

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 14, 2023

MMMB \$2.75 — (NASDAQ)

	FY2022 A	FY2023 A	FY2024 E	FY2025 E
Net Sales (in millions)	\$47.1	\$93.2	\$101.0	\$111.2
Earnings (loss) per share	(\$0.01)*	\$0.06**	\$0.17	\$0.25
52-Week range	\$2.83 – \$0.93		Fiscal year ends:	January
Shares outstanding a/o 06/12/23	36.5 million		Revenue/shares (ttm)	\$2.58
Approximate float	19.8 million		Price/Sales (ttm)	1.1X
Market Capitalization	\$100.4 million		Price/Sales (2025) E	0.9X
Tangible Book value/shr	\$0.11		Price/Earnings (ttm)	22.9X
Price/Book	25.0X		Price/Earnings (2025) E	11.0X

* Includes one-time acquisition related transaction expenses of \$748,000 or (\$0.02) per share ** Includes one-time positive book-to-tax adjustment of approximately \$500,000 or \$0.01 per share

MamaMancini's Holdings, Inc., headquartered in East Rutherford, NJ, is a marketer and manufacturer of prepared foods with over 45,000 product placements in grocery, mass, club and convenience stores nationally.

Key Investment Considerations:

Maintaining Speculative Buy rating and increasing our twelve-month price target to \$4.25 per share from \$3.50 per share due primarily to increases in sector valuations and our FY25 EPS forecast.

MamaMancini's has substantial growth potential for its authentic Italian products and assortment of chicken-based dishes, olives, savory products, and salads through its T&L Creative Salads and Olive Branch subsidiaries, as well as the June 2023 introduction of its new platform brand called Mama's Creations. This brand will serve to broaden product offerings by enable entry into the branded prepared foods space for international cuisine for such items as General Tso's Chicken, vegetarian Chana Masala, Beef Fajitas, Korean-Inspired Meatballs, and more.

Supporting our net sales and EPS forecasts is the expansion of MMMB's branded sleeve product line, offering a lunch and dinner entrée with initial orders secured from two large national grocery chains.

In 1Q24, MMMB reported (on 6-13-23) EPS of \$0.04 on net sales increasing 5.9% to \$23.1 million. In 1Q23, net sale were \$21.8 million with net income of \$104,000 or breakeven per share. We projected EPS of \$0.01 on net sales of \$22.3 million.

For FY24, we forecast EPS of \$0.17 (prior was \$0.14) on net sales growth of 8.4% to \$101 million (unchanged). Our net sales and EPS forecasts reflects 1Q24 results and gross margin improving to 27.8% from 20.8% in FY23 due to the company executing on its margin improvement program.

For FY25, we forecast EPS of \$0.25 (prior was \$0.22) on net sales growth of 10% to \$111.2 million (unchanged) reflecting a full year contribution from 2H24 build out of new sales team members. Our EPS forecast anticipates gross margin improving to 30.3% from an estimated 27.8% in FY24, as well as operating expense margin improving to 18.1% from an estimated 18.8% in FY24.

Please view our Disclosures on pages 14 – 16.

Appreciation Potential

Maintaining Speculative Buy rating and increasing our twelve-month price target to \$4.25 per share from \$3.50 per share due primarily to our initial FY25 EPS forecast. Our rating reflects the company's growth potential for its specialty prepared authentic Italian products and assortment of chicken-based dishes, olives, savory products, and salads through its T&L Creative Salads and Olive Branch subsidiaries, as well as the June 2023 introduction of its new platform brand called Mama's Creations. This brand will serve to broaden product offerings by enable entry into the branded prepared foods space for international cuisine for such items as General Tso's Chicken, vegetarian Chana Masala, Beef Fajitas, Korean-Inspired Meatballs, and more.

Our rating and forecasts should be supported the expansion of MMMB's branded sleeve product line, offering a lunch and dinner entrée in convenient grab-and-go packaging with initial orders secured from two large national grocery chains, as well as the company's implementation of a dedicated margin improvement program that we estimate should drive gross margins to 30.3% in FY25, up from an estimated 27.8% in FY24. In FY23, gross margin was 20.8%.

Our 12-month price target of \$4.25 per share implies shares could appreciate nearly 55% over the next twelve months. According to finviz, the average forward P/E multiple for companies in the Packaged and Distribution Food sectors is 18.7X (prior was 17X). The company's forward P/E multiple is 11X (prior was 8.6X). We believe investors are likely to accord the sector valuation multiple based on our projection of the company generating significant net income in FY25. We applied a multiple of 18.7X (prior was 17X) to our FY25 EPS forecast of \$0.25 (prior was \$0.22), discounted for execution risk, to obtain a year-ahead value of approximately \$4.25 per share.

MamaMancini's Holdings, Inc. valuation improvement is contingent upon quarterly net sales growth, expense leverage, cash earnings, and sustained quarterly profitability that began in 3Q23. In FY25, we forecast MMMB generating operating profits of \$13.6 million compared to an estimated \$9.2 million in FY24. In FY23, the company generated an operating profit of \$2.8 million. We anticipate cash earnings of \$10.8 million in FY25, up from our FY24 cash earnings projection of \$7.6 million, which compares to cash earnings of \$3.9 million in FY23.

