurring customer sales of products sold on QVC, the introduction of new products such as meatballs in a cup and pasta bowls, as well as new product line such as meals-for-one that will include spaghetti and meatballs, chicken parmesan, chicken fettuccine alfredo, and sausage with pepper and onions in microwavable 14 and 28 ounce trays.

We anticipate product shelf placements on retail and grocery store shelves and deli departments increasing through FY24 stemming from the company's ability to expand into new retail and grocery locations from new and existing customers, as well as utilizing its brokers to develop merchandising strategies to expand the scope of business within existing supermarket and club store locations.

Our forecast reflects 1Q23 results and new product authorizations that could see 15,000 new spots for the company's products on retailer shelves from national accounts, club stores and large regional retailers.

We project FY23 gross margin of 20.6%, down from 25.2% in FY22 due to the lower gross margin profile of the company's two December 2021 acquisitions and the inflationary pressures on raw material and packaging costs, as

well as significantly higher in-bound freight costs. In FY24, we project gross margin improving to 22.9% as inflationary pressures stabilize and price increases cycle through the company's existing customers.

While the acquisitions of T&L Creative Salads, Inc. and Olive Branch, LLC have lower gross margin profiles, they should be partly offset by a lower operating expense profile. We forecast the company should achieve sustained net income from ongoing programs initiated by the company to continually achieve streamlined operations in order to maximize operating leverage and a full year contribution from the accretive operations of the two acquisitions. We anticipate operating expense margin decreasing to 14.9% in FY24 from an estimated 15.7% in FY23. Operating margin should reach 8% in FY24 compared to an estimated 4.9% in FY23.

At January 31, 2022 the company had federal and state tax loss carry forwards of approximately \$5.4 million and \$10 million, respectively. We anticipate that the company should exhaust its federal tax loss carry forwards during our forecast period. The company began recording income tax expense starting in 1Q22 and our forecast anticipates MMB is likely to record income tax expense at approximately a 25% rate through FY24.

Operations – FY23

We project net sales growth of 99.3% to \$93.8 million (\$92 million previously) due to 1Q23 results and the acquisitions T&L Creative Salads, Inc. and Olive Branch, LLC in 4Q22, as well as an increase in shelf placements and shipping volumes to new and existing customers stemming from new authorizations in FY22. We also anticipate an initial sales contribution in 2H23 from shipments of its new meals-for-one product line and meatballs in a cup to two initial convenience store customers.

We project gross profit increasing 63.3% to \$19.4 million from \$11.9 million in FY22 driven by net sales growth, partly offset by gross margin compression to 20.6% from 25.2% in FY22 reflecting higher raw material, packaging, and inbound freight costs and the lower gross margin profile from the two December 2021 acquisitions. We project operating profits of \$4.6 million from \$83,000 in FY22 due to net sales growth and operating expense margin improving to 15.7% from 23.4% in FY22 (excludes a charge of \$749,000 in one-time acquisition costs).

We anticipate operating expenses increasing 32.7% to \$14.7 million from \$11.4 million (excludes a charge of \$749,000 in one-time acquisition costs). The increase reflects G&A expense of approximately \$14.6 million compared to \$10.9 million (excluding items) in FY22. G&A expense should increase to support net sales growth driven by product placement programs to new and existing customers. We project an operating margin of 4.9% vs. 0.2%.

Non-operating expense should approximate \$499,000 (comprised of \$484,000 interest expense and \$15,000 amortization of debt discount) compared to an expense of \$38,000 (interest expense was \$73,000). The increase in interest expense reflects higher debt balances stemming from the December 2021 acquisitions of T&L Creative Salads and Olive Branch.

We are maintaining our net income projection of \$3.1 million or \$0.09 per share, after approximately \$1 million of income tax expense (an estimated rate of 25%).

Finances

For FY23, we project cash earnings of \$4.6 million and an increase in working capital of \$2.7 million. Cash from operations of \$1.9 million should cover capital expenditures, capital lease payments, and repayment of debt increasing cash by \$124,000 to \$975,000 at January 31, 2023.

