MamaMancini's Holdings, Inc.
Form 10-Q
December 14, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended: **October 31, 2017**

OR

[ ] 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: **000-54954**

MamaMancini's Holdings, Inc.

(Exact name of Registrant as specified in its charter)

Nevada	**27-067116**
(State or other jurisdiction of incorporation)	(IRS Employer I.D. No.)

25 Branca Road

East Rutherford, NJ 07073

(Address of principal executive offices and zip Code)

(201) 531-1212

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files. Yes [X] No [ ]

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

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]

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

As of December 7, 2017, there were 31,716,080 shares outstanding of the registrant's common stock.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

MAMAMANCINI’S HOLDINGS, INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2017

MamaMancini’s Holdings, Inc.

Condensed Consolidated Balance Sheets

	October 31, 2017 (Unaudited)	January 31, 2017
Assets		
Assets:		
Cash	$558,633	$666,580
Accounts receivable, net	2,859,190	1,817,820
Inventories	361,111	443,623
Prepaid expenses	97,957	135,747
Due from manufacturer - related party	1,537,724	2,079,708
Total current assets	5,414,615	5,143,478
Property and equipment, net	2,111,053	1,175,508
Deposit on machinery and equipment	94,060	—
Total Assets	$7,619,728	$6,318,986
Liabilities and Stockholders’ Equity		
Liabilities:		
Accounts payable and accrued expenses	$1,006,216	$484,752
Line of credit, net	2,303,920	1,363,145
Term loan	165,540	140,004
Note payable - net	1,807,182	1,401,906
Total current liabilities	5,282,858	3,389,807
Term loan - net of current	634,460	513,328
Note payable - net of current portion	—	1,298,819
Notes payable - related party	117,656	117,656
Total long-term liabilities	752,116	1,929,803
Total Liabilities	6,034,974	5,319,610
Commitments and contingencies		
Stockholders’ Equity:		
Series A Preferred stock, $0.00001 par value; 120,000 shares authorized; 23,400 issued as of October 31, 2017 and January 31, 2017, 0 and 23,400 shares outstanding as of October 31, 2017 and January 31, 2017	—	—
Preferred stock, $0.00001 par value; 19,880,000 shares authorized; no shares issued and outstanding	—	—

Common stock, $0.00001 par value; 250,000,000 shares authorized; 31,716,128 and 27,810,717 shares issued and outstanding, respectively	318	278
Additional paid in capital	16,145,954	15,825,029
Common stock subscribed, $0.00001 par value; 66,667 shares, respectively	1	1
Accumulated deficit	(14,412,019)	(14,676,432)
Less: Treasury stock, 230,000 shares, respectively	(149,500)	(149,500)
Total Stockholders’ Equity	1,584,754	999,376
Total Liabilities and Stockholders’ Equity	$7,619,728	$6,318,986

See accompanying notes to the condensed consolidated financial statements

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MamaMancini's Holdings, Inc.

Condensed Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended October 31, 2017	2016	For the Nine Months Ended October 31, 2017	2016
Sales-net of slotting fees and discounts	$7,351,355	$4,576,225	$19,714,090	$12,638,482
Costs of Sales	4,991,138	2,892,012	13,443,949	8,113,756
Gross profit	**2,360,217**	**1,684,213**	**6,270,141**	**4,524,726**
Operating expenses:				
Research and development	27,528	38,529	77,647	106,316
General and administrative	1,914,914	1,402,121	5,251,090	4,339,234
Total operating expenses	**1,942,442**	**1,440,650**	**5,328,737**	**4,445,550**
Income from operations	417,775	243,563	941,404	79,176
Other income (expense):				
Interest expense	(183,974)	(153,159)	(528,969)	(472,870)
Amortization of debt discount	(30,447)	(9,801)	(56,457)	(28,620)
Total other income (expense)	**(214,421)**	**(162,960)**	**(585,426)**	**(501,490)**
Net income (loss)	**203,354**	**80,603**	**355,978**	**(422,314)**
Less: preferred dividends	—	(46,800)	(91,565)	(158,121)
Net income (loss) available to common stockholders	**$203,354**	**$33,803**	**$264,413**	**$(580,435)**
Net income (loss) per common share - basic	$0.01	$0.00	$0.01	$(0.02)
Net income (loss) per common share - diluted	$0.01	$0.00	$0.01	$(0.02)
Weighted average common shares outstanding – basic	31,503,665	27,257,834	29,152,736	26,937,969
Weighted average common shares outstanding – diluted	33,283,110	27,507,834	30,932,182	26,937,969

See accompanying notes to the condensed consolidated financial statements

MamaMancini’s Holdings, Inc.

Condensed Consolidated Statements of Changes in Stockholders’ Equity

For the Period from February 1, 2017 through October 31, 2017

(Unaudited)

	Series A Preferred Stock		Common Stock		Treasury Stock		Additional Paid In	Common Stock	Accumulated	Stockholders’
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Subscribed	Deficit	Equity
Balance, February 1, 2017	23,400	$-	27,810,717	$278	(230,000)	$(149,500)	$15,825,029	$1	$(14,676,432)	$999,376
Common stock issued for services	-	-	188,573	2	-	-	196,998	-	-	197,000
Stock options issued for services	-	-	-	-	-	-	32,400	-	-	32,400
Common stock issued for exercise of warrants	-	-	159,454	2	-	-	(2)	-	-	-
Series A Preferred dividend issued in common shares	-	-	90,717	1	-	-	91,564	-	-	91,565
Series A Preferred dividend	-	-	-	-	-	-	-	-	(91,565)	(91,565)
Conversion of Series A	(23,400)	-	3,466,667	35	-	-	(35)	-	-	-

Preferred to common										
Net income	-	-	-	-	-	-	-	-	355,978	355,978
Balance, October 31, 2017	-	$-	31,716,128	$318	(230,000)	$(149,500)	$16,145,954	$1	$(14,412,019)	$1,584,754

See accompanying notes to the condensed consolidated financial statements

MamaMancini's Holdings, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Nine Months Ended	
	October 31, 2017	October 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$355,978	$(422,314)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	330,104	251,197
Amortization of debt discount and debt issuance costs	56,457	28,620
Share-based compensation	229,400	488,039
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(1,041,370)	(394,618)
Inventories	82,512	(206,752)
Prepaid expenses	37,790	(42,458)
Due from manufacturer - related party	541,984	112,135
Increase (Decrease) in:		
Accounts payable and accrued expenses	521,464	39,532
Net Cash Provided by (Used In) Operating Activities	1,114,319	(146,619)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for fixed assets	(1,359,709)	(225,792)
Net Cash Used In Investing Activities	(1,359,709)	(225,792)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of note payable – related party	-	(7,344)
Repayment of note payable	(950,000)	-
Debt issuance costs	-	(50,000)
Borrowings (repayments) of line of credit, net	940,775	490,859
Borrowings from term loan	251,671	340,000
Repayment of term loan	(105,003)	(91,667)
Repayment of promissory notes	-	(241,829)
Net Cash Provided By Financing Activities	137,443	440,019
Net Increase (Decrease) in Cash	(107,947)	67,608
Cash - Beginning of Period	666,580	587,422

Cash - End of Period	$558,633	$655,030
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash Paid During the Period for:		
Income taxes	$-	$-
Interest	$535,685	$191,423
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Stock issued for Series A Preferred dividends	$91,565	$225,114
Debt issuance costs included in principal balance of note	$52,236	$-
Prepaid stock-based compensation	$-	$7,500
Accrued interest reclassified to principal balance of convertible note	$-	$358,523

See accompanying notes to the condensed consolidated financial statements

MamaMancini's Holdings, Inc.

Notes to Condensed Consolidated Financial Statements

October 31, 2017

Note 1 - Nature of Operations and Basis of Presentation

Nature of Operations

MamaMancini's Holdings, Inc. (the "Company"), (formerly known as Mascot Properties, Inc.) was organized on July 22, 2009 as a Nevada corporation. The Company has a year-end of January 31.

The Company is a manufacturer and distributor of beef meatballs with sauce, turkey meatballs with sauce, beef meat loaf and other similar meats and sauces. The Company's customers are located throughout the United States, with a large concentration in the Northeast and Southeast.

