MamaMancini's Holdings, Inc.
Form 10-Q
December 22, 2014

**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, 2014**

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**<br>(State or other jurisdiction of incorporation) | **27-067116**<br>(IRS Employer<br>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 22, 2014, there were 25,807,376 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, 2014**

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**MamaMancini’s Holdings, Inc.**

**Condensed Consolidated Balance Sheets**

| | October 31, 2014 (unaudited) | January 31, 2014 |
|---|---|---|
| Assets | | |
| Assets: | | |
| Cash | $216,075 | $1,541,640 |
| Accounts receivable, net | 2,312,283 | 1,029,632 |
| Inventories | 213,455 | 159,829 |
| Prepaid expenses | 208,143 | 140,511 |
| Due from manufacturer - related party | 722,639 | 774,049 |
| Deposit with manufacturer - related party | 1,285,549 | 598,987 |
| Deferred offering costs | 5,400 | - |
| Total current assets | 4,963,544 | 4,244,648 |
| Property and equipment, net | 1,141,156 | 978,027 |
| Debt issuance costs, net | 27,497 | 46,264 |
| Total Assets | $6,132,197 | $5,268,939 |
| Liabilities and Stockholders’ Equity | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | $730,616 | $595,297 |
| Line of credit | 1,246,979 | 222,704 |
| Term loan | 120,000 | - |
| Total current liabilities | 2,097,595 | 818,001 |
| Commitments and contingencies | | |
| Term loan - net of current | 470,000 | - |
| Total long-term liabilities | 470,000 | - |
| Total Liabilities | 2,567,595 | 818,001 |
| Commitments and contingencies | | |
| Stockholders’ Equity | | |
| Preferred stock, $0.00001 par value; 20,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, $0.00001 par value; 250,000,000 shares authorized; 25,861,376 and 24,187,375 shares issued and outstanding, respectively | 258 | 242 |

| | | |
|---|---|---|
| Additional paid in capital | 12,375,724 | 10,993,973 |
| Common stock subscribed, \$0.00001 par value; 66,667 and 833,333 shares, respectively | 1 | 8 |
| Accumulated deficit | (8,811,381 ) | (6,543,285 ) |
| Total Stockholders’ Equity | 3,564,602 | 4,450,938 |
| | | |
| Total Liabilities and Stockholders’ Equity | \$6,132,197 | \$5,268,939 |

See accompanying notes to the condensed consolidated financial statements

**MamaMancini's Holdings, Inc.**

**Condensed Consolidated Statements of Operations**

| | For the Three Months Ended October 31, 2014 (unaudited) | For the Three Months Ended September 30, 2013 (unaudited) | For the Nine Months Ended October 31, 2014 (unaudited) | For the Nine Months Ended September 30, 2013 (unaudited) | For the One Month Ended January 31, 2014 |
|---|---|---|---|---|---|
| Sales - net of slotting fees and discounts | $3,759,698 | $ 2,167,517 | $8,592,615 | $ 5,640,069 | $ 775,252 |
| Cost of sales | 2,705,436 | 1,543,029 | 6,076,565 | 4,011,017 | 535,870 |
| Gross profit | 1,054,262 | 624,488 | 2,516,050 | 1,629,052 | 239,382 |
| Operating expenses | | | | | |
| Research and development | 28,967 | 5,212 | 71,959 | 12,350 | 8,477 |
| General and administrative expenses | 1,773,678 | 1,108,072 | 4,643,417 | 3,466,183 | 472,023 |
| Total operating expenses | 1,802,645 | 1,113,284 | 4,715,376 | 3,478,533 | 480,500 |
| Loss from operations | (748,383) | (488,796) | (2,199,326) | (1,849,481) | (241,118) |
| Other income (expense) | | | | | |
| Interest expense | (25,426) | (4,772) | (68,770) | (8,547) | (2,526) |
| Total other income (expense) | (25,426) | (4,772) | (68,770) | (8,547) | (2,526) |
| Net loss | $(773,809) | $ (493,568) | $(2,268,096) | $ (1,858,028) | $ (243,644) |
| Net loss per common share - basic and diluted | $(0.03) | $ (0.02) | $(0.09) | $ (0.09) | $ (0.01) |
| Weighted average common shares outstanding -basic and diluted | 25,815,200 | 22,424,957 | 25,331,766 | 21,313,077 | 24,187,375 |