Overview

MamaMancini's Holdings, Inc., headquartered in East Rutherford, New Jersey, is a leading marketer and manufacturer of prepared foods with over 45,000 product placements in grocery, mass, club and convenience stores nationally. The Company's broad product portfolio, born from a rich history in Italian foods, now consists of a variety of high quality, fresh, clean and easy to prepare foods to address the needs of both our consumers and retailers. Our vision is to become a one-stop-shop deli solutions platform, leveraging vertical integration and a diverse family of brands to offer a wide array of prepared foods to meet the changing demands of the modern consumer.

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.

On December 29, 2021, MMMB acquired 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.

In June 2022, the company acquired a 24% minority interest in Chef Inspirational Foods for \$1.2 million. Chef Inspirational Foods, based in West Palm Beach, Florida, and Long Island, New York, was founded in 2008 and sells fresh and frozen prepared foods for supermarkets, club stores, and distributors across the US with a focus on the Deli Department where it sells prepared salads, prepared entrees, and olives. MMMB has a twelve-month option to acquire the remaining 76% of Chef Inspirational Foods.

The company's mission is to position MMMB as a one stop-shop of product offering for prepared foods for in grocery, supermarket, club, and convenience stores. The company's vision should fit with the significant lifestyle changes that consumers faced over the last three years, with many focusing quick, clean and, fresh meals made with better ingredients at a price more affordable than eating out.

Recent Developments

On June 1, 2023, the company announced the appointment of Lauren Sella to the newly created role of Chief Marketing Officer. As a former Mondelēz International marketing executive, she has driven integrated marketing strategies for an array of prominent brands. Prior to joining MamaMancini's, she was Chief Marketing Officer of Tate's Bake Shop (a Mondelēz-owned brand) whose famous cookies are distributed nationwide. Sella served over 14 years at Mondelēz International in a variety of roles, including Director of Ritz Crackers, and across various Confectionary brands. Her initial focus will be on the Mama's Creations platform brand, development of e-commerce opportunities and overall marketing strategy for MamaMancini's.

In early June 2023, MamaMancini's introduced at the International Dairy Deli Bakery Association, Mama's Creations its new platform brand within the MamaMancini's portfolio. Mama's Creations will serve to broaden MMMB's product offering and enable entry into the branded prepared foods space for international cuisine for such items as General Tso's Chicken, vegetarian Chana Masala, Beef Fajitas, Korean-Inspired Meatballs, and more.

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 and convenience stores, locations selling groceries could approximate 300,000 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. MamaMancini's distributes (see some of its customers pictured on the right) to retail and grocery locations, with Publix, Stop&Shop, Sam's Club and BJ's locations fully penetrated. Other supermarkets 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 and to 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.



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.

Growth Strategy

The company is intent on a strong distribution pipeline of product offerings. The core MMMB product portfolio along with the offerings of T&L Creative Salads and Olive Branch are still underpenetrated in existing sales channels. The plan calls for MMMB to increase its sales team in order to leverage its brand, quality, and high-touch service to existing customers, as well as obtain new customer authorizations. This began with the hiring of a Chief Marketing Officer and director of West Coast sales. By leveraging existing customer relationships through cross-selling of MMMB's newly acquired and internally developed brands it should overtime drive larger consumer baskets, expanding promotional opportunities, and reducing freight charges.

The company is dedicated to become more consumer focused that should drive future innovation. MMMB will develop an information gathering program designed to understand consumers' unmet deli needs. The goal is to develop products that capture incremental occasions, incremental consumer groups, and incremental sales channels. An example is the company's new on-the-go snacking product line of In-a-Cup products. This new product line builds upon the initial success of Meatballs In-a-Cup tests in convenience stores with enhancement being made to the packaging that expanded shelf life from five to twenty-one days. The on-the-go In-a-Cup offering include Beef Meatballs, Turkey Meatballs, Chicken Cacciatore, Chana Masala, Sausage, Peppers and Onions, as well as Beef and Rice Stuffing in a cup.

Growth is likely to occur through accretive, complementary acquisitions within new deli categories. This strategy should be beneficial as the fresh prepared foods category is highly fragmented. The company will seek acquisition candidates that bring in incremental and accretive manufacturing capabilities, entry into a new deli sub-category, strengthen distribution capabilities, and/or enhance management capabilities.

The company overarching strategy is to become the one stop shop deli solution. To achieve that goal MMMB will need to grow organically, geographically, and through the cross-selling of new products either developed internally or through acquisitions. One step in the process is branding of the company. On April 26, 2023, the company indicated that it would put up for a vote to shareholder a name change to better reflect become a one stop shop deli solution company. The proposed new name is Mamas Creations. The company indicated it has put a hold on a new symbol, MAMA.

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.