Basis of Presentation

The condensed consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

The unaudited financial information furnished herein reflects all adjustments, consisting solely of normal recurring items, which in the opinion of management are necessary to fairly state the financial position of the Company and the results of its operations for the periods presented. This report should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended January 31, 2017 filed on April 23, 2017. The Company assumes that the users of the interim financial information herein have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The condensed consolidated balance sheet at January 31, 2017 was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The results of operations for the interim periods presented are not necessarily indicative of results for the year ending January 31, 2018.

Going Concern Analysis

Going Concern Analysis

The Company had a net income (loss) of $355,978 and $(422,314) for the nine months ended October 31, 2017 and 2016. As a result, these conditions had raised substantial doubt regarding our ability to continue as a going concern. However, as of October 31, 2017, we had cash and working capital of $558,633 and $131,757, respectively. During the nine months ended October 31, 2017, the Company generated cash from operations of $1,114,319. In addition, the Company was able to negotiate the terms of its note payable with one of the lenders and has exercised an option to extend the maturity date of the note payable to May 1, 2018. Also, continued increases in sales and control of expenses leads management to conclude that it is probable that the Company’s cash resources will be sufficient to meet our cash requirements through the first quarter of fiscal year ended January 31, 2019. If necessary, management also determined that it is probable that external sources of debt and/or equity financing could be obtained based on management’s historical ability to raise capital coupled with current favorable market conditions. As a result of both management’s plans and current trends in improving cash flow, the Company concluded that the initial conditions which raised substantial doubt regarding the ability to continue as a going concern have been alleviated. Therefore, the accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the matters discussed herein. While the Company believes in the viability of management’s strategy to generate sufficient revenue, control costs and the ability to raise additional funds if necessary, there can be no assurances to that effect. The Company’s ability to continue as a going concern is dependent upon the ability to further implement the business plan, generate sufficient revenues and to control operating expenses.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Such estimates and assumptions impact, among others, the following: allowance for doubtful accounts, inventory obsolescence and the fair value of share-based payments.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from our estimates.

Risks and Uncertainties

The Company operates in an industry that is subject to intense competition and change in consumer demand. The Company’s operations are subject to significant risk and uncertainties including financial and operational risks including the potential risk of business failure.

The Company has experienced, and in the future expects to continue to experience, variability in sales and earnings. The factors expected to contribute to this variability include, among others, (i) the cyclical nature of the grocery industry, (ii) general economic conditions in the various local markets in which the Company competes, including a potential general downturn in the economy, and (iii) the volatility of prices pertaining to food and beverages in connection with the Company’s distribution of the product. These factors, among others, make it difficult to project the Company’s operating results on a consistent basis.

Cash

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Company held no cash equivalents at October 31, 2017 or January 31, 2017.

The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. The Company determines if receivables are past due based on days outstanding, and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with accounts receivable is the amount of the receivable recorded, which is the face amount of the receivable net of the allowance for doubtful accounts. As of October 31, 2017 and January 31, 2017, the Company had reserves of $2,000.

Inventories

Inventories are stated at average cost using the first-in, first-out (FIFO) valuation method. Inventory was comprised of the following at October 31, 2017 and January 31, 2017:

	October 31, 2017	January 31, 2017
Finished goods	$361,111	$443,623

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is computed using straight-line methods over the estimated useful lives.

Asset lives for financial statement reporting of depreciation are:

Machinery and equipment	2-7 years
Furniture and fixtures	3 years
Leasehold improvements	*

(*) Amortized on a straight-line basis over the term of the lease or the estimated useful lives, whichever period is shorter.

Fair Value of Financial Instruments

For purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The carrying amount of the Company's short-term financial instruments approximates fair value due to the relatively short period to maturity for these instruments.

Stock Issuance Costs

Stock issuance costs are capitalized as incurred. Upon the completion of the offering, the stock issuance costs are reclassified to equity and netted against proceeds. In the event the costs are in excess of the proceeds, the costs are recorded to expense. In the case of an aborted offering, all costs are expensed.

Research and Development

Research and development is expensed as incurred. Research and development expenses for the three months ended October 31, 2017 and 2016 were $27,528 and $38,529, respectively. Research and development expenses for the nine months ended October 31, 2017 and 2016 were $77,647 and $106,316, respectively.

Shipping and Handling Costs

The Company classifies freight billed to customers as sales revenue and the related freight costs as general and administrative expenses.

Revenue Recognition

The Company records revenue for products when all of the following have occurred: (1) persuasive evidence of an arrangement exists, (2) the product is delivered, (3) the sales price to the customer is fixed or determinable, and (4) collectability of the related customer receivable is reasonably assured. There is no stated right of return for products.

The Company meets these criteria upon shipment.

Expenses such as slotting fees, sales discounts, and allowances are accounted for as a direct reduction of revenues as follows:

	Nine Months Ended October 31, 2017	Nine Months Ended October 31, 2016
Gross Sales	$20,055,073	$12,976,986
Less: Slotting, Discounts, Allowances	340,983	338,504
Net Sales	$19,714,090	$12,638,482

Cost of Sales

Cost of sales represents costs directly related to the production and manufacturing of the Company's products. Costs include product development, freight, packaging, and print production costs.

Advertising

Costs incurred for producing and communicating advertising for the Company are charged to operations as incurred. Producing and communicating advertising expenses for the three months ended October 31, 2017 and 2016 were $522,823 and $377,429, respectively. Producing and communicating advertising expenses for the nine months ended October 31, 2017 and 2016 were $1,261,766 and $1,148,986, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC Topic 718, "*Compensation – Stock Compensation"* ("ASC 718") which establishes financial accounting and reporting standards for stock-based employee compensation. It defines a fair value based method of accounting for an employee stock option or similar equity instrument. The Company accounts for compensation cost for stock option plans in accordance with ASC 718. The Company accounts for share-based payments to non-employees in accordance with ASC 505-50 "*Equity Based Payments to Non-Employees*".

The Company recognizes all forms of share-based payments, including stock option grants, warrants and restricted stock grants, at their fair value on the grant date, which are based on the estimated number of awards that are ultimately expected to vest.

Share-based payments, excluding restricted stock, are valued using a Black-Scholes option pricing model. Grants of share-based payment awards issued to non-employees for services rendered have been recorded at the fair value of the share-based payment, which is the more readily determinable value. The grants are amortized on a straight-line basis over the requisite service periods, which is generally the vesting period. If an award is granted, but vesting does not occur, any previously recognized compensation cost is reversed in the period related to the termination of service. Stock-based compensation expenses are included in cost of goods sold or selling, general and administrative expenses, depending on the nature of the services provided, in the consolidated statement of operations. Share-based payments issued to placement agents are classified as a direct cost of a stock offering and are recorded as a reduction in additional paid in capital.

For the three months ended October 31, 2017 and 2016, share-based compensation amounted to $81,901 and $115,277, respectively. For the nine months ended October 31, 2017 and 2016, share-based compensation amounted to $229,400 and $488,039, respectively.

For the nine months ended October 31, 2017 and 2016, when computing fair value of share-based payments, the Company has considered the following variables:

	October 31, 2017		October 31, 2016	
Risk-free interest rate	1.18% to 1.60	%	1.25% to 1.33	%
Expected life of grants	2 to 3.51 years		2.5 to 3.5 years	
Expected volatility of underlying stock	139% to 298	%	172% to 179	%
Dividends	0	%	0	%

The expected option term is computed using the “simplified” method as permitted under the provisions of ASC 718-10-S99. The Company uses the simplified method to calculate expected term of share options and similar instruments as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.

The expected stock price volatility for the Company’s stock options was determined by the historical volatilities for industry peers and used an average of those volatilities. Risk free interest rates were obtained from U.S. Treasury rates for the applicable periods.

Earnings (Loss) Per Share

Earnings per share ("EPS") is the amount of earnings attributable to each share of common stock. For convenience, the term is used to refer to either earnings or loss per share. EPS is computed pursuant to Section 260-10-45 of the FASB Accounting Standards Codification. Pursuant to ASC Paragraphs 260-10-45-10 through 260-10-45-16, basic EPS shall be computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Income available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock (whether or not paid) and the dividends accumulated for the period on cumulative preferred stock (whether or not earned) from income from continuing operations (if that amount appears in the income statement) and also from net income. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants.

The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income (loss) attributable to common stockholders per common share.