Operations – FY24

We project net sales growth of 14.7% to \$107.6 million (prior was \$105.8 million) due primarily an increase in shelf placements and shipping volumes to new and existing customers stemming from new authorizations, as well as a full year of sales contribution from shipments of its meals-for-one product line and meatballs in a cup that was launched in 2H23.

We project gross profit increasing 27.1% to \$24.6 million from an estimated \$19.4 million in FY23 driven by net sales growth and gross margin expansion to 22.9% from an estimated 20.6% in FY23, reflecting inflationary pressures stabilizing and price increases cycling through the company's existing customers, as well as purchasing synergies stemming from the 4Q22 acquisitions. We project operating profits of \$8.6 million from an estimated \$4.6 million in FY23 due to net sales growth, gross margin improvement, and operating margin improving to 8% from an estimated 4.9% in FY23.

We anticipate operating expenses increasing 8.7% to \$16 million from an estimated \$14.7 million in FY23. The increase reflects G&A expense of approximately \$15.8 million compared to an estimated \$14.6 million in FY23. G&A expense should increase to support sales growth.

Interest expense should decrease to \$390,000 compared to an estimated interest expense of \$484,000 in FY23 due primarily to lower average debt balances, partly offset by higher interest rates.

We are maintaining our net income projection of \$6.1 million or \$0.17 per share, after approximately \$2 million of income tax expense (an estimated rate of 25%). Our forecast reflects the company achieving its stated goal of 8% operating margin.

Finances

For FY24, we project cash earnings of \$7.6 million and an increase in working capital of \$1.9 million. Cash from operations of \$5.7 million should cover capital expenditures, capital lease payments, and repayment of debt, increasing cash by \$140,000 to \$1.1 million at January 31, 2024.

1Q23 Results

1Q23

Net sales more than doubled to \$21.8 million from \$10.3 million in 1Q22. The increase in net sales was due primarily to the company's December 2021 acquisitions of T&L Creative Salads, Inc. and Olive Branch that contributed approximately \$10.8 million along with a modest increase in MMMB's core product offerings.

Gross profit increased 15.4% to \$3.9 million reflecting net sales growth, partly offset by gross margin contraction to 17.7% from 32.4% in the year-ago period. Gross margin compression stems from increases in raw material and packaging costs, significantly higher in-bound freight costs, and the overall lower margin profile of T&L Creative Salads, Inc. and Olive Branch.

Operating expenses (primarily consisting of G&A expenses) increased 44.4% to \$3.6 million compared to \$2.5 million in 1Q22. R&D expenses were \$27,000 compared to \$23,000 in the year-ago period. Higher operating costs reflect the inclusion of T&L Creative Salads, Inc. and Olive Branch operations. The key component increases in G&A expenses compared to last year were from freight costs (a \$298,000 increase) due to increased finished goods transportation rate increases and fuel surcharges, payroll costs (a \$363,000 increase) as headcount increased due to the 4Q22 acquisitions and hiring of additional accounting staff, as well as professional fees (a \$134,000 increase) from higher auditing costs and engagement of third-party consultants. Also, the company had increases compared to the year-ago period in insurance expense of \$105,000 and advertising and promotion of \$61,000.

The company reported operating income of \$261,000 compared to \$852,000 in 1Q22. The reduction reflects gross margin compression, partly offset by net sales growth and operating margin expense improving to 16.5% from 24.2% in 1Q22. Operating margin was 1.2%, down from 8.3% in the year-ago period.

Non-operating expense was \$128,000 compared to income of \$27,000 in 1Q22. The current period consisted of \$124,000 in interest expense and nearly \$4,000 from amortization of debt discount. In 1Q22, interest expense was \$10,000 and other income was nearly \$38,000.

The company reported net income of \$104,000 or breakeven per share after recording income tax expense of \$29,000 compared to net income of \$632,000 or \$0.02 per share after an income tax expense of \$248,000. We projected net income of \$30,000 or breakeven per share on net sales of \$20 million.