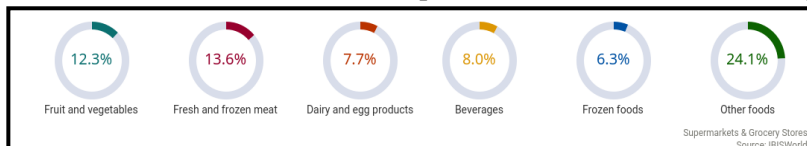


The market for the company's specialty and prepared foods offerings of authentic Italian meatballs includes several perimeter sections of a supermarket that are experiencing growth of approximately 8% to 10% annually. The section

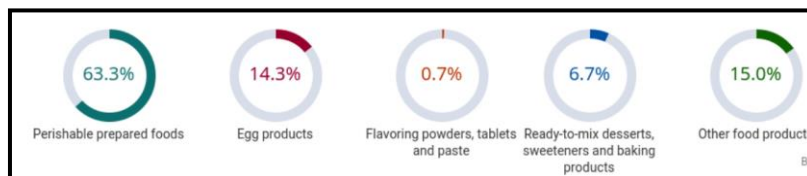
the company's products are in include deli-prepared foods, refrigerated meal kits, and the specialty section of the meat department such as the fresh hot bar (see chart above– data from December 2022 company presentation).

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.

IBISWorld estimated the supermarkets and grocery stores industry will grow 1.4% annually to \$846 billion in 2027 from \$776.3 billion in 2021. 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 on right), fresh and frozen meats should reach \$115.1 billion in 2027, up from \$105.7 billion in 2021.



IBISWorld estimated the US market for baking mix and prepared food production should grow 1.5% annually to \$39.2 billion in 2028 from an estimated \$36.5 billion in 2023. The primary growth drive should be the increasing emphasis of consumers being health conscious and the demanding seek fresh ingredients instead of processed foods. If the market share holds (see product segmentation table on bottom of prior page), perishable prepared foods should reach \$24.8 billion in 2028, up from an estimated \$23.1 billion in 2023.



1Q24 Results

1Q24

Net sales increased 5.9% to \$23.1 million from \$21.8 million in 1Q23. The increase in net sales was due primarily to organic growth that was driven by successful cross selling efforts, as well as price increases compared to last year.

Gross profit increased 65.1% to nearly \$6.4 million from \$3.7 million in the year-ago period stemming from net sales growth and gross margin expansion to 27.6% from 16.9% in 1Q23. Gross margin expansion is due primarily to due to successful pricing actions, improvements in manufacturing efficiencies, and normalization of commodity costs.

Operating expenses (primarily consisting of G&A expenses) increased 23% to \$4.4 million compared to \$3.6 million in the year-ago period. R&D expenses were \$71,000 compared to \$21,000 in the year-ago period. The key component that resulted in increases in operating costs compared to last year were from payroll and related expenses (a \$760,000 increase) due primarily to executive and office hires and commissions (a \$222,000 increase), partly offset by a \$354,000 decrease in freight related expenses due to the addition of dedicated logistics employees.

The company reported operating income of \$1.9 million compared to income of \$261,000 in the year-ago period. The increase in operating profit reflects net sales growth and gross margin improvement, partly offset by operating expense margin increasing to 19.1% from 16.5% in 1Q23.

Non-operating expense was \$163,000 compared to an expense of \$128,000 in last year. The current period consisted of \$177,000 in interest expense and \$6,000 from amortization of debt discount, as well as \$20,000 of other income. In 1Q23, interest expense was \$124,000 and amortization of debt discount was \$4,000.

MMMB reported a net income of \$1.4 million or \$0.04 per share after recording an income tax expense of \$525,000 and \$146,000 of income from its equity investment in Chef Inspirational, as well as a preferred dividend of \$27,000. We projected a net income of \$446,000 or \$0.01 per share on net sales of \$22.3 million.

Finances

In 1Q24, cash earnings of \$1.7 million and a \$60,000 increase in working capital that resulted in cash from operations of \$1.6 million. Cash from operations covered capital expenditures, repayment of debt, payment of preferred dividends, and lease payments. Cash increased by \$881,000 to \$5.3 million at April 30, 2023.

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. On June 11, 2021, the facility was amended to increase the total available balance to \$4.5 million. On October 26, 2022, the line was amended to increase the available borrowings to \$5.5 million and extended the maturity date to June 30, 2024. 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. At April 30, 2023, the outstanding balance was \$750,000.

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. On December 29, 2021, the company entered into a \$7.5 million term loan that matures on January 17, 2027. The outstanding balance was \$5.8 million at April 30, 2023.

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, 2023, the outstanding balance under the note was nearly \$2.3 million.

Projections

Basis of Forecast

Our forecasts reflect core MMMB growth occurring through securing recurring customer sales of products sold on QVC, the introduction of new on-the-go snacking product line of In-a-Cup products, and pasta bowls, as well as new meals-for-one products in 14 and 28 ounce microwavable trays. In June 2023, the company announce the launch of its new platform brand called Mama's Creations, which should contribute to top line results prior to the end of FY24.

Our net sales forecast through FY25 reflects the company establishing a dedicated team of sales professionals to drive organic growth across all of the company's divisions, which includes increased cross selling programs to existing customer that should drive more products on the shelves being purchased by consumers.

We project FY24 gross margin of 27.8%, up from 20.8% in FY23. In FY25, we anticipate gross margin improving to 30.3%. The gross margin improvement should occur through the implementation of technology systems that will enable MMMB to improve pricing relative to input commodity costs and realization of procurement efficiencies.