	For the Three Months Ended	
	October 31, 2017	**October 31, 2016**
Numerator:		
Net income attributable to common stockholders	$203,354	$33,803
Effect of dilutive securities:	—	—
Diluted net income	$203,354	$33,803
Denominator:		
Weighted average common shares outstanding - basic	31,503,665	27,257,834
Dilutive securities (a):		
Series A Preferred	-	-
Options	257,493	250,000
Warrants	1,521,952	-
Weighted average common shares outstanding and assumed conversion - diluted	33,283,110	27,507,834
Basic net income per common share	$0.01	$0.00
Diluted net income per common share	$0.01	$0.00
(a) - Anti-dilutive securities excluded:	3,041,001	9,230,805

	For the Nine Months Ended	
	October 31, 2017	October 31, 2016
Numerator:		
Net income/(loss) attributable to common stockholders	$264,413	$(580,435)
Effect of dilutive securities:	—	—
Diluted net income (loss)	$264,413	$(580,435)
Denominator:		
Weighted average common shares outstanding - basic	29,152,736	26,937,969
Dilutive securities (a):		
Series A Preferred	—	—
Options	257,493	—
Warrants	1,521,952	—
Weighted average common shares outstanding and assumed conversion - diluted	30,932,182	26,937,969
Basic net income (loss) per common share	$0.01	$(0.02)
Diluted net income (loss) per common share	$0.01	$(0.02)
(a) - Anti-dilutive securities excluded:	3,041,001	9,230,805

Income Taxes

Income taxes are provided in accordance with ASC No. 740, "*Accounting for Income Taxes*". A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carryforwards. Deferred tax expense (benefit) results from the net change during the period of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company is no longer subject to tax examinations by tax authorities for years prior to 2013.

Recent Accounting Pronouncements

In July 2015, the FASB issued the ASU No. 2015-11 "*Inventory (Topic 330)*: *Simplifying the Measurement of Inventory"* ("ASU 2015-11"). The amendments in this ASU do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of this ASU at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. For public business entities, the amendments in this ASU are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. During the nine months ended October 31, 2017, the Company adopted the methodologies prescribed by ASU 2015-11 and deemed that the adoption of the ASU did not have a material effect on its financial position or results of operations.

In April 2016, the FASB issued ASU No. 2016-09, "*Compensation – Stock Compensation (Topic 718)*". The FASB issued this update to improve the accounting for employee share-based payments and affect all organizations that issue share-based payment awards to their employees. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The updated guidance is effective for annual periods beginning after December 15, 2016, including interim periods within those fiscal years. During the three months ended April 30, 2017, the Company adopted the methodologies prescribed by ASU 2016-09 and deemed that the adoption of the ASU did not have a material effect on its financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, *"Leases (Topic 842)."* Under ASU 2016-02, lessees will be required to recognize, for all leases of 12 months or more, a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature of an entity's leasing activities. This ASU is effective for public reporting companies for interim and annual periods beginning after December 15, 2018, with early adoption permitted, and must be adopted using a modified retrospective approach. The Company is in the process of evaluating the effect of the new guidance on its consolidated financial statements and disclosures.

In April 2016, the FASB issued ASU No. 2016-10, "*Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing (Topic 606)*". In March 2016, the FASB issued ASU No. 2016-08, "*Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross verses Net) (Topic 606)*". These amendments provide additional clarification and implementation guidance on the previously issued ASU 2014-09, "Revenue from Contracts with Customers". The amendments in ASU 2016-10 provide clarifying guidance on materiality of performance obligations; evaluating distinct performance obligations; treatment of shipping and handling costs; and determining whether an entity's promise to grant a license provides a customer with either a right to use an entity's intellectual property or a right to access an entity's intellectual property. The amendments in ASU 2016-08 clarify how an entity should identify the specified good or service for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. The adoption of ASU 2016-10 and ASU 2016-08 is to coincide with an entity's adoption of ASU 2014-09, which the Company intends to adopt for interim and annual reporting periods beginning after December 15, 2017. The Company is in the process of evaluating the standard and does not expect the adoption will have a material effect on its consolidated financial statements and disclosures.

In May 2016, the FASB issued ASU No. 2016-12, "*Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients"*, which narrowly amended the revenue recognition guidance regarding collectability, noncash consideration, presentation of sales tax and transition and is effective during the same period as ASU 2014-09. The Company is currently evaluating the standard and does not expect the adoption will have a material effect on its consolidated financial statements and disclosures. The Company is in the process of performing an initial review of custom contracts to determine the impact that ASU 2014-09 and its subsequent updates will have on the Company's condensed consolidated financial statements or financial statement disclosures upon adoption. Based on this preliminary review, the Company believes that the timing and measurement of revenue for these customers will be similar to the current revenue recognition. However, this view is preliminary and could change based on the detailed analysis associated with the conversion and implementation phases of ASU 2014-09. The Company intends to utilize the transition method, retrospectively adopting with the cumulative effect of initially applying the standard at the date of initial application.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments"* ("ASU 2016-15"). ASU 2016-15 will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017. The new standard will require adoption on a retrospective basis unless it is impracticable to apply, in which case it would be required to apply the amendments prospectively as of the earliest date practicable. The Company is currently in the process of evaluating the impact of ASU 2016-15 on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *"Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory",* which eliminates the exception that prohibits the recognition of current and deferred income tax effects for intra-entity transfers of assets other than inventory until the asset has been sold to an outside party. The updated guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption of the update is permitted. The Company is currently evaluating the impact of the new standard.

In November 2016, the FASB issued ASU 2016-18, *"Statement of Cash Flows (Topic 230)"*, requiring that the statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This guidance is effective for fiscal years, and interim reporting periods therein, beginning after December 15, 2017 with early adoption permitted. The provisions of this guidance are to be applied using a retrospective approach which requires application of the guidance for all periods presented. The Company is currently evaluating the impact of the new standard.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying consolidated financial statements.

Note 3 - Property and Equipment:

Property and equipment on October 31, 2017 and January 31, 2017 are as follows:

	October 31, 2017	January 31, 2017
Machinery and Equipment	$1,872,228	$1,193,473
Furniture and Fixtures	23,067	17,942
Leasehold Improvements	1,406,967	825,198
	3,302,262	2,036,613
Less: Accumulated Depreciation	1,191,209	861,105
	$2,111,053	$1,175,508

Depreciation expense charged to income for the three months ended October 31, 2017 and 2016 amounted to $110,899 and $91,492, respectively. Depreciation expense charged to income for the nine months ended October 31, 2017 and 2016 amounted to $330,104 and $251,197, respectively.

Note 4 - Investment in Meatball Obsession, LLC

During 2011, the Company acquired a 34.62% interest in Meatball Obsession, LLC ("MO") for a total investment of $27,032. This investment is accounted for using the equity method of accounting. Accordingly, investments are recorded at acquisition cost plus the Company's equity in the undistributed earnings or losses of the entity.

At December 31, 2011, the investment was written down to $0 due to losses incurred by MO.

The Company's ownership interest in MO has decreased due to dilution. At October 31, 2017 and January 31, 2017, the Company's ownership interest in MO was 12% and 12%, respectively.

Note 5 - Related Party Transactions

Joseph Epstein Foods

On March 1, 2010, the Company entered into a five-year agreement with Joseph Epstein Foods (the "Manufacturer") who is a related party. The Manufacturer is co-owned by the CEO and President of the Company. The Company analyzed the relationship with the Manufacturer to determine if the Manufacturer is a variable interest entity as defined by FASB ASC 810 "*Consolidation*". Based on this analysis, the Company has determined that the Manufacturer is a variable interest entity but the Company is not the primary beneficiary of the variable interest entity and therefore consolidation is not required. In addition, based on the analysis the Company determined that the CEO and President of the Company are the primary beneficiary of the variable interest entity and bears the risk of loss. Under the terms of the agreement, the Company grants to the Manufacturer a revocable license to use the Company's recipes, formulas, methods and ingredients for the preparation and production of Company's products, for manufacturing the Company's product and all future improvements, modifications, substitutions and replacements developed by the Company. The Manufacturer in turn grants the Company the exclusive right to purchase the product. Under the terms of the agreement the Manufacturer agrees to manufacture, package, and store the Company's products and the Company has the right to purchase products from one or more other manufacturers, distributors or suppliers. In September 2016, the agreement was amended and restated to extend the agreement until August 2, 2021. The amended agreement contains a perpetual automatic renewal clause for a period of one year after the expiration of the initial term. During the renewal period either party may cancel the contract with written notice nine months prior to the termination date. The term of this Agreement shall expire on the later of the expiration date or a date which is three (3) years following a Change of Control. For purposes of the agreement, a Change of Control shall occur when a third party who is not currently a shareholder of the Company acquires control of at least fifty-one percent (51%) of the voting shares of the Company.