See accompanying notes to the condensed consolidated financial statements

**MamaMancini’s Holdings, Inc.**

**Condensed Consolidated Statement of Changes in Stockholders’ Equity**

**For the Period February 1, 2014 through October 31, 2014**

**(unaudited)**

| | Common Stock | | Additional | Common Stock | Accumulated | Stockholders’ |
|---|---|---|---|---|---|---|
| | Shares | Amount | Paid In Capital | Subscribed | Deficit | Equity |
| Balance, February 1, 2014 | 24,187,375 | $ 242 | $ 10,993,973 | 8 | $ (6,543,285 ) | $ 4,450,938 |
| Stock options issued for services | - | - | 92,760 | - | - | 92,760 |
| Warrants issued for services | - | - | 171,981 | - | - | 171,981 |
| Common stock issued for services | 54,000 | - | 171,587 | - | - | 171,587 |
| Common stock issued | 1,620,001 | 16 | 1,179,995 | (8 ) | - | 1,180,003 |
| Common stock subscribed, 66,667 shares | - | - | 99,999 | 1 | - | 100,000 |
| Stock issuance costs | - | - | (334,571 ) | - | - | (334,571 ) |
| Net loss for the nine months ended October 31, 2014 | - | - | - | - | (2,268,096 ) | (2,268,096 ) |
| Balance, October 31, 2014 | 25,861,376 | 258 | 12,375,724 | 1 | (8,811,381 ) | 3,564,602 |

See accompanying notes to the condensed consolidated financial statements

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**MamaMancini's Holdings, Inc.**

**Condensed Consolidated Statements of Cash Flows**

| | For the Nine Months Ended October 31, 2014 (unaudited) | For the Nine Months Ended September 30, 2013 (unaudited) | For the One Month Ended January 31, 2014 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss | $(2,268,096) | $(1,858,028) | (243,644) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation | 101,541 | 20,662 | 4,141 |
| Amortization of debt issuance costs | 107,088 | - | 1,322 |
| Share-based compensation | 92,760 | 156,533 | 2,015 |
| Stock issued for compensation | 171,587 | - | - |
| Changes in operating assets and liabilities: | | | |
| (Increase) Decrease in: | | | |
| Accounts receivable | (1,282,651) | (596,221) | 34,217 |
| Inventories | (53,626) | 25,533 | (47,550) |
| Prepaid expenses | (67,632) | (71,624) | (4,986) |
| Due from manufacturer - related party | 51,410 | (286,179) | 7,472 |
| Deposit with manufacturer - related party | (686,562) | (9,772) | (239,481) |
| Increase (Decrease) in: | | | |
| Accounts payable and accrued expenses | 103,205 | 38,633 | (227,747) |
| Net Cash Used In Operating Activities | (3,730,976) | (2,580,463) | (714,241) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Cash paid for machinery and equipment | (264,670) | (405,825) | (52,672) |
| Deposit on equipment | - | (148,127) | - |
| Cash paid for acquisition of shell company | - | (295,000) | - |
| Loans to related party | - | (30,000) | - |
| Related party loans repaid | - | 30,000 | - |
| Net Cash Used In Investing Activities | (264,670) | (848,952) | (52,672) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from issuance of common stock | 1,180,003 | 4,157,000 | - |
| Stock issuance costs | (149,213) | (617,525) | (58,500) |
| Proceeds from common stock subscribed | 100,000 | - | 450,000 |
| Debt issuance costs | (29,984) | - | (47,586) |
| Borrowings (repayments) of line of credit, net | 979,275 | (200,000) | 222,704 |
| Borrowings from term loan | 600,000 | - | - |
| Repayment of term loan | (10,000) | - | - |
| Net Cash Provided By Financing Activities | 2,670,081 | 3,339,475 | 566,618 |

| | | | |
|---|---|---|---|
| Net Decrease in Cash | (1,325,565) | (89,940) | (200,295) |
| Cash - Beginning of Period | 1,541,640 | 2,008,161 | 1,741,935 |
| Cash - End of Period | $216,075 | $1,918,221 | $1,541,640 |
| SUPPLEMENTARY CASH FLOW INFORMATION: | | | |
| Cash Paid During the Period for: | | | |
| Income taxes | $- | $- | - |
| Interest | $43,344 | $8,547 | 8,640 |
| SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES: | | | |
| Stock issuance costs paid in the form of warrants | $171,981 | $505,973 | $43,166 |
| Machinery and equipment purchased on account | $- | $39,553 | $- |
| Deferred offering costs in accounts payable | $5,400 | $- | $- |
| Debt issuance costs in accounts payable | $13,337 | $- | $- |
| Stock issuance costs in accounts payable | $13,377 | $- | $- |