Finances

In 1Q23, cash earnings of \$499,000 and an increase in working capital of \$1.8 million resulted in cash used in operations of \$1.3 million. Borrowings from a credit line covered cash used in operations, capital expenditures, repayment of capital lease obligations, and a term loan payment. Cash increased \$71,000 to \$921,000 at April 30, 2022.

Capital Structure

On January 4, 2019, the company arranged a \$3.5 million working capital line of credit with M&T Bank at LIBOR plus four points with a two year expiration. On January 29, 2020, the facility was amended to increase the total available balance to \$4 million and extend the maturity date to June 30, 2022. On June 11, 2021, the facility was amended to increase the total available balance to \$4.5 million, as well as extend the maturity date to June 30, 2023. Advances under this new line of credit are limited to 80% of eligible accounts receivable and 50% of eligible inventory. The financing is supported by a first priority security interest in all of the company's business assets and is further subject to financial covenants and a limited guaranty by the company's CEO. At April 30, 2022, the outstanding balance was \$2.5 million.

On August 30, 2021, MMMB announced it secured an expanded credit facility with M&T bank in the amount of \$10.5 million for the purpose of acquisition financing at an interest rate of 3.5% above one-day LIBOR. On December 29, 2021, the company entered into a \$7.5 million term loan that matures on January 17, 2027. The outstanding balance was nearly \$7.4 million at April 30, 2022.

On December 29, 2021, upon closing of the acquisitions, the company executed a \$3 million promissory note. The 3.5% promissory note requires annual principal payments of \$750,000 payable on each anniversary of the closing. As of April 30, 2022, the outstanding balance under the note was \$3 million.

Competition

MamaMancini's meatballs are sold within the gourmet and specialty pre-packaged food industry which has competitors specializing in global cuisine. The company competes in the niche Italian specialty market segment. Competition in this segment can be based on product quality, price and brand identification. The company aims to become an aggressive marketer and provide quality assurance programs that have the potential to drive consumer support and high value perceptions of its product offerings. Competitors within this industry include Quaker Maid, Philly-Gourmet Meat Company, Hormel, Rosina Company, Inc., Casa Di Bertacchi, Inc., Farm Rich, Inc., Mama Lucia, and Buona Vita, Inc.

On a broader basis, MamaMancini's has the potential to compete against national and regional producers of meat and protein sources such as beef, chicken, pork, turkey, fish, peanut butter, and whey. National competition could come from Tyson Foods, Inc., Smithfield Foods, Inc., as well as ConAgra Foods, Inc., Cargill, Inc. and Butterball, LLC.

Risks

In our view, these are the principal risks underlying the stock:

Customer Concentration

In 1Q23 (ended April 30, 2022), MMMB's three largest customers accounted for approximately 49% of gross sales compared to three customers accounting for 61% of gross sales in the year-ago period. MMMB does not have long-term contracts with its principal customers, which if lost, could diminish future sales. In 1Q23, three customers accounted for approximately 48% of total gross outstanding receivables compared to three customers accounting for 63% in 1Q22.

Regulation

The company's food products manufactured at its plant are subject to extensive regulation by the US Food and Drug Administration (FDA), the US Department of Agriculture (USDA) and other national, state, and local authorities. If these regulators change regulations at some point in the future, or should MMMB change its existing recipes to include ingredients that do not meet regulation standards, the company's operations could be adversely affected.

Food Safety

MMMB's products are subject to numerous food safety and other laws and regulations regarding the manufacturing, marketing, and distribution of food products, as well as if those products cause injury or illness to consumers. The company's manufacturing operations are certified in the Safe Quality Food Program. These standards are integrated food safety and quality management protocols designed specifically for the food sector and offer a comprehensive methodology to manage food safety and quality simultaneously. The certification provides an independent and external validation that a product, process or service complies with applicable regulations and standards.

Global Pandemic

A potential disruption of US economic conditions lies in the global spread of COVID-19 that could cause supply chain issues for MMMB which could adversely impact corporate operating results. Production could be materially adversely affected if inputs become scarce or prices of beef, chicken, turkey, packaging materials, and transportation increase at a faster rate than can be passed along to its retail customers. Overall, uncertainties surrounding the pandemic could have a material adverse effect on the financial condition and/or results of the company's operations.