Under the terms of the agreement if the Company specifies any change in packaging or shipping materials which results in the manufacturer incurring increased expense for packaging and shipping materials or in the Manufacturer being unable to utilize obsolete packaging or shipping materials in ordinary packaging or shipping, the Company agrees to pay as additional product cost the additional cost for packaging and shipping materials and to purchase at cost such obsolete packaging and shipping materials. If the Company requests any repackaging of the product, other than due to defects in the original packaging, the Company will reimburse the Manufacturer for any labor costs incurred in repackaging. Per the agreement, all product delivery shipping costs are the expense of the Company. The Company agreed with the Manufacturer at the end of the last fiscal year that Company would purchase a minimum of

$965,000 of product each month and that any amount below that sum would be a charge of 12% of that shortfall each month. In return, the Manufacturer obligated itself to offer the Company competitive prices and would not co-pack for other suppliers and would either maintain or lower its payable to the Company each quarter. In addition, the Manufacturer agreed to rebate the Company any overage of gross margin above 12% each month.

From time to time the Company will make investments in equipment located at the Manufacturer's facility. The equipment is capitalized and depreciated by the Company over the estimated useful life.

During the three months ended October 31, 2017 and 2016, the Company purchased inventory of $5,283,351 and $2,931,539, respectively, from the Manufacturer. During the nine months ended October 31, 2017 and 2016, the Company purchased inventory of $13,712,639 and $8,300,508, respectively, from the Manufacturer.

During the three months ended October 31, 2017 and 2016, the Manufacturer incurred expenses of $15,000 and $15,000, respectively, on behalf of the Company for shared administrative expenses and salary expenses. During the nine months ended October 31, 2017 and 2016, the Manufacturer incurred expenses of $45,000 and $27,000, respectively, on behalf of the Company for shared administrative expenses and salary expenses.

At October 31, 2017 and January 31, 2017, the amount due from the Manufacturer is $1,537,724 and $2,079,708 respectively.

On November 1, 2017, the Company completed a merger with the Manufacturer as discussed in Note 11 below.

Meatball Obsession, LLC

A current director of the Company is the chairman of the board and shareholder of Meatball Obsession LLC ("MO").

For the three months ended October 31, 2017 and 2016, the Company generated approximately $29,684 and $34,316 in revenues from MO, respectively. For the nine months ended October 31, 2017 and 2016, the Company generated approximately $62,723 and $44,641 in revenues from MO, respectively.

As of October 31, 2017 and January 31, 2017, the Company had a receivable of $23,617 and $8,189 due from MO, respectively.

WWS, Inc.

A current director of the Company is the president of WWS, Inc.

For the three months ended October 31, 2017 and 2016, the Company recorded $12,000 and $12,000 in commission expense from WWS, Inc. generated sales, respectively. For the nine months ended October 31, 2017 and 2016, the Company recorded $36,000 and $24,000 in commission expense from WWS, Inc. generated sales, respectively.

Notes Payable – Related Party

During the year ended January 31, 2016, the Company received aggregate proceeds of $125,000 from notes payable with the CEO of the Company. The notes bear interest at a rate of 4% per annum and matured on December 31, 2016. The notes were subsequently extended until February 2019. As of October 31, 2017 and January 31, 2017, the outstanding principal balance of the notes was $117,656.

Note 6 - Loan and Security Agreement

On September 3, 2014, the Company entered into a Loan and Security Agreement (“Loan and Security Agreement”) with Entrepreneur Growth Capital, LLC (“EGC”) which contains a line of credit. As of October 31, 2017 and January 31, 2017, the outstanding balance on the line of credit was $2,303,920 and $1,363,145, respectively. In September 2016, the agreement was amended and the total facility increased to an aggregate principal amount of up to $3,200,000. The facility consists of the following:

Accounts Revolving Line of Credit:	$2,150,000
Inventory Revolving Line of Credit:	$350,000
Term Loan:	$700,000

EGC may from time to time make loans in an aggregate amount not to exceed the Accounts Revolving Line of Credit up to 85% of the net amount of Eligible Accounts (as defined in the Loan and Security Agreement). In July 2017, EGC made an accommodation whereby the Accounts Receivable Line of Credit could be increased to $2,500,000, provided that the aggregate principal amount of the facility did not exceed $3,200,000. Also, in July 2017, EGC advanced an additional loan to the Company in the principal amount of $300,000, subject to $50,000 monthly repayments commencing October 31, 2017. EGC may from time to time make loans in an aggregate amount not to exceed the Inventory Revolving Line of Credit against Eligible Inventory (as defined in the Loan and Security Agreement) in an amount up to 50% of finished goods and in an amount up to 20% of raw material, which is capped at $30,000.

The revolving interest rates is equal to the highest prime rate in effect during each month as generally reported by Citibank, N.A. plus (a) 2.5% on loans and advances made against eligible accounts and (b) 4.0% on loans made against eligible inventory. The term loan bears interest at a rate of the highest prime rate in effect during each month as generally reported by Citibank, N.A. plus 4.0%. The initial term of the facility is for a period of two years and will automatically renew for an additional one-year period. The Company is required to pay an annual facility fee equal to 0.75% of the total $3,200,000 facility and pays an annualized maintenance fee equal to 2.16% of the total facility. In the event of default, the Company shall pay 10% above the stated rates of interest per the Agreement. The drawdowns are secured by all of the assets of the Company. Due to the terms of the agreement regarding a subjective acceleration clause and a lockbox arrangement, the line of credit is shown as a current liability on the condensed consolidated balance sheets.

On September 3, 2014, the Company also entered into a 5-year $600,000 Secured Promissory Note (“EGC Note”) with EGC. In September 2016, the ECG Note was increased to $700,000 with an extended maturity date of September 30, 2021. The amended EGC Note is payable in 60 monthly installments of $11,667. The EGC Note bears interest at the prime rate plus 4.0% and is payable monthly, in arrears. In the event of default, the Company shall pay 10% above the stated rates of interest per the Loan and Security Agreement. The EGC Note is secured by all of the assets of the Company. The outstanding balance on the term loan was $800,000 and $653,332 as of October 31, 2017 and January 31, 2017, respectively.

Additionally, in connection with the Loan and Security Agreement, Carl Wolf, the Company’s Chief Executive Officer, entered into a Guarantee Agreement with EGC, personally guaranteeing all the amounts borrowed on behalf of the Company under the Loan and Security Agreement.

Note 7 –Note Payable

On December 19, 2014, the Company entered into a securities purchase agreement (the “Manatuck Purchase Agreement”) with Manatuck Hill Partners, LLC (“Manatuck”) whereby the Company issued a convertible redeemable debenture (the “Manatuck Debenture”) in favor of Manatuck. The Manatuck Debenture is for $2,000,000 bearing interest at a rate of 14% and matures in February 2016. Upon issuance of the Manatuck Debenture, the Company granted Manatuck 200,000 shares of the Company’s restricted common stock. In April 2015, the maturity date was extended to May 2016 and 30,000 shares of restricted common stock were issued to Manatuck. Based on management’s review, the accounting for debt modification applied. The Company valued the 30,000 shares at the grant date share price of $1.32 and recorded $39,600 to debt discount on the consolidated balance sheet.

Upon issuance of the debenture and subsequent extension, a debt discount of $498,350 was recorded for the fees incurred by the buyer as well as the value of the common shares granted to Manatuck. The debt discount will be amortized over the earlier of (i) the term of the debt or (ii) conversion of the debt, using the straight-line method which approximates the effective interest method. The amortization of debt discount is included as a component of other expense in the consolidated statements of operations.