See accompanying notes to the condensed consolidated financial statements

**MamaMancini’s Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

**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.

**Current Business of the Company**

The Company is a manufacturer and distributor of beef meatballs with sauce, turkey meatballs with sauce, 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.

**Mergers**

On January 24, 2013, the Company, Mascot Properties Acquisition Corp, a Delaware corporation and wholly-owned subsidiary of the Company (“Merger Sub”), MamaMancini’s, Inc., a privately-held Delaware Corporation headquartered in New Jersey (“MamaMancini’s”) and an individual (the “Majority Shareholder”), entered into an Acquisition Agreement and Plan of Merger (the “Agreement”) pursuant to which the Merger Sub was merged with and into MamaMancini’s, with MamaMancini’s surviving as a wholly-owned subsidiary of the Company (the “Merger”). The Company acquired, through a reverse triangular merger, all of the outstanding capital stock of MamaMancini’s in exchange for issuing MamaMancini’s shareholders (the “MamaMancini’s Shareholders”), pro-rata, a total of 20,054,000 shares of the Company’s common stock. Immediately after the Merger was consummated, and further to the Agreement, the majority shareholders and certain affiliates of the Company cancelled a total of 103,408,000 shares of the Company’s common stock held by them (the “Cancellation”). In consideration of the Cancellation of such common stock, the Company paid the Majority Shareholder in aggregate of $295,000 and 800,000 shares of common stock and released the other affiliates from certain liabilities. In addition, the Company has agreed to spinout to the Majority Shareholder all assets related to the Company’s real estate management business within 30 days after the closing. As a result of the

Merger and the Cancellation, the MamaMancini’s Shareholders became the majority shareholders of the Company.

The condensed consolidated financial statements presented for all periods through and including October 31, 2014 are those of MamaMancini’s. As a result of this Merger, the equity sections of MamaMancini’s for all prior periods presented reflect the recapitalization described above and are consistent with the October 31, 2014 balance sheet presented for the Company.

Since the transaction is considered a reverse acquisition and recapitalization, the presentation of pro-forma financial information was not required.

**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.

**MamaMancini’s Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

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 December 31, 2013 filed on March 20, 2014 and the Form 10-KT as of January 31, 2014 and for the one month period then ended filed on September 19, 2014. 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. Accordingly, footnote disclosure, which would substantially duplicate the disclosure contained in the Company’s Form 10-K for the year ended December 31, 2013 and Form 10-KT for the period ended January 31, 2014 have been omitted. The results of operations for the interim periods presented are not necessarily indicative of results for the entire year ending January 31, 2015.

**Note 2 - Summary of Significant Accounting Policies**

**Change of Year End**

Effective January 13, 2014, MamaMancini’s Holdings, Inc. (the “Company”) changed its fiscal year-end date to January 31. The Company’s 2014 fiscal year commenced on February 1, 2014 and concludes on January 31, 2015. The Company changed its year end to be consistent with a significant number of its retail customers that have a fiscal year end on or near January 31. This allows the Company to more accurately account for accrued discounts and promotions to these retailers. The Company determined that recasting the prior year comparable period ended January 31, 2013 would not be material.

**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 condensed 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 the 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.

**MamaMancini’s Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

**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, 2014 or January 31, 2014.

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, 2014 and January 31, 2014, 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, 2014 and January 31, 2014:

| | October 31, 2014 | January 31, 2014 |
|---|---|---|

| | | |
|---|---|---|
| Finished goods | $213,455 | $159,829 |

**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 | 3-5 years |
| Leasehold improvements | 3-10 years |

**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.

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

**Stock Issuance Costs**

Stock issuance costs are capitalized as incurred. Upon the completion of the offering, the stock issuance costs are reclassified to equity. Offering costs recorded to equity for the nine months ended October 31, 2014 and September 30, 2013 and the one month ended January 31, 2014 were $334,571, $1,123,498 and $102,166, respectively.