At January 31, 2023 the company had federal and state tax loss carry forwards of approximately \$2.7 million and \$8.8 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 MMMB is likely to record income tax provisions or (benefits) through FY25.

Operations – FY24

We project net sales growth of 8.4% to \$101 million (unchanged) due primarily to an increase in shelf placements and shipping volumes to new and existing customer, as well as seeing a sales contribution from shipments of its meals-for-one product line and on the go In-a-Cup offerings.

We project gross profit increasing 43.6% to \$28.1 million from \$19.4 million in FY23 driven by net sales growth and gross margin expansion to 27.8% from 20.8% in FY23, reflecting inflationary pressures stabilizing and the implementation in 2H23 of a new pricing process to accurately and rapidly tracks inputs costs ensuring specified margin profiles are achieved. We project an operating profit increasing to nearly \$9.2 million from a profit of \$2.8

million in FY23 due primarily to net sales growth and gross margin improvement, partly offset by operating expense margin increasing to 18.8% compared to 17.8% in FY23.

We anticipate operating expenses increasing 14.2% to \$18.9 million from \$16.6 million last year. The increase reflects G&A expense of \$18.7 million compared to \$16.5 million in FY23. G&A expense should increase due primarily to the hiring of additional sales professions to drive increased shelve placements. R&D expense should increase to \$291,000 from \$135,000 as programs expand that are aimed at driving product innovation.

We project interest expense of \$672,000 compared to \$634,000 in FY23.

We forecast net income of \$6.3 million or \$0.17 per share after recording an income tax provision of \$2.4 million and \$296,000 of income from its equity investment in Chef Inspirational Foods, as well as recording convertible preferred dividends of \$108,000. We previously forecast net income of nearly \$5.1 million or \$0.14 per share, after recording an income tax provision of \$1.4 million and \$220,000 of income from its equity investment in Chef Inspirational Foods, as well as recording convertible preferred dividends of \$88,000.

Finances

For FY24, we project cash earnings of \$7.6 million and an increase in working capital of \$2.6 million. Cash from operations of \$5 million should cover capital expenditures, capital lease payments, and repayment of debt, increasing cash by \$1.6 million to \$5.9 million at January 31, 2024.

Operations – FY25

We project net sales growth of 10% to \$111.2 million (unchanged) as the company's hiring of new sales team members during FY24 drives increased shelf placements and shipping volumes to new and existing customers, as well as the meals-for-one, on the go product lines, and Mama's Creations international cuisine offerings for the branded prepared foods space gain increased consumer awareness.

We project gross profit increasing 19.6% to \$33.6 million from an estimated \$28.1 million in FY24 driven by net sales growth and gross margin expansion to 30.3% from an estimated 27.8% in FY24. We project operating profits increasing 47.9% to \$13.6 million from an estimated \$9.2 million in FY24 due primarily to net sales growth, gross margin improvement, and operating expense margin improving to 18.1% from an estimated 18.8% in FY24.

We anticipate operating expenses increasing 5.9% to \$20.1 million from an estimated \$18.9 million in FY24. The increase reflects G&A expense of \$19.8 million compared to an estimated \$18.7 million in FY24. G&A expense should increase to support sales growth. R&D expense should increase to \$320,000 from \$291,000 to continue driving product innovation.

Interest expense should decrease to \$510,000 compared to an estimated interest expense of \$672,000 in FY24 due primarily to lower average debt balances.

We project net income of \$9.3 million or \$0.25 per share after recording an income tax provision of \$3.6 million, and recording convertible preferred dividends of \$120,000. We previously projected net income of \$8.3 million or \$0.22 per share after recording an income tax provision of \$2.6 million, and recording convertible preferred dividends of \$100,000.

Finances

For FY25, we project cash earnings of \$10.8 million and an increase in working capital of \$4.3 million. Cash from operations of \$6.5 million should cover capital expenditures, capital lease payments, and repayment of debt, increasing cash by \$3.2 million to \$9.1 million at January 31, 2025.

Competition

MamaMancini's meatballs are sold within the gourmet and specialty pre-packaged food industry which has competitors specializing in global cuisine. Competition in this segment is 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. 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:

Inflationary Pressure

One of the consequences of the global COVID-19 pandemic has been supply chain issues that resulted in increased raw material and packaging cost for MMMB which through 1H23 had adversely impacted corporate operating results. The pressure on operating results could reemerge if inputs prices of beef, chicken, turkey, packaging materials, and transportation increase at a faster rate than can be passed along to its retail customers. In 3Q23, the company began instituting a new pricing process to more accurately and rapidly track inputs costs that will strive to ensure every single sale made should provide a certain margin profile.

Integration of Acquisitions

MMMB 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.

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.

Potential Dilution

The company may, if market conditions permit, issue additional common equity that could include convertible preferred stock in order to have a cash cushion. Any additional increase in common or convertible common equity would dilute existing shareholders. The closing on the company's convertible preferred offering should add over 819,000 common shares once converted.

Customer Concentration

In 1Q24, two customers accounted for approximately 40% of gross revenues compared to three customers accounting for approximately 49% of gross revenue in the year-ago period. The loss of a large customer could significantly reduce revenue, which would have a material adverse effect on operations.