On October 29, 2015, the note was further amended to extend the maturity date to December 19, 2016. Per the terms of the execution of the extension, the Company was required to purchase the above 230,000 shares issued to Manatuck for a share price of $0.65, a value of $149,500 and incurred an amendment fee of $170,500, both of which were added to the outstanding principal of the debt. In addition, the extension reduced accrued interest by $220,000 and increased the outstanding principal of the debt by $220,000. Based on management's review, the accounting for debt extinguishment applied. In accordance with the accounting for debt extinguishment, the Company wrote-off the existing debt of $2,000,000, wrote-off the unamortized debt discount of $190,483 and wrote-off the remaining debt issuance costs relating to this note of $19,106. The loss on debt extinguishment of $380,089 on the statement of operations is comprised of the write-off of the remaining debt discount of $190,483, the write-off of the debt issuance costs of $19,106, and the amendment fee of $170,500.

In August 2016, the note was further amended to extend the maturity date to September 30, 2017 and also removed the convertible feature of the note. The principal amount of the note was increased to $2,898,523, which is inclusive of accrued interest payable through October 31, 2016. In addition, the Company paid an origination fee of $50,000 on October 31, 2016 which is recorded as a debt discount and will be amortized over the remaining life of the note using the effective interest method.

On March 10, 2017, the Company further extended the maturity date to May 1, 2018. Per the terms of the amended agreement:

1) The Company will pay to Manatuck a cash fee equal to two percent (2%) of the mutually-agreed pro-forma balance payable on account of the note as of March 31, 2017, which shall include all interest which would be accrued on the note through March 31, 2017;

2) The Company shall make monthly principal payments to Manatuck as follows:

March 2017-September 2017	$100,000
October 2017-December 2017	$150,000
January 2018-May 1, 2018	$200,000

Based on management's review of the amended agreement and extension, the accounting for debt modification applied. The Company accrued the 2% fee totaling $52,236 which is recorded as a debt discount and will be amortized over the remaining life of the note using the effective interest method. There was unamortized debt discount of $43,873 and $48,094 as of October 31, 2017 and January 31, 2017, respectively.

The outstanding balance including principal and interest and net of debt discount at October 31, 2017 and January 31, 2017 was $1,807,182 and $2,700,725, respectively.

Future maturities of all debt (including debt discussed above in Notes 5, 6 and 7) are as follows:

For the Twelve-Month Period Ending October 31,	
2018	$4,276,642
2019	283,196
2020	140,004
2021	140,004
2022	239,984
	$5,028,758

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<u>Note 8 - Concentrations</u>

Revenues

During the nine months ended October 31, 2017, the Company earned revenues from two customers representing approximately 39% and 11% of gross sales. During the nine months ended October 31, 2016, the Company earned revenues from three customers representing approximately 24%, 12% and 11% of gross sales.

As of October 31, 2017, these two customers represented approximately 43% and 13% of total gross outstanding receivables, respectively. As of October 31, 2016, these three customers represented approximately 31%, 18%, and 6% of total gross outstanding receivables, respectively.

Cost of Sales

For the nine months ended October 31, 2017 and 2016, one vendor (Joseph Epstein Foods, Inc.—a related party) represented approximately 100% and 100% of the Company’s purchases, respectively.

<u>Note 9 - Stockholders’ Equity</u>

Common Stock

On July 27, 2017, (the effective date), 23,400 shares of the Company’s Series A Preferred Stock were automatically converted into approximately 3,466,667 shares of the Company’s Common Stock. Pursuant to the terms of the Certificate of Designation, the automatic conversion occurred on June 27, 2017 following the volume weighted average price of the Common Stock during any ten consecutive trading days remaining at least $1.0125. The conversion became effective on July 27, 2017.

During the nine months ended October 31, 2017, the Company issued 90,717 shares of its common stock to the holders of the Series A Preferred stockholders for the dividends in arrears totaling $91,565.

During the nine months ended October 31, 2017, the Company issued 188,573 shares of its common stock to employees and consultants for services rendered of $197,000.

Treasury Stock

As discussed in Note 7, upon amendment of the Manatuck Debenture on October 29, 2015, the Company repurchased the 230,000 shares for an aggregate purchase price of $149,500 which is presented as Treasury Stock on the condensed consolidated balance sheets.

(C) Options

The following is a summary of the Company's option activity:

	Options	Weighted Average Exercise Price
Outstanding – January 31, 2017	881,404	$ 0.78
Exercisable – January 31, 2017	799,404	$ 0.78
Granted	125,000	$ 1.05
Exercised	-	$ -
Forfeited/Cancelled	(229,404)	$ 1.00
Outstanding – October 31, 2017	777,000	$ 0.76
Exercisable – October 31, 2017	642,250	$ 0.73

Options Outstanding			Options Exercisable		
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.39 – 2.97	777,000	2.32 years	$0.76	642,250	$ 0.73

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At October 31, 2017 the total intrinsic value of options outstanding and exercisable was $339,810 and $303,843, respectively.

For the nine months ended October 31, 2017 and 2016, the Company recognized share-based compensation related to options of an aggregate of $32,400 and $122,320, respectively. At October 31, 2017, unrecognized share-based compensation was $66,890.

(D) Warrants

The following is a summary of the Company’s warrant activity:

	Warrants	Weighted Average Exercise Price
Outstanding – January 31, 2017	7,425,865	$ 1.06
Exercisable – January 31, 2017	7,425,865	$ 1.06
Granted	-	$ -
Exercised	(364,466)	$ -
Forfeited/Cancelled	-	$ -
Outstanding – October 31, 2017	7,061,399	$ 1.06
Exercisable – October 31, 2017	7,061,399	$ 1.06

Warrants Outstanding				**Warrants Exercisable**	
Range of Exercise Price	**Number Outstanding**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**
$0.68-$2.50	7,061,399	2.79 years	$1.06	7,061,399	$ 1.06

At October 31, 2017, the total intrinsic value of warrants outstanding and exercisable was $1,851,957 and $1,851,957, respectively.

During the nine months ended October 31, 2017, 364,466 warrants were exercised by the warrant holder on a cashless basis. The Company issued 159,454 shares of common stock as a result of this exercise.

Note 10 - Commitments and Contingencies

Litigations, Claims and Assessments

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm its business. The Company is currently not aware of any such legal proceedings or claims that they believe will have, individually or in the aggregate, a material adverse effect on its business, financial condition or operating results.

Licensing and Royalty Agreements

On March 1, 2010, the Company was assigned a Development and License agreement (the “Agreement”). Under the terms of the Agreement the Licensor shall develop for the Company a line of beef meatballs with sauce, turkey meatballs with sauce and other similar meats and sauces for commercial manufacture, distribution and sale (each a “Licensor Product” and collectively the “Licensor Products”). Licensor shall work with Licensee to develop Licensor Products that are acceptable to Licensee. Upon acceptance of a Licensor Product by Licensee, Licensor’s trade secret recipes, formulas methods and ingredients for the preparation and production of such Licensor Products (the “Recipes”) shall be subject to this Development and License Agreement.

The term of the Agreement (the “Term”) shall consist of the Exclusive Term and the Non-Exclusive Term. The 12-month period beginning on each January 1 and ending on each December 31 is referred to herein as an “Agreement Year”.

The Exclusive Term began on January 1, 2009 (the “Effective Date”) and ends on the 50th anniversary of the Effective Date, unless terminated or extended as provided herein. Licensor, at its option, may terminate the Exclusive Term by notice in writing to Licensee, delivered between the 60th and the 90th day following the end of any Agreement Year if, on or before the 60th day following the end of such Agreement Year, Licensee has not paid Licensor Royalties with respect to such Agreement Year at least equal to the minimum royalty (the “Minimum Royalty”) for such Agreement Year. Subject to the foregoing sentence, and provided Licensee has not breached this Agreement and failed to cure such breach in accordance herewith, Licensee may extend the Exclusive Term for an additional twenty-five (25) years, by notice in writing to Licensor, delivered on or before the 50th anniversary of the Effective Date.

The Non-Exclusive Term begins upon expiration of the Exclusive Term and continues indefinitely thereafter, until terminated by Licensor due to a material breach hereof by Licensee that remains uncured after notice and opportunity to cure in accordance herewith, or until terminated by Licensee.

Either party may terminate this Agreement in the event that the other party materially breaches its obligations and fails to cure such material breach within ninety (60) days following written notice from the non-breaching party specifying the nature of the breach. The following termination rights are in addition to the termination rights provided elsewhere in the agreement.