Integration of Acquisitions

The company acquired two companies in December 2021 (4Q22) and the successful integration of those operations will be key to the company's overall sales and operating income growth. Future acquisitions could involve substantial investment of funds or financings, as well as resulting in related expenses and also the potential to either dilute the interests of existing shareholders or result in the issuance or assumption of debt. Future acquisitions may require management's time and effort to generate revenues and operating profits that could take away from existing operations.

Internal Controls

At April 30, 2022, the company identified material weaknesses in its internal controls. The company identified that it lacked sufficient accounting staff to appropriately segregate duties and leverage decision makers to consolidate new entities and complete timely reporting of financial data and did not have sufficient orientation and experience with its new ERP systems platform that hindered productivity and required additional supervision delaying timely reporting of financial statements. To remediate the weaknesses, the company intends to recruit a corporate controller with associated staff and retain third party ERP systems expertise.

Potential Dilution

The company may, if market conditions permit, issue additional common equity in order to have a cash cushion. Any additional increase in common equity, even a modest issuance, would dilute existing shareholders.

Shareholder Control

Officers and directors collectively own nearly 51.5% of the outstanding voting stock (as of the SEC filing in May 2022). This group could potentially greatly influence the outcome of matters requiring stockholder approval. These decisions may or may not be in the best interests of the other shareholders.

Miscellaneous Risk

The company's financial results and equity values are subject to other risks and uncertainties, including competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Trading Volume

Over the last three-months to June 21, 2022, average daily volume was approximately 32,500 shares. The company has a float of 19.4 million shares and 35.8 million outstanding shares.

MamaMancini's Holdings, Inc.
Consolidated Balance Sheets – Ending January 31
FY2020 – FY2024E
(in thousands)

	FY2020A	FY2021A	FY2022A	1Q23A	FY2023E	FY2024E
ASSETS						
Current assets:						
Cash	\$ 394	\$ 3,191	\$ 851	\$ 921	\$ 975	\$ 1,115
Accounts receivable, net	3,728	3,974	7,628	8,999	8,274	7,964
Inventories	1,246	1,195	2,891	4,169	5,136	6,387
Prepaid expenses	<u>252</u>	<u>520</u>	<u>269</u>	<u>498</u>	<u>500</u>	<u>550</u>
Total current assets	5,620	8,879	11,638	14,587	14,885	16,016
Property and equipment plus deposits, net includes deposit on machinery	2,806	2,964	3,679	3,644	3,700	3,750
Intangibles	-	88	1,985	1,872	1,535	985
Goodwill	-	-	8,633	8,633	8,633	8,633
Operating lease right of use assets, net	1,491	1,352	3,596	3,527	3,527	3,527
Deferred tax asset, net	-	745	489	419	419	489
Deposits and Debt issuance costs, net	20	20	12	52	52	20
Total assets	<u>\$ 9,937</u>	<u>\$ 14,048</u>	<u>\$ 30,032</u>	<u>\$ 32,734</u>	<u>\$ 32,751</u>	<u>\$ 33,420</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable and accrued expenses	3,553	3,707	6,479	7,548	6,930	5,996
Finance leases payable	105	191	218	203	203	203
Term loan	424	-	1,235	1,497	1,500	1,500
Operating lease liability	127	148	293	360	360	360
Promissory note - related party	<u>-</u>	<u>-</u>	<u>760</u>	<u>786</u>	<u>760</u>	<u>760</u>
Total current liabilities	<u>4,208</u>	<u>4,045</u>	<u>8,985</u>	<u>10,395</u>	<u>9,753</u>	<u>8,819</u>
Term loan - net	-	-	6,207	5,819	4,442	2,942
Line of credit	2,997	-	765	2,540	2,540	765
Promissory note - related party	-	-	2,250	2,250	1,490	730
Operating lease liability - net	1,372	1,218	3,339	3,184	2,916	2,343
Finance leases payable - net	315	475	376	333	333	333
Notes payable - includes related party	642	-	-	-	-	-
Stockholders' equity:						
Common stock, \$0.00001 par value; authorized 250,000,000 shares	0	0	0	0	0	0
Paid-in capital	16,695	20,536	20,588	20,588	20,663	20,738
Treasury stock and common stock subscribed	(150)	(150)	(150)	(150)	(150)	(150)
Retained earnings (deficit)	<u>(16,144)</u>	<u>(12,077)</u>	<u>(12,329)</u>	<u>(12,225)</u>	<u>(9,236)</u>	<u>(3,101)</u>
Total stockholders' equity	<u>402</u>	<u>8,310</u>	<u>8,110</u>	<u>8,214</u>	<u>11,278</u>	<u>17,488</u>
Total liabilities and stockholders' equity	<u>\$ 9,937</u>	<u>\$ 14,048</u>	<u>\$ 30,032</u>	<u>\$ 32,734</u>	<u>\$ 32,751</u>	<u>\$ 33,420</u>
SHARES OUT	31,991	35,604	35,572	35,774	35,775	35,800