Shareholder Control

Officers, directors, and one five percent shareholder collectively own 43.3% of the outstanding voting stock (as of SEC filing in April 2023). 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, recalls, promotional activities, packaging, and/or other events. These risks may cause actual results to differ from expected results.

Trading Volume

Over the last three-months to June 13, 2023, average daily volume was approximately 98,200 shares. The company has a float of 19.8 million shares and 36.5 million outstanding shares.

MamaMancini's Holdings, Inc.
Consolidated Balance Sheets – Ending January 31
FY2021 – FY2025E
(in thousands)

	FY2021A	FY2022A	FY2023A	1Q24A	FY2024E	FY2025E
ASSETS						
Current assets:						
Cash	\$ 3,191	\$ 851	\$ 4,378	\$ 5,259	\$ 5,929	\$ 9,111
Accounts receivable, net	3,974	7,628	6,832	8,389	8,723	9,569
Inventories	1,195	2,891	3,636	2,536	3,645	5,168
Prepaid expenses	<u>520</u>	<u>269</u>	<u>828</u>	<u>1,128</u>	<u>1,000</u>	<u>2,000</u>
Total current assets	8,879	11,638	15,675	17,312	19,297	25,849
Property and equipment plus deposits, net includes deposit on machinery	2,964	3,679	3,423	3,320	3,315	3,310
Intangibles	88	1,985	1,503	1,401	1,148	755
Goodwill	-	8,633	8,633	8,633	8,633	8,633
Operating lease right of use assets, net	1,352	3,596	3,237	3,231	3,231	3,231
Deferred tax asset, net	745	449	718	372	372	372
Equity method investment in Chef Inspirational	-	-	1,343	1,489	1,489	1,489
Deposits and Debt issuance costs, net	20	52	54	57	57	57
Total assets	<u>\$ 14,048</u>	<u>\$ 30,032</u>	<u>\$ 34,587</u>	<u>\$ 35,815</u>	<u>\$ 37,542</u>	<u>\$ 43,696</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable and accrued expenses	3,707	6,479	9,065	9,452	8,506	7,537
Finance leases payable	191	218	182	181	181	181
Term loan	-	1,235	1,492	1,497	1,500	1,500
Operating lease liability	148	293	392	409	409	409
Promissory note - related party	<u>-</u>	<u>760</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>750</u>
Total current liabilities	<u>4,045</u>	<u>8,985</u>	<u>11,881</u>	<u>12,289</u>	<u>11,346</u>	<u>10,377</u>
Term loan - net	-	6,207	4,655	4,267	3,155	1,655
Line of credit	-	765	890	750	750	750
Promissory note - related party	-	2,250	1,500	1,500	750	-
Operating lease liability - net	1,218	3,339	2,897	2,845	2,300	2,157
Finance leases payable - net	475	376	249	200	200	200
Stockholders' equity:						
Preferred stock, \$0.00001 par value;						
Series B convertible preferred stock, 200,000 shares authorized	-	-	-	-	-	-
Common stock, \$0.00001 par value; authorized 250,000,000 shares	0	0	0	0	0	0
Paid-in capital	20,536	20,588	22,724	22,799	22,949	23,174
Treasury stock and common stock subscribed	(150)	(150)	(150)	(150)	(150)	(150)
Retained earnings (deficit)	<u>(12,077)</u>	<u>(12,329)</u>	<u>(10,060)</u>	<u>(8,687)</u>	<u>(3,759)</u>	<u>5,532</u>
Total stockholders' equity	<u>8,310</u>	<u>8,110</u>	<u>12,515</u>	<u>13,964</u>	<u>19,041</u>	<u>28,557</u>
Total liabilities and stockholders' equity	<u>\$ 14,048</u>	<u>\$ 30,032</u>	<u>\$ 34,587</u>	<u>\$ 35,815</u>	<u>\$ 37,542</u>	<u>\$ 43,696</u>
SHARES OUT						
Series B convertible preferred stock - outstanding	35,604	35,572	36,318	36,485	36,500	36,550
	-	-	55	55	55	55

Source: Company reports and Taglich Brothers estimates

MamaMancini's Holdings, Inc.
Annual Income Statement – Ending January 31
FY2021 – FY2025E
(in thousands)