Termination by Licensee - Licensee shall have the right to terminate this Agreement at any time on ninety (60) days written notice to Licensor. In such event, all moneys paid to Licensor shall be deemed non-refundable.

Under the terms of the Agreement the Company is required to pay quarterly royalty fees as follows:

During the Exclusive Term and the Non-Exclusive Term the Company will pay a royalty equal to the royalty rate (the “Royalty Rate”), multiplied by Company’s “Net Sales”. As used herein, “Net Sales” means gross invoiced sales of Products, directly or indirectly to unrelated third parties, less (a) discounts (including cash discounts), and retroactive price reductions or allowances actually allowed or granted from the billed amount (collectively “Discounts”); (b) credits, rebates, and allowances actually granted upon claims, rejections or returns, including recalls (voluntary or otherwise) (collectively, “Credits”); (c) freight, postage, shipping and insurance charges; (d) taxes, duties or other governmental charges levied on or measured by the billing amount, when included in billing, as adjusted for rebates and refunds; and (e) provisions for uncollectible accounts determined in accordance with reasonable accounting methods, consistently applied.

The Royalty Rate shall be: 6% of net sales up to $500,000 of net sales for each Agreement year; 4% of Net Sales from $500,000 up to $2,500,000 of Net Sales for each Agreement year; 2% of Net Sales from $2,500,000 up to $20,000,000 of Net Sales for each Agreement year; and 1% of Net Sales in excess of $20,000,000 of Net Sales for each Agreement year.

In order to continue the Exclusive term, the Company shall pay a minimum royalty with respect to the preceding Agreement year as follows:

Agreement Year	Minimum Royalty to be Paid with Respect to Such Agreement Year
1st and 2nd	$ -
3rd and 4th	$ 50,000
5th, 6th and 7th	$ 75,000
8th and 9th	$ 100,000
10th and thereafter	$ 125,000

The Company incurred $98,133 and $67,589 of royalty expenses for the three months ended October 31, 2017 and 2016. Royalty expenses are included in general and administrative expenses on the consolidated statement of operations. The Company incurred $304,324 and $209,273 of royalty expenses for the nine months ended October 31, 2017 and 2016. Royalty expenses are included in general and administrative expenses on the consolidated statement of operations.

Agreements with Placement Agents and Finders

(A) April 1, 2015

The Company entered into a fourth Financial Advisory and Investment Banking Agreement with Spartan Capital Securities, LLC ("Spartan") effective April 1, 2015 (the "Spartan Advisory Agreement"). Pursuant to the Spartan Advisory Agreement, the Company shall pay to Spartan a non-refundable monthly fee of $10,000 through October 1, 2015. The monthly fee shall survive any termination of the Agreement. Additionally, (i) if at least $4,000,000 is raised in the Financing, the Company shall pay to Spartan a non-refundable fee of $5,000 per month from November 1, 2015 through October 2017; and (ii) if at least $5,000,000 is raised in the Financing, the Company shall pay to Spartan a non-refundable fee of $5,000 per month from November 1, 2017 through October 2019. If $10,000,000 or more is raised in the Financing, the Company shall issue to Spartan shares of its common stock having an aggregate value of $5,000 (as determined by reference to the average volume weighted average trading price for the last five trading days of the immediately preceding month) on the first day of each month during the period from November 1, 2015 through October 1, 2019.

The Company upon closing of the Financing shall pay consideration to Spartan, in cash, a fee in an amount equal to 10% of the aggregate gross proceeds raised in the Financing and 3% of the aggregate gross proceeds raised in the Financing for expenses incurred by Spartan. The Company shall grant and deliver to Spartan at the closing of the Financing, for nominal consideration, five-year warrants to purchase a number of shares of the Company's common stock equal to 10% of the number of shares of common stock (and/or shares of common stock issuable upon exercise of securities or upon conversion or exchange of convertible or exchangeable securities) sold at such closing. The warrants shall be exercisable at any time during the five-year period commencing on the closing to which they relate at an exercise price equal to the purchase price per share of common stock paid by investors in the Financing or, in the case of exercisable, convertible, or exchangeable securities, the exercise, conversion or exchange price thereof. If the Financing is consummated by means of more than one closing, Spartan shall be entitled to the fees provided herein with respect to each such closing.

During the year ended January 31, 2016, the Company paid to Spartan a one-time engagement fee of $10,000. In connection with the Initial Closing, the Company agreed to pay an aggregate cash fee and non-accountable allowance of $157,300. The Company also granted warrants to purchase 364,466 shares of common stock at $0.675 per share. The warrants have a grant date fair value of $241,769 which is treated as a direct cost of the Financing and has been recorded as a reduction in additional paid in capital. In connection with the Initial Closing, the Company granted warrants to purchase 80,000 shares of common stock at $1.00 per share. Spartan exercised 364,466 warrants during the nine months ended October 31, 2017.

During the nine months ended October 31, 2017, no payments were made to Spartan.

Operating Lease

In January 2015, the Company began a lease agreement for office space in East Rutherford, NJ. The lease is for a 51-month term expiring on March 31, 2019 with annual payments of $18,847.

Total future minimum payments required under operating lease as of October 31, 2017 are as follows:

For the Twelve Months Ending October 31,	
2018	$18,847
2019	7,853
	$26,700

Note 11 – Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were available to be issued. Based on this evaluation, the Company has identified the following reportable subsequent events other than those disclosed elsewhere in these financials.

Merger with Joseph Epstein Food Enterprises, Inc. (“JEFE”)

On November 1, 2017, MamaMancini’s Holdings, Inc., a Nevada corporation (“MamaMancini’s”), Joseph Epstein Food Enterprises, Inc., a New Jersey corporation(“JEFE”), and MMMB Acquisition, Inc., a Nevada corporation and wholly owned subsidiary of MamaMancini’s (“Merger Sub”), completed the merger contemplated by the Agreement and Plan of Merger by and among MamaMancini’s, JEFE, and Merger Sub, dated as of November 1, 2017 (the “Merger Agreement”). Pursuant to the terms of the Merger Agreement, JEFE has merged with and into Merger Sub, with Merger Sub continuing as the surviving entity and a wholly owned subsidiary of MamaMancini’s. It is anticipated that Merger Sub will be renamed “Joseph Epstein Food Enterprises, Inc.” The Company has determined that the merger is consistent with the long-term business strategy of the Company. The merger will streamline manufacturing and therefore result in increased plant efficiencies with higher volume and reduced overhead.

Under the terms of the Merger Agreement and in connection with the merger, the Company acquired all assets of JEFE. The consideration for the transaction was (a) the extinguishment of the Inter-Company Loan between the parties, (b) the assumption by the Company of all JEFE accounts payable and accrued expenses, (c) the assumption by the Company of certain third-party loans to JEFE and (d) the indemnification of Carl Wolf with respect to his collateralization of a bank loan to JEFE. As a result of the transaction, (i) the Company became the sole shareholder of JEFE, which became a wholly-owned subsidiary of the Company (ii) following the Closing, JEFE's financial statements as of the Closing will be consolidated with the Consolidated Financial Statements of the Company (collectively, the "Merger Transaction"). No cash or stock was exchanged in connection with the transaction.

The initial accounting for the business combination was not complete at the time the financial statements were issued due to the timing of the acquisition and the filing of this Quarterly Report on Form 10-Q. As a result, disclosures required under ASC 805-10-50, *Business Combinations*, cannot be made at this time. The Company plans to file the required historical financial statements and the required pro forma financial statements of the combined results of the Company and JEFE in a Form 8-K/A to amend the Current Report on Form 8-K filed on November 2, 2017.

Options issued to Employees

In November 2017, the Company granted 114,000 options to employees. The awards shall be at an exercise price of $1.38 and vest one third immediately and one third on each of the first and second anniversaries of the grant date.

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

THE FOLLOWING DISCUSSION OF OUR PLAN OF OPERATION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND RELATED NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS REPORT. THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS 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 THESE FORWARD- LOOKING STATEMENTS. THESE RISKS AND OTHER FACTORS INCLUDE, AMONG OTHERS, THOSE LISTED UNDER "FORWARD-LOOKING STATEMENTS" AND "RISK FACTORS" DETAILED IN PRIOR COMPANY FILINGS AND THOSE INCLUDED ELSEWHERE IN THIS REPORT.