Source: Company reports and Taglich Brothers estimates

MamaMancini's Holdings, Inc.
Annual Income Statement – Ending January 31
FY2020 – FY2024E
(in thousands)

	<u>FY2020A*</u>	<u>FY2021A</u>	<u>FY2022A</u>	<u>FY2023E</u>	<u>FY2024E</u>
Sales - net of slotting fees, discounts	\$ 33,750	\$ 40,759	\$ 47,084	\$ 93,831	\$ 107,625
Cost of goods sold	<u>23,766</u>	<u>28,019</u>	<u>35,230</u>	<u>74,470</u>	<u>83,025</u>
Gross Profit	9,984	12,739	11,854	19,360	24,600
Operating Expenses:					
Research and development	115	111	121	117	240
General and administrative	7,786	9,151	11,650	14,623	15,775
Total Operating Expenses	<u>7,901</u>	<u>9,261</u>	<u>11,771</u>	<u>14,739</u>	<u>16,015</u>
Operating Income (loss)	2,083	3,478	83	4,621	8,585
Other Income (Expense)					
Interest income (expense)	(483)	(138)	(73)	(484)	(390)
Amortization of debt discount	(67)	(18)	(2)	(15)	(15)
Other Income (expense)	<u>-</u>	<u>-</u>	<u>38</u>	<u>-</u>	<u>-</u>
Total Other Income (Expense)	<u>(550)</u>	<u>(156)</u>	<u>(38)</u>	<u>(499)</u>	<u>(405)</u>
Pre-Tax Income	1,533	3,322	45	4,122	8,180
Income Tax Expense (Benefit)	<u>-</u>	<u>(745)</u>	<u>296</u>	<u>1,029</u>	<u>2,045</u>
Net Income (loss)	<u>\$ 1,533</u>	<u>\$ 4,067</u>	<u>\$ (252)</u>	<u>\$ 3,093</u>	<u>\$ 6,135</u>
EPS	<u>\$ 0.04</u>	<u>\$ 0.12</u>	<u>\$ (0.01)</u>	<u>\$ 0.09</u>	<u>\$ 0.17</u>
Avg Shares (000)	<u>34,339</u>	<u>34,017</u>	<u>35,702</u>	<u>36,153</u>	<u>36,173</u>
Adjusted EBITDA	\$ 2,897	\$ 4,350	\$ 1,856	\$ 6,267	\$ 9,985
Margins					
Gross Margins	29.6%	31.3%	25.2%	20.6%	22.9%
Operating Margin	6.2%	8.5%	0.2%	4.9%	8.0%
Pre-Tax Margins	4.5%	8.2%	0.1%	4.4%	7.6%
Research and development	0.3%	0.3%	0.3%	0.1%	0.2%
General and administrative	23.1%	22.5%	24.7%	15.6%	14.7%
Tax Rate	0.0%	(22.4%)	665.5%	25.0%	25.0%
YEAR / YEAR GROWTH					
Net Sales	23.5%	20.8%	15.5%	99.3%	14.7%

* Restated for a revenue recognition change adopted in 4Q21

Source: Company reports and Taglich Brothers estimates

MamaMancini's Holdings, Inc.
Income Statement Model – Ending January 31
Quarters FY2022A – 2024E
(in thousands)