	<u>FY2021A</u>	<u>FY2022A</u>	<u>FY2023A</u>	<u>FY2024E</u>	<u>FY2025E</u>
Sales - net of slotting fees, discounts	\$ 40,759	\$ 47,084	\$ 93,188	\$ 101,021	\$ 111,150
Cost of goods sold	<u>28,019</u>	<u>35,230</u>	<u>73,769</u>	<u>72,905</u>	<u>77,525</u>
Gross Profit	12,739	11,854	19,418	28,116	33,625
Operating Expenses:					
Research and development	111	121	135	291	320
General and administrative	9,151	11,650	16,461	18,657	19,750
Total Operating Expenses	<u>9,261</u>	<u>11,771</u>	<u>16,597</u>	18,948	20,070
Operating Income (loss)	3,478	83	2,822	9,168	13,555
Other Income (Expense)					
Interest income (expense)	(138)	(73)	(634)	(672)	(510)
Amortization of debt discount	(18)	(2)	(22)	(22)	(24)
Other Income (expense)	<u>-</u>	<u>38</u>	<u>3</u>	<u>20</u>	<u>-</u>
Total Other Income (Expense)	<u>(156)</u>	<u>(38)</u>	<u>(653)</u>	(675)	(534)
Pre-Tax Income	3,322	45	2,168	8,493	13,021
Income (loss) from equity method investment in Chef Inspirational	-	-	143	296	-
Income Tax Expense (Benefit)	<u>(745)</u>	<u>296</u>	<u>9</u>	2,380	3,610
Net Income (loss)	<u>\$ 4,067</u>	<u>\$ (252)</u>	<u>\$ 2,303</u>	\$ 6,409	\$ 9,411
Dividends on convertible Series B preferred stock	<u>-</u>	<u>-</u>	<u>34</u>	108	120
Net Income (loss) - to common shareholders	<u>\$ 4,067</u>	<u>\$ (252)</u>	<u>\$ 2,269</u>	\$ 6,301	\$ 9,291
EPS	<u>\$ 0.12</u>	<u>\$ (0.01)</u>	<u>\$ 0.06</u>	\$ 0.17	\$ 0.25
Avg Shares (000)	<u>34,017</u>	<u>35,702</u>	<u>37,313</u>	37,638	37,663
Adjusted EBITDA	\$ 4,350	\$ 1,136	\$ 4,337	\$ 11,085	\$ 14,355
Margins					
Gross Margins	31.3%	25.2%	20.8%	27.8%	30.3%
Operating Margin	8.5%	0.2%	3.0%	9.1%	12.2%
Pre-Tax Margins	8.2%	0.1%	2.3%	8.4%	11.7%
Research and development	0.3%	0.3%	0.1%	0.3%	0.3%
General and administrative	22.5%	24.7%	17.7%	18.5%	17.8%
Tax Rate	(22.4%)	665.5%	0.4%	28.0%	27.7%
YEAR / YEAR GROWTH					
Net Sales	20.8%	15.5%	97.9%	8.4%	10.0%

Source: Company reports and Taglich Brothers estimates

Taglich Brothers, Inc.

MamaMancini's Holdings, Inc.
Income Statement Model – Ending January 31
Quarters FY2023A – 2025E
(in thousands)

	1Q23A	2Q23A	3Q23A	4Q23A	FY2023A	1Q24A	2Q24E	3Q24E	4Q24E	FY2024E	1Q25E	2Q25E	3Q25E	4Q25E	FY2025E
Sales - net of slotting fees, discounts	\$ 21,831	\$ 22,846	\$ 25,694	\$ 22,817	\$ 93,188	\$ 23,121	\$ 23,300	\$ 27,195	\$ 27,405	\$ 101,021	\$ 27,000	\$ 27,500	\$ 28,600	\$ 28,050	\$ 111,150
Cost of goods sold	17,970	20,285	19,130	16,384	73,769	16,750	17,235	19,445	19,475	72,905	18,790	19,525	19,825	19,385	77,525
Gross Profit	3,860	2,562	6,564	6,432	19,418	6,371	6,065	7,750	7,930	28,116	8,210	7,975	8,775	8,665	33,625
Operating Expenses:															
Research and development	27	41	24	43	135	71	70	75	75	291	80	80	80	80	320
General and administrative	3,573	3,516	5,041	4,331	16,461	4,357	4,600	4,800	4,900	18,657	4,850	4,925	5,000	4,975	19,750
Total Operating Expenses	3,599	3,557	5,066	4,374	16,597	4,428	4,670	4,875	4,975	18,948	4,930	5,005	5,080	5,055	20,070
Operating Income (loss)	261	(996)	1,499	2,058	2,822	1,943	1,395	2,875	2,955	9,168	3,280	2,970	3,695	3,610	13,555
Other Income (Expense)															
Interest income (expense)	(124)	(139)	(184)	(187)	(634)	(177)	(170)	(165)	(160)	(672)	(135)	(130)	(125)	(120)	(510)
Amortization of debt discount	(4)	(3)	(3)	(12)	(22)	(6)	(6)	(6)	(6)	(22)	(6)	(6)	(6)	(6)	(24)
Other Income (expense)	-	3	-	0	3	20	-	-	-	20	-	-	-	-	-
Total Other Income (Expense)	(128)	(139)	(187)	(199)	(653)	(163)	(176)	(171)	(166)	(675)	(141)	(136)	(131)	(126)	(534)
Pre-Tax Income	133	(1,135)	1,312	1,859	2,168	1,780	1,219	2,704	2,789	8,493	3,139	2,834	3,564	3,484	13,021
Income (loss) from equity method investment in Chef Inspirational	-	19	72	53	143	146	75	50	25	296	-	-	-	-	-
Income Tax Expense (Benefit)	29	(209)	286	(97)	9	525	350	750	755	2,380	865	785	985	975	3,610
Net Income (loss)	\$ 104	\$ (908)	\$ 1,026	\$ 1,956	\$ 2,303	\$ 1,401	\$ 944	\$ 2,004	\$ 2,059	\$ 6,409	\$ 2,274	\$ 2,049	\$ 2,579	\$ 2,509	\$ 9,411
Dividends on convertible Series B preferred stock	-	-	12	22	34	27	27	27	27	108	30	30	30	30	120
Net Income (loss) - to common shareholders	\$ 104	\$ (908)	\$ 1,086	\$ 1,987	\$ 2,269	\$ 1,374	\$ 917	\$ 1,977	\$ 2,032	\$ 6,301	\$ 2,244	\$ 2,019	\$ 2,549	\$ 2,479	\$ 9,291
EPS	\$ 0.00	\$ (0.03)	\$ 0.03	\$ 0.06	\$ 0.06	\$ 0.04	\$ 0.02	\$ 0.05	\$ 0.05	\$ 0.17	\$ 0.06	\$ 0.05	\$ 0.07	\$ 0.07	\$ 0.25
Avg Shares (000)	36,149	35,811	36,318	36,494	37,313	37,626	37,635	37,640	37,650	37,638	37,655	37,660	37,665	37,670	37,663
Adjusted EBITDA	\$ 471	\$ (648)	\$ 2,063	\$ 2,452	\$ 4,337	\$ 2,465	\$ 1,860	\$ 3,340	\$ 3,420	\$ 11,085	\$ 3,480	\$ 3,170	\$ 3,895	\$ 3,810	\$ 14,355
Margins															
Gross Margins	17.7%	11.2%	25.5%	28.2%	20.8%	27.6%	26.0%	28.5%	28.9%	27.8%	30.4%	29.0%	30.7%	30.9%	30.3%
Operating Margin	1.2%	(4.4%)	5.8%	9.0%	3.0%	8.4%	6.0%	10.6%	10.8%	9.1%	12.1%	10.8%	12.9%	12.9%	12.2%
Pre-Tax Margins	0.6%	(5.0%)	5.1%	8.1%	2.3%	7.7%	5.2%	9.9%	10.2%	8.4%	11.6%	10.3%	12.5%	12.4%	11.7%
Research and development	0.1%	0.2%	0.1%	0.2%	0.1%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
General and administrative	16.4%	15.4%	19.6%	19.0%	17.7%	18.8%	19.7%	17.7%	17.9%	18.5%	18.0%	17.9%	17.5%	17.7%	17.8%
Tax Rate	22.1%	18.4%	21.8%	(5.2%)	0.4%	29.5%	28.7%	27.7%	27.1%	28.0%	27.6%	27.7%	27.6%	28.0%	27.7%
YEAR / YEAR GROWTH															
Net Sales	111.7%	89.4%	136.8%	64.7%	97.9%	5.9%	2.0%	5.8%	20.1%	8.4%	16.8%	18.0%	5.2%	2.4%	10.0%