Plan of Operation

The Company's product lines include, Italian Sauce and Beef Meatballs, and Turkey Meatballs; Italian Sauce and Cheese Stuffed Meatballs, Chicken Parmigiana and Florentine Style Stuffed Meatballs, Gluten Free Beef and Turkey Meatballs, Antibiotic Free Beef and Turkey Meatballs, Cocktail Beef and Turkey Meatballs, Original Beef and Original Turkey Meat Loaves, Chicken Parmigiana and Pasta meals and Beef Stuffed Pepper Mix. This line is available in bulk food service pack, retail packages in fresh varieties, and club store pack in fresh varieties. Additionally, the Company plans to continue expansion into various new retailers with placement of its existing product line. The Company plans to introduce Ravioli Lasagne and Regular Lasagne with Meatballs in early to mid-fiscal year 2019. In addition, the Company plans to introduce Authentic Italian Sauces and Vegetarian Meatballs in fiscal year 2019 on a limited test basis.

The Company has key sales personnel and a sales network of paid broker representatives. We currently work with approximately 35 retail food brokers who sell to Supermarket and Club Store customers.

The Company had a supply agreement with Joseph Epstein Food Enterprises, Inc. ("JEFE"), a related party. On November 1, 2017, the Company acquired JEFE through a merger transaction whereby JEFE became a wholly-owned subsidiary of the Company. Under the terms of the Merger Agreement and in connection with the merger, the Company acquired all assets of JEFE. The consideration for the transaction was (a) the extinguishment of the Inter-Company Loan between the parties, (b) the assumption by the Company of all JEFE accounts payable and accrued expenses, (c) the assumption by the Company of certain third-party loans to JEFE and (d) the indemnification of Carl Wolf with respect to his collateralization of a bank loan to JEFE. As a result of the transaction, JEFE's financial statements as of the Closing will be consolidated with the Consolidated Financial Statements of the Company. No cash or stock was exchanged in connection with the transaction.

Management believes the merger of Joseph Epstein Foods, Inc. into MamaMancini's Holdings, Inc. is expected to have a positive effect upon operations. Management expects that gross margin, operating profit, and net income will increase as a result due to plant efficiencies with higher volume and plant overhead reduction as a percentage of sales.

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We believe that MamaMancini’s products have the ability to expand sales and deliver more products within several areas of consumption by consumers such as fresh meat, prepared foods, hot bars, cold bars in delis, and sandwich sections of supermarkets and other food retailers. In addition, we believe that MamaMancini’s products can be sold into food service channels, mass market, and exported or as a component of other products.

Results of Operations for the Three Months ended October 31, 2017 and October 31, 2016

The following table sets forth the summary statements of operations for the three months ended October 31, 2017 and 2016:

	Three Months Ended	
	October 31, 2017	October 31, 2016
Sales - Net of Slotting Fees and Discounts	$7,351,355	$4,576,225
Gross Profit	$2,360,217	$1,684,213
Operating Expenses	$(1,942,442)	$(1,440,650)
Other Expenses	$(214,421)	$(162,960)
Net Income	$203,354	$80,603

For the three months ended October 31, 2017 and 2016, the Company reported a net income of $203,354 and $80,603, respectively. The change in net income between the three months ended October 31, 2017 and 2016, which was primarily attributable to an increase in sales of 61%.

Sales: Sales, net of slotting fees and discounts increased by approximately 61% to $7,351,355 during the three months ended October 31, 2017, from $4,576,225 during the three months ended October 31, 2016. During the three months ended October 31, 2017, the Company sold into higher volume locations compared to the three months ended October 31, 2016. The Company has sold into approximately 43,500 SKU’s in 12,200 retail and grocery locations at October 31, 2017 as compared to approximately 37,700 SKU’s in 11,400 retail and grocery locations at October 31, 2016. In addition, during the three months ended October 31, 2017, the Company was able to increase its sales through new customers as well as its existing customer base.

Gross Profit: The gross profit margin was 32% for the three months ended October 31, 2017 compared to 37% for the three months ended October 31, 2016. The decrease in gross profit margin is attributable to the change in product mix to net pricing without merchandising and advertising fees, increase in commodity cost, and cost of start up for large new placements. The Company believes it’s gross margin as a percentage of sales will increase in future operating periods due more efficient operations and the acquisition of its supplier Joseph Epstein Foods, Inc.

Operating Expenses: Operating expenses increased by 35% during the three months ended October 31, 2017, as compared to the three months ended October 31, 2016. The $501,792 increase in operating expenses is primarily attributable to the following approximate increases in operating expenses:

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Postage and freight of $178,326 due to higher sales and startup costs of initial shipments;

Advertising, social media and promotional expenses of $144,677 related to an increase in sales and demos;

Commission expenses of $88,358 related to increased sales;

Professional fees increased by $43,101 due to increased legal and accounting fees related to the merger of JEFE;

Payroll and related expenses of $19,944 as compensation to personnel; and

Royalty expense of $30,544 related to increased sales.

These expense increases were offset by decreases in the following expenses:

Stock-based compensation for services rendered by employees and consultants decreased by of $25,002 compared to the prior year.

Other Expense: Other expenses increased by $51,461 to $214,421 for the three months ended October 31, 2017 as compared to $162,960 during the three months ended October 31, 2016. For three months ended October 31, 2017, other expenses consisted of $183,974 in interest expense incurred on the Company's financing arrangements. In addition, the Company recorded $30,447 of amortization expense related to the debt discount. For the three months ended October 31, 2016, other expenses consisted of $153,159 in interest expense incurred on the Company's finance arrangements. In addition, the Company recorded $9,801 of amortization expense related to the debt discount and finance arrangements.

Results of Operations for the Nine Months ended October 31, 2017 and October 31, 2016

The following table sets forth the summary statements of operations for the nine months ended October 31, 2017 and 2016:

	Nine Months Ended	
	October 31, 2017	October 31, 2016
Sales - Net of Slotting Fees and Discounts	$19,714,090	$12,638,482
Gross Profit	$6,270,141	$4,524,726
Operating Expenses	$(5,328,737)	$(4,445,550)
Other Expenses	$(585,426)	$(501,190)
Net Income (Loss)	$355,978	$(422,314)

For the nine months ended October 31, 2017 and 2016, the Company reported a net income (loss) of $355,978 and $(422,314), respectively. The change in net loss between the nine months ended October 31, 2017 and 2016, which was primarily attributable to an increase in sales of 56%.

Sales: Sales, net of slotting fees and discounts increased by approximately 56% to $19,714,090 during the nine months ended October 31, 2017, from $12,638,482 during the nine months ended October 31, 2016. During the nine months ended October 31, 2017, the Company sold into higher volume locations compared to the nine months ended October 31, 2016. The Company has sold into approximately 43,500 SKU's in 12,200 retail and grocery locations at October 31, 2017 as compared to approximately 37,700 SKU's in 11,400 retail and grocery locations at October 31, 2016. In addition, during the nine months ended October 31, 2017, the Company was able to increase its sales through new customers as well as its existing customer base.

Gross Profit: The gross profit margin was 32% for the nine months ended October 31, 2017 compared to 36% for the nine months ended October 31, 2016. The decrease in gross profit margin is attributable to the change in product mix to net pricing without merchandising and advertising fees, increase in commodity cost, and cost of start up for large new placements. The Company believes it's gross margin as a percentage of sales will increase in future operating periods due more efficient operations and the acquisition of its supplier Joseph Epstein Foods, Inc.

Operating Expenses: Operating expenses increased by 20% during the nine months ended October 31, 2017, as compared to the nine months ended October 31, 2016. The $883,187 increase in total operating expenses is primarily attributable to the following approximate increases in operating expenses:

Postage and freight of $458,613 due to higher sales and startup costs of initial shipments;

Commission expenses of $202,573 related to increased sales;

Advertising, social media and promotional expenses of $102,813 related to an increase in sales and demos;

Royalty expense of $95,051 related to increased sales;

Depreciation expense of $78,907 due to new fixed asset purchase during the period;

Professional fees increased by $69,888 due to increased legal and accounting fees related to the merger with JEFE; and

Payroll and related expenses of $43,223 as compensation to personnel.