**Research and Development**

Research and development is expensed as incurred. Research and development expenses for three months ended October 31, 2014 and September 30, 2013 were $28,967 and $5,212, respectively. Research and development expenses for nine months ended October 31, 2014 and September 30, 2013 and the one month ended January 31, 2014 were $71,959, $12,350 and $8,477, respectively.

**Shipping and Handling Costs**

The Company classifies freight billed to customers as sales revenue and the related freight costs as cost of sales.

**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, 2014 | Nine Months Ended September 30, 2013 | One Month Ended January 31, 2014 |
|---|---|---|---|
| Gross Sales | $ 8,903,100 | $6,033,622 | $796,177 |
| Less: Slotting, Discounts, Allowances | 310,485 | 393,553 | 20,925 |
| Net Sales | $ 8,952,615 | $5,640,069 | $775,252 |

**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, 2014 and September 30, 2013 were $693,688 and $456,313, respectively. Producing and communicating advertising expenses for the nine months ended October 31, 2014 and September 30, 2013 and the one month ended January 31, 2014 were $1,959,547, $1,267,035 and $232,481, respectively.

**MamaMancini’s Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

**Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with ASC Topic 718, “Accounting for Stock-Based 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 “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. 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 Condensed 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, 2014 and September 30, 2013 share-based compensation, including stock offering costs and restricted stock, amounted to $88,247 and $292,431, respectively. For the nine months ended October 31, 2014 and September 30, 2013 and the one month ended January 31, 2014 share-based compensation amounted to $436,328, $662,506 and $45,681, respectively. Of the $436,328 recorded for the nine months ended October 31, 2014, $171,981 was a direct cost of a stock offering and has been recorded as a reduction in additional paid in capital.

For the nine months ended October 31, 2014, 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 risk free rate used had a range of 0.26%-1.76%.

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. Therefore the expected dividend rate was 0%.

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

The expected volatility was benchmarked against similar companies in a similar industry. The expected volatility used had a range of 144%-193%.

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

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

**Earnings (Loss) Per Share**

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss), adjusted for changes in income or loss that resulted from the assumed conversion of convertible shares, by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

The Company had the following potential common stock equivalents at October 31, 2014:

| | |
|---|---|
| Common stock subscribed | 66,667 |
| Common stock warrants, exercise price range of $1.00-$2.50 | 1,013,401 |
| Common stock options, exercise price of $1.00-$2.97 | 508,404 |
| Total common stock equivalents | 1,558,472 |

The Company had the following potential common stock equivalents at September 30, 2013:

| | |
|---|---|
| Common stock subscribed | - |
| Common stock warrants, exercise price of $1.00 | 782,534 |
| Common stock options, exercise price of $1.00 | 420,923 |
| Total common stock equivalents | 1,203,457 |

Since the Company reflected a net loss during the three and nine months ended October 31, 2014 and September 30, 2013, the effect of considering any common stock equivalents, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

**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.

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

**Recent Accounting Pronouncements**

The U.S. Financial Accounting Standards Board issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, in May 2014. The amendments in this Update supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in Subtopic 605-35, *Revenue Recognition—Construction-Type and Production-Type Contracts*, and create new Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This Accounting Standards Update is the final version of Proposed Accounting Standards Update 2011-230—*Revenue Recognition* (Topic 605) and Proposed Accounting Standards Update 2011–250—*Revenue Recognition* (Topic 605): Codification Amendments, both of which have been deleted. Accounting Standards Update 2014-09. The amendments in this Update are effectively for the Company for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently evaluating the effects of ASU 2014-09 on the condensed consolidated financial statements.

In June 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-12, Compensation- Stock Compensation. The amendments in this update apply to reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target can be achieved after the requisite service period. This Accounting Standards Update is the final version of Proposed Accounting Standards Update EITF-13D—Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, which has been deleted. The proposed amendments would apply to reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target could be achieved after the requisite service period. This Accounting Standards Update is the final version of Proposed Accounting Standards Update EITF-13D—Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, which has been deleted. The amendments in this Update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, and early adoption is permitted. The Company is currently evaluating the effects of ASU 2014-12 on the condensed consolidated financial statements.