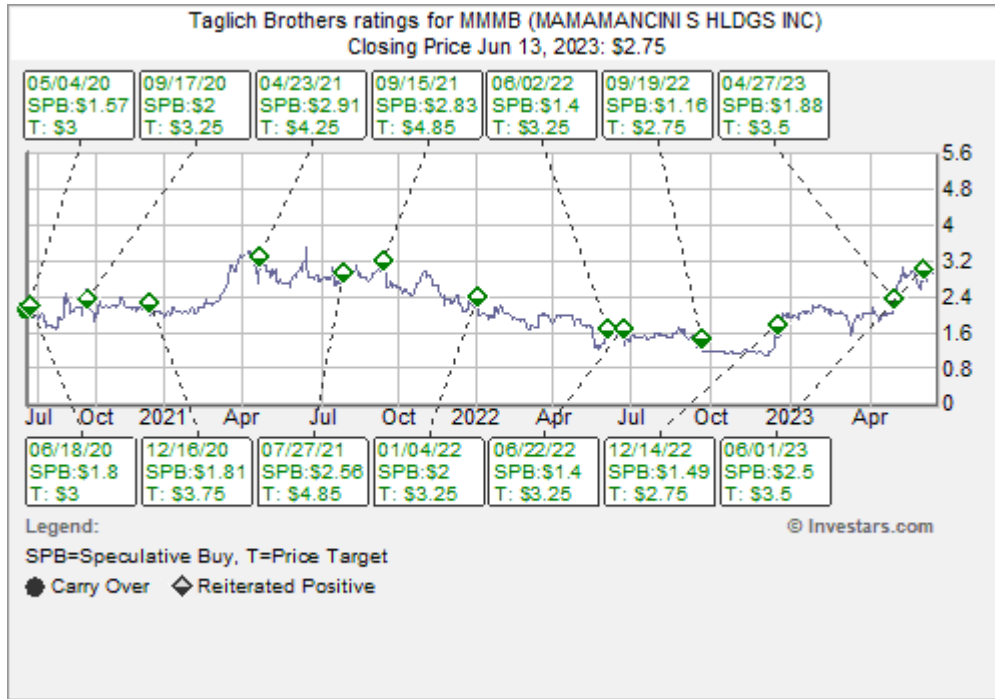
Source: Company reports and Taglich Brothers estimates

MamaMancini's Holdings, Inc.
Cash Flow Statement – Ending January 31
FY2021 – FY2025E
(in thousands)