These expense increases were offset by decreases in the following expenses:

Stock-based compensation for services rendered by employees and consultants decreased by of $183,419 compared to the prior year.

Other Expense: Other expenses increased by $83,936 to $585,426 for the nine months ended October 31, 2017 as compared to $501,490 during the nine months ended October 31, 2016. For nine months ended October 31, 2017, other expenses consisted of $528,969 in interest expense incurred on the Company's financing arrangements. In addition, the Company recorded $56,457 of amortization expense related to the debt discount. For the nine months ended October 31, 2016, other expenses consisted of $472,870 in interest expense incurred on the Company's finance arrangements. In addition, the Company recorded $28,620 of amortization expense related to the debt discount and finance arrangements.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at October 31, 2017 compared to January 31, 2017:

	October 31, 2017	January 31, 2017	Increase/(Decrease)
Current Assets	$5,414,615	$5,143,478	$ 271,137
Current Liabilities	$5,282,858	$3,389,807	$ 1,893,051
Working Capital	$131,757	$1,753,671	$ (1,621,914)

As of October 31, 2017, we had a working capital of $131,757 as compared to a working capital of $1,753,671 as of January 31, 2017, a decrease of $1,621,914. The decrease in working capital is primarily attributable to approximately $1,400,000 of long term liabilities into short term liabilities due to maturities and a $1,359,709 investment in fixed assets.

Net cash provided by (used in) operating activities for the nine months ended October 31, 2017 and 2016 was $1,114,319 and ($146,619), respectively. The net income (loss) for the nine months ended October 31, 2017

and 2016 was $355,978 and $(422,314), respectively.

Net cash used in all investing activities for the nine months ended October 31, 2017 was $1,359,709 as compared to $225,792 for the nine months ended October 31, 2016, respectively, to acquire new machinery and equipment and leasehold improvements. Our capital expenditures primarily relate to continuous improvement to our equipment and facilities in order to increase manufacturing capacity, supporting our growth and continued commercialization of our products.

Net cash provided by all financing activities for the nine months ended October 31, 2017 was $137,443 as compared to $440,019 for the nine months ended October 31, 2016. During the nine months ended October 31, 2017, the Company had net borrowings increase of $940,775 and $251,671 for transactions pursuant to the line of credit and term loan, respectively. These borrowings were offset by $105,003 and $950,000 paid for repayments on a term loan and net payments of the note payable to Manatuck Hill Partners, respectively. During the nine months ended October 31, 2016, the Company had net borrowings increase of $490,859 and $340,000 for transactions pursuant to the line of credit and term loan. These increases were offset by $91,667, $241,829 and $50,000 paid for repayments on a term loan, net payments of promissory notes and cash paid for debt issuance costs, respectively.

As reflected in the accompanying condensed consolidated financial statements, the Company has a net income and net cash provided by operations of $355,978 and $1,114,319, respectively, for the nine months ended October 31, 2017.

Although the continued revenue growth coupled with improved gross margins and control of expenses leads management to believe that it is probable that the Company’s cash resources will be sufficient to meet our cash requirements through the second quarter of fiscal year ended January 31, 2019, the Company may require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all. In that event, the Company would be required to change its growth strategy and seek funding on that basis, though there is no guarantee it will be able to do so.

Going Concern Analysis

The Company had a net income (loss) of $355,978 and $(422,314) for the nine months ended October 31, 2017 and 2016. In addition, as of October 31, 2017, we had cash and working capital of $558,633 and $131,757, respectively. During the nine months ended October 31, 2017, the Company generated cash from operations of $1,114,319. In addition, the Company was able to negotiate the terms of its note payable with one of the lenders and has exercised an option to extend the maturity date of the note payable to May 1, 2018. Also, continued increases in sales and control of expenses leads management to conclude that it is probable that the Company's cash resources will be sufficient to meet our cash requirements through the first quarter of fiscal year ended January 31, 2019. If necessary, management also determined that it is probable that external sources of debt and/or equity financing could be obtained based on management's historical ability to raise capital coupled with current favorable market conditions. As a result of both management's plans and current trends in improving cash flow, the initial conditions which had raised doubt regarding the entity's ability to continue as a going concern have been resolved. Therefore, the accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the matters discussed herein. While we believe in the viability of management's strategy to generate sufficient revenue, control costs and the ability to raise additional funds if necessary, there can be no assurances to that effect. The Company's ability to continue as a going concern is dependent upon the ability to further implement the business plan, generate sufficient revenues and to control operating expenses.

Recent Accounting Pronouncements

Our condensed consolidated financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("GAAP"). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenues and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Critical Accounting Policies

Our condensed consolidated financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States (“GAAP”). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenues and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 2 of our condensed consolidated financial statements. While all these significant accounting policies impact our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

We believe the following critical accounting policies and procedures, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Use of Estimates - The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Such estimates and assumptions impact, among others, the following: allowance for bad debt, inventory obsolescence, the fair value of share-based payments.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from our estimates.

Stock-Based Compensation - The Company accounts for stock-based compensation in accordance with ASC Topic 718, "*Accounting for Stock-Based Compensation*" established financial accounting and reporting standards for stock-based employee compensation. It defines a fair value based method of accounting for an employee stock option or similar equity instrument. The Company accounts for compensation cost for stock option plans in accordance with ASC 718. The Company accounts for share based payments to non-employees in accordance with ASC 505-50 "*Accounting for Equity Instruments Issued to Non-Employees for Acquiring, or in Conjunction with Selling, Goods or Services*".

The Company recognizes all forms of share-based payments, including stock option grants, warrants and restricted stock grants, at their fair value on the grant date, which are based on the estimated number of awards that are ultimately expected to vest.

Share-based payments, excluding restricted stock, are valued using a Black-Scholes option pricing model. Share-based payment awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The grants are amortized on a straight-line basis over the requisite service periods, which is generally the vesting period. If an award is granted, but vesting does not occur, any previously recognized compensation cost is reversed in the period related to the termination of service. Stock-based compensation expenses are included in cost of goods sold or selling, general and administrative expenses, depending on the nature of the services provided, in the condensed consolidated statement of operations.

When computing fair value of share-based payments, the Company has considered the following variables:

The risk-free interest rate assumption is based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant.

The Company has not paid any dividends on common stock since its inception and does not anticipate paying dividends on its common stock in the foreseeable future.

The expected option term is computed using the "simplified" method as permitted under the provisions of Staff Accounting Bulletin ("SAB") 110.

The warrant term is the life of the warrant.

The expected volatility was benchmarked against similar companies in a similar industry.

The forfeiture rate is based on the historical forfeiture rate for the Company’s unvested stock options, which was 0%.

Revenue Recognition **-** The Company follows the guidance of the Securities and Exchange Commission’s Staff Accounting Bulletin No. 104 for revenue recognition and records revenue when all of the following have occurred: (1) persuasive evidence of an arrangement exists, (2) the product is delivered, (3) the sales price to the customer is fixed or determinable, and (4) collectability of the related customer receivable is reasonably assured. There is no stated right of return for products. Sales are recognized upon shipment of products to customers.

Advertising - Costs incurred for producing and communicating advertising for the Company are charged to operations as incurred.

Off Balance Sheet Arrangements:

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Based on evaluation as of the end of the period covered by this Form 10-Q, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(e) under the Exchange Act) are effective to ensure that information required to be disclosed by us in report that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries’ officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 1A. Risk Factors.

Smaller reporting companies are not required to provide the information required by this item.

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

Below is a list of securities issued by us from August 1, 2017 through December 7, 2017 which were not registered under the Securities Act.

During the period between August 1, 2017 through December 7, 2017 the Company issued an aggregate of 279,290 shares of its Common stock as follows:

Stock in lieu of compensation	188,573 shares
Dividends	90,717 shares

The securities issued in the abovementioned transactions were issued in connection with transactions which were exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended, pursuant to the terms of Section 4(2) of that Act.

Item 3. Defaults upon Senior Securities.

There has been no default in payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of 2002*
31.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of 2002*
32.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C. 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**

* Filed herewith.

** Furnished herewith.

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.

	MAMAMANCINI'S HOLDINGS, INC.	
Date: December 14, 2017	By:	*/s/ Carl Wolf*
	Name:	Carl Wolf
	Title:	Chief Executive Officer (Principal Executive Officer)