	1Q22A	2Q22A	3Q22A	4Q22A	FY2022A	1Q23A	2Q23E	3Q23E	4Q23E	FY2023E	1Q24E	2Q24E	3Q24E	4Q24E	FY2024E
Sales - net of slotting fees, discounts	\$ 10,313	\$ 12,065	\$ 10,853	\$ 13,853	\$ 47,084	\$ 21,831	\$ 23,000	\$ 24,000	\$ 25,000	\$ 93,831	\$ 25,725	\$ 26,775	\$ 27,300	\$ 27,825	\$ 107,625
Cost of goods sold	6,969	8,695	8,124	11,442	35,230	17,970	18,400	18,900	19,200	74,470	20,500	20,800	20,825	20,900	83,025
Gross Profit	3,344	3,369	2,729	2,411	11,854	3,860	4,600	5,100	5,800	19,360	5,225	5,975	6,475	6,925	24,600
Operating Expenses:															
Research and development	23	31	34	33	121	27	30	30	30	117	60	60	60	60	240
General and administrative	2,469	2,754	2,694	3,734	11,650	3,573	3,625	3,675	3,750	14,623	3,900	3,925	3,950	4,000	15,775
Total Operating Expenses	2,492	2,784	2,728	3,767	11,771	3,599	3,655	3,705	3,780	14,739	3,960	3,985	4,010	4,060	16,015
Operating Income (loss)	852	585	1	(1,356)	83	261	945	1,395	2,020	4,621	1,265	1,990	2,465	2,865	8,585
Other Income (Expense)															
Interest income (expense)	(10)	(8)	(9)	(47)	(73)	(124)	(125)	(125)	(110)	(484)	(105)	(100)	(95)	(90)	(390)
Amortization of debt discount	-	-	-	(2)	(2)	(4)	(4)	(4)	(4)	(15)	(4)	(4)	(4)	(4)	(15)
Other Income (expense)	38	-	-	-	38	-	-	-	-	-	-	-	-	-	-
Total Other Income (Expense)	27	(8)	(9)	(49)	(38)	(128)	(129)	(129)	(114)	(499)	(109)	(104)	(99)	(94)	(405)
Pre-Tax Income	879	577	(8)	(1,405)	45	133	816	1,266	1,906	4,122	1,156	1,886	2,366	2,771	8,180
Income Tax Expense (Benefit)	248	145	(2)	(95)	296	29	205	315	480	1,029	290	470	590	695	2,045
Net Income (loss)	\$ 632	\$ 432	\$ (5)	\$ (1,310)	\$ (252)	\$ 104	\$ 611	\$ 951	\$ 1,426	\$ 3,093	\$ 866	\$ 1,416	\$ 1,776	\$ 2,076	\$ 6,135
EPS	\$ 0.02	\$ 0.01	\$ (0.00)	\$ (0.04)	\$ (0.01)	\$ 0.00	\$ 0.02	\$ 0.03	\$ 0.04	\$ 0.09	\$ 0.02	\$ 0.04	\$ 0.05	\$ 0.06	\$ 0.17
Avg Shares (000)	36,191	36,224	35,729	34,665	35,702	36,149	36,150	36,155	36,160	36,153	36,165	36,170	36,175	36,180	36,173
Adjusted EBITDA	\$ 1,080	\$ 841	\$ 282	\$ (347)	\$ 1,856	\$ 707	\$ 1,345	\$ 1,795	\$ 2,420	\$ 6,267	\$ 1,615	\$ 2,340	\$ 2,815	\$ 3,215	\$ 9,985
Margins															
Gross Margins	32.4%	27.9%	25.1%	17.4%	25.2%	17.7%	20.0%	21.3%	23.2%	20.6%	20.3%	22.3%	23.7%	24.9%	22.9%
Operating Margin	8.3%	4.8%	0.0%	(9.8%)	0.2%	1.2%	4.1%	5.8%	8.1%	4.9%	4.9%	7.4%	9.0%	10.3%	8.0%
Pre-Tax Margins	8.5%	4.8%	(0.1%)	(10.1%)	0.1%	0.6%	3.5%	5.3%	7.6%	4.4%	4.5%	7.0%	8.7%	10.0%	7.6%
Research and development	0.2%	0.3%	0.3%	0.2%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
General and administrative	23.9%	22.8%	24.8%	27.0%	24.7%	16.4%	15.8%	15.3%	15.0%	15.6%	15.2%	14.7%	14.5%	14.4%	14.7%
Tax Rate	28.2%	25.2%	27.6%	6.8%	665.5%	22.1%	25.1%	24.9%	25.2%	25.0%	25.1%	24.9%	24.9%	25.1%	25.0%
YEAR / YEAR GROWTH															
Net Sales	(4.8%)	17.7%	12.1%	38.6%	15.5%	111.7%	90.6%	121.1%	80.5%	99.3%	17.8%	16.4%	13.8%	11.3%	14.7%