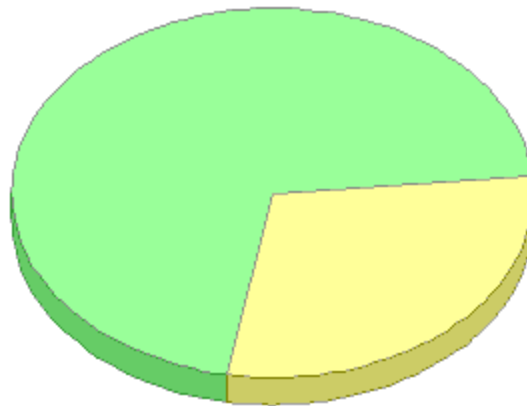
	FY2021A	FY2022A	FY2023A	1Q24A	FY2024E	FY2025E
<i>Cash Flows from Operating Activities</i>						
Net Income (loss)	\$ 4,067	\$ (252)	\$ 2,303	\$ 1,401	\$ 6,301	\$ 9,291
Depreciation	663	779	921	248	995	950
Amortization of debt issuance and discount costs	18	2	22	6	22	24
Amortization of intangibles	-	44	482	102	400	375
Share-based compensation	53	33	110	55	175	175
Income from equity method investment in Chef Inspirational	-	-	(143)	(146)	(296)	-
Provision for doubtful accounts	-	-	233	-	-	-
Amortization of right of use assets	138	191	17	6	25	25
Cash earnings (burn)	4,939	797	3,944	1,672	7,622	10,840
<i>Changes In:</i>						
Accounts receivable	(246)	(938)	563	(1,557)	(1,890)	(847)
Deferred tax asset	(745)	296	(271)	345	-	-
Inventories	51	(475)	(745)	1,100	(9)	(1,523)
Prepaid expenses	(268)	254	(174)	(607)	(172)	(1,000)
Current portion of operating lease liability	(133)	(169)	-	(35)	-	-
Accounts payable and accrued expenses	99	1,176	2,192	696	(560)	(968)
Security deposits	-	(32)	(2)	(3)	-	-
Net (increase)/decrease in Working Capital	(1,241)	113	1,562	(60)	(2,631)	(4,338)
Net cash Provided (used) by Operations	3,699	910	5,506	1,612	4,991	6,502
<i>Cash Flows from Investing Activities</i>						
Cash paid for fixed assets	(419)	(862)	(593)	(145)	(750)	(750)
Cash paid for intangible assets	(33)	-	-	-	-	-
Acquisition of businesses, net	-	(10,409)	(500)	-	-	-
Net cash used in Investing	(452)	(11,271)	(1,093)	(145)	(750)	(750)
<i>Cash Flows from Financing Activities</i>						
Proceeds from advance/completed preferred convertible stock offering, net	-	-	1,300	-	-	-
Proceeds from issuance of common stock and exercise of warrants/options	3,788	19	26	20	50	50
Proceeds (repayment) from credit line	(2,997)	765	125	(140)	(140)	-
Proceeds (repayment) of demand and promissory notes	-	-	(750)	-	(750)	(750)
Borrowings (repayment) from term loan	(442)	7,500	(1,318)	(388)	(1,492)	(1,500)
Cash paid for financing fees	-	(64)	-	-	-	-
Capital lease obligations (repayment) proceeds	(156)	(199)	(235)	(50)	(250)	(250)
Payment of preferred B dividends	-	-	(34)	(27)	(108)	(120)
Borrowings (repayment) from convertible note and notes payable -related party	(642)	-	-	-	-	-
Net cash provided by Financing	(450)	8,021	(885)	(586)	(2,690)	(2,570)
Net change in Cash	2,797	(2,340)	3,528	881	1,551	3,182
Cash Beginning of Period	394	3,191	851	4,378	4,378	5,929
Cash End of Period	<u>\$ 3,191</u>	<u>\$ 851</u>	<u>\$ 4,378</u>	<u>\$ 5,259</u>	<u>\$ 5,929</u>	<u>\$ 9,111</u>

Source: Company reports and Taglich Brothers estimates

Price Chart



Taglich Brothers Current Ratings Distribution



70.83 % Buy | 29.17 % Hold

Investment Banking Services for Companies Covered in the Past 12 Months		
<u>Rating</u>	<u>#</u>	<u>%</u>
Buy	5	26
Hold		
Sell		
Not Rated		

Important Disclosures

As of the date of this report, we, our affiliates, any officer, director or stockholder, or any member of their families do not have a position in the stock of the company mentioned in this report. An employee of Taglich Brothers owns or has a controlling interest in MMB of 15,000 common shares. Taglich Brothers, Inc. does not currently have an Investment Banking relationship with the company mentioned in this report and was not a manager or co-manager of any offering for the company within the last three years.

All research issued by Taglich Brothers, Inc. is based on public information. In October 2017, the company paid Taglich Brothers a monetary fee of \$4,500 (USD) representing payment for the creation and dissemination of research reports for three months. In February 2018, the company began paying Taglich Brothers a monthly monetary fee of \$1,500 (USD) for the creation and dissemination of research reports.

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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.