**Note 3 - Property and Equipment:**

Property and equipment on October 31, 2014 and January 31, 2014 are as follows:

| | October 31, 2014 | January 31, 2014 |
|---|---|---|
| Machinery and Equipment | $1,057,304 | $1,027,431 |
| Furniture and Fixtures | 16,887 | 4,525 |
| Leasehold Improvements | 225,168 | 2,733 |
| | 1,299,359 | 1,034,689 |
| Less: Accumulated Depreciation | 158,203 | 56,662 |
| | $1,141,156 | $978,027 |

At October 31, 2014 and January 31, 2014, fixed assets in the amount of $0 and $826,340, respectively, were not in service.

Depreciation expense charged to income for the three months ended October 31, 2014 and September 30, 2013 amounted to $42,068 and $10,910, respectively. Depreciation expense charged to income for the nine months ended October 31, 2014 and September 30, 2013 and the one month ended January 31, 2014 amounted to $101,541, $20,662 and $4,141, respectively.

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

## 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.

During 2013 the Company's ownership interest in MO fell to 24% due to dilution.

During the nine months ended October 31, 2014 the Company's ownership interest in MO fell to 13% due to dilution.

During the three months ended October 31, 2014 and September 30, 2013, the Company had sales of $44,831 and $24,793, respectively.

During the nine months ended October 31, 2014 and September 30, 2013, the Company had sales of $88,874 and $85,895, respectively.

Accounts receivable due to the Company from MO were $29,963 and $1,457 as of October 31, 2014 and January 31, 2014, respectively.

## Note 5 - Related Party Transactions

**Supply Agreement**

On March 1, 2010, the Company entered into a five year agreement with a Manufacturer (the “Manufacturer”) who is a related party. The Manufacturer is 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 but the Company is not the primary beneficiary of the variable interest entity and therefore consolidation is not required. 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. The 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.

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.

During the three and nine months ended October 31, 2014 and September 30, 2013, the Company purchased substantially all of its inventory from the Manufacturer. At October 31, 2014 and January 31, 2014, the Company has a deposit on inventory in the amount of $1,285,549 and $598,987, respectfully, to this Manufacturer.

**Meatball Obsession, LLC**

A current director of the Company is the chairman of the board and shareholder of Meatball Obsession LLC.

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

***Due from Manufacturer – Related Party***

During the three and nine months ended October 31, 2014 and September 30, 2013, the Manufacturer received payments on behalf of the Company for the Company's customer invoices and the Manufacturer incurred expenses on behalf of the Company for shared administrative expenses and salary expenses. In addition, the Company made several unsecured loans to the Manufacturer during 2013. The loan to the Manufacturer is unsecured, does not bear interest and is due on demand. At October 31, 2014 and January 31, 2014 the amount due from the Manufacturer is as follows:

| | October 31, 2014 | January 31, 2014 |
|---|---|---|
| Customer receipts collected by Manufacturer on behalf of the Company | $575,255 | $575,255 |
| Loan to Manufacturer | 450,000 | 450,000 |
| Shared expenses paid by Manufacturer on behalf of the Company | (302,616) | (251,206) |
| Due from Manufacturer | $722,639 | $774,049 |

**Note 6 - Line of Credit**

Effective January 3, 2014, the Company entered into a Sale and Security Agreement (the "Sale and Security Agreement") with Faunus Group International, Inc. ("FGI") to provide for a $1.5 million secured demand credit facility backed by its receivables and inventory (the "FGI Facility"). The Sale and Security Agreement has an initial three year term (the "Original Term") and shall be extended automatically for an additional one year for each succeeding term unless written notice of termination is given by either party at least sixty days prior to the end of the Original Term or any extension thereof. The Company and certain of its affiliates also entered into guarantees to guarantee the performance of the obligations under the Sale and Security Agreement (the "Guaranty Agreements"). The Company also granted FGI a security interest in and lien upon all of the Company's right, title and interest in and to all of its assets (as defined in the Sale and Security Agreement).

Pursuant to the FGI Facility, FGI can elect to purchase eligible accounts receivables ("Purchased Accounts") up to 70% of the value of such receivables (retaining a 30% reserve). At FGI's election, FGI may advance the Company up to 70% of the value of any Purchased Accounts, subject to the FGI Facility. Reserves retained by FGI on any Purchased

Accounts are expected to be refunded to the Company net of interest and fees on advances once the receivables are collected from customers. The interest rate on advances or borrowings under the FGI Facility will be the greater of (i) 6.75% per annum and (ii) 2.50% above the prime rate. Any advances or borrowings under the FGI Facility are due on demand.