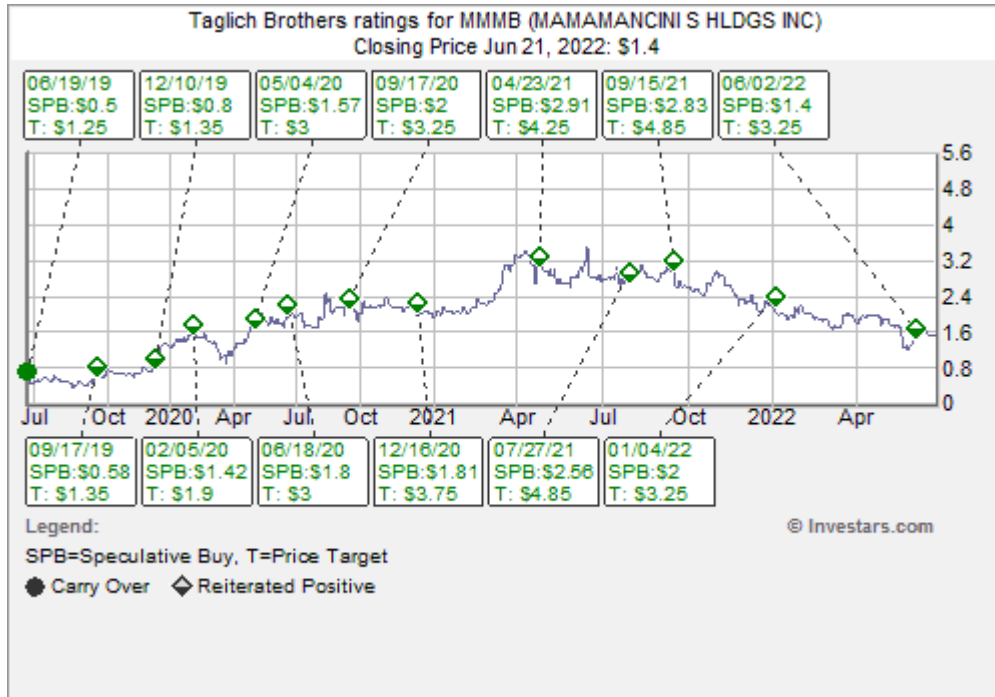
Source: Company reports and Taglich Brothers estimates

MamaMancini's Holdings, Inc.
Cash Flow Statement – Ending January 31
FY2020 – FY2024E
(in thousands)

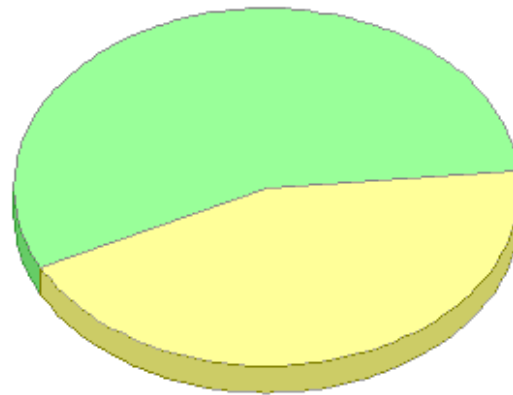
	<u>FY2020A</u>	<u>FY2021A</u>	<u>FY2022A</u>	<u>1Q23A</u>	<u>FY2023E</u>	<u>FY2024E</u>
<i>Cash Flows from Operating Activities</i>						
Net Income (loss)	\$ 1,533	\$ 4,067	\$ (252)	\$ 104	\$ 3,093	\$ 6,135
Depreciation	640	663	779	209	900	875
Amortization of debt issuance and discount costs	68	18	2	4	15	15
Amortization of intangibles	-	-	44	113	450	450
Share-based compensation	94	53	33	-	75	75
Amortization of right of use assets	109	138	191	69	69	69
Cash earnings (burn)	2,444	4,939	797	499	4,601	7,619
<i>Changes In:</i>						
Accounts receivable	(1,077)	(246)	(938)	(1,371)	(647)	310
Deferred tax asset	-	(745)	296	29	-	-
Inventories	101	51	(475)	(1,278)	(2,245)	(1,251)
Prepaid expenses	(43)	(268)	254	(230)	(231)	(50)
Current portion of operating lease liability	(101)	(133)	(169)	(88)	-	-
Accounts payable and accrued expenses	491	99	1,176	1,095	451	(934)
Security deposits	-	-	(32)	-	-	-
Net (increase)/decrease in Working Capital	(629)	(1,241)	113	(1,842)	(2,672)	(1,924)
Net cash Provided (used) by Operations	<u>1,815</u>	<u>3,699</u>	<u>910</u>	<u>(1,343)</u>	<u>1,929</u>	<u>5,695</u>
<i>Cash Flows from Investing Activities</i>						
Cash paid for fixed assets	(268)	(419)	(862)	(174)	(900)	(1,100)
Cash paid for intangible assets	-	(33)	-	-	-	-
Acquisition of businesses, net	-	-	(10,409)	-	-	-
Net cash used in Investing	<u>(268)</u>	<u>(452)</u>	<u>(11,271)</u>	<u>(174)</u>	<u>(900)</u>	<u>(1,100)</u>
<i>Cash Flows from Financing Activities</i>						
Proceeds from issuance of common stock and exercise of warrants/options	-	3,788	19	-	-	-
Proceeds (repayment) from credit line	385	(2,997)	765	1,775	1,775	(1,775)
Proceeds (repayment) of demand and promissory notes	-	-	-	-	(760)	(760)
Borrowings (repayment) from term loan	(2,058)	(442)	7,500	(129)	(1,500)	(1,500)
Cash paid for financing fees	-	-	(64)	-	-	-
Capital lease obligations (repayment) proceeds	(89)	(156)	(199)	(58)	(420)	(420)
Borrowings (repayment) from convertible note and notes payable -related party	-	(642)	-	-	-	-
Net cash provided by Financing	<u>(1,762)</u>	<u>(450)</u>	<u>8,021</u>	<u>1,588</u>	<u>(905)</u>	<u>(4,455)</u>
Net change in Cash	(216)	2,797	(2,340)	71	124	140
Cash Beginning of Period	609	394	3,191	851	851	975
Cash End of Period	<u>\$ 394</u>	<u>\$ 3,191</u>	<u>\$ 851</u>	<u>\$ 921</u>	<u>\$ 975</u>	<u>\$ 1,115</u>

Source: Company reports and Taglich Brothers estimates

Price Chart



Taglich Brothers Current Ratings Distribution



56 % Buy | 44 % Hold

Investment Banking Services for Companies Covered in the Past 12 Months		
<u>Rating</u>	<u>#</u>	<u>%</u>
Buy	5	25
Hold		
Sell		
Not Rated		

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Analyst Certification

I, Howard Halpern, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Public Companies mentioned in this report:

Conagra Brands	(NYSE: CAG)	Hormel Foods	(NYSE: HRL)
Sysco Corp.	(NYSE: SYY)	Tyson Foods	(NYSE: TSN)

Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long-term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Discontinued – Research coverage discontinued due to the acquisition of the company, termination of research services (includes non-payment for such services), diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company-specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.