The Company also agreed to pay to FGI monthly collateral management fees of 0.42% of the average monthly balance of Purchased Accounts. The minimum monthly net funds employed during each contract year hereof shall be $500,000. Additionally, the Company paid FGI a one-time facility fee equal to 1% of the FGI Facility upon entry into the Sale and Security Agreement.

During the period ended October 31, 2014, the Company terminated its agreement with FGI and paid off all obligations due at the payoff date. Upon termination, additional fees and accrued interest of approximately $48,600 were paid.

**<u>Note 7 - Loan and Security Agreement</u>**

On September 3, 2014, the Company entered into a Loan and Security Agreement ("Loan and Security Agreement") with Entrepreneur Growth Capital, LLC ("EGC"). The total facility is for an aggregate principal amount of up to $3,100,000. The facility consists of the following:

| | |
|---|---|
| Accounts Revolving Line of Credit: | $2,150,000 |
| Inventory Revolving Line of Credit: | $350,000 |
| Term Loan: | $600,000 |

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).  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.

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 Company is required to pay a one-time facility fee equal to 2.25% of the total $3,100,000 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.

On September 3, 2014, the Company also entered into a 5 year $600,000 Secured Promissory Note (“EGC Note”) with EGC. The EGC Note is payable in 60 monthly installments of $10,000. The EGC Note bears interest at the highest prime rate in effect during each month as generally reported by Citibank, N.A. 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.

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.

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

## Note 8 - Concentrations

### Revenues

During the three months ended October 31, 2014, the Company earned revenues from three customers representing approximately 19%, 16% and 12% of gross sales. During the three months ended September 30, 2013, the Company earned revenues from three customers representing approximately 26%, 13%, and 12% of gross sales.

During the nine months ended October 31, 2014, the Company earned revenues from three customers representing approximately 18%, 14% and 12% of gross sales. During the nine months ended September 30, 2013, the Company earned revenues from four customers representing approximately 19%, 19%, 15%, and 13% of gross sales. During the one month ended January 31, 2014, three customers represented 18%, 15% and 10% of gross sales.

### Cost of Sales

For the nine months ended October 31, 2014 and September 30, 2013 and the one month ended January 31, 2014, one vendor (a related party) represented 100% of the Company's purchases.

### Accounts Receivable

As of October 31, 2014, two customers represented approximately 19% and 18% of total gross accounts receivable. As of January 31, 2014, one customer represented approximately 24% of total gross accounts receivable.

## Note 9 - Stockholders' Equity

**(A) Common Stock Transactions**

During January 2014, the Company sold 300,000 shares of common stock to investors in exchange for $450,000 in proceeds in connection with the private placement of the Company’s stock. The shares were issued in March 2014.

In connection with the private placement the Company incurred fees of $102,166 consisting of $58,500 in cash and 30,000 warrants with a fair value of $43,666.

During March 2014, the Company sold 236,667 shares of common stock to investors in exchange for $355,000 in proceeds in connection with the private placement of the Company’s stock. The shares were issued in June 2014.

In connection with the private placement the Company incurred fees of $80,536 consisting of $46,150 in cash and 23,667 warrants with a fair value of $34,386.

During April 2014, the Company sold 416,668 shares of common stock to investors in exchange for $625,001 in proceeds in connection with the private placement of the Company’s stock. The shares were issued in June 2014.

In connection with the private placement the Company incurred fees of $141,791 consisting of $81,250 in cash and 41,667 warrants with a fair value of $60,541.

During May 2014, the Company sold 133,333 shares of common stock to investors in exchange for $200,000 in proceeds in connection with the private placement of the Company’s stock. The shares were issued in June 2014.

In connection with the private placement the Company incurred fees of $82,796 consisting of $26,000 in cash and 17,333 warrants with a fair value of $56,796.

During the quarter ended October 31, 2014, the Company granted 14,000 restricted shares to a consultant upon termination of the original agreement. The shares were valued at grant date and the Company recorded $35,000 as share-based compensation on the Condensed Consolidated Statement of Operations. These shares were not issued as of October 31, 2014.

In October 2014, the Board agreed to amend a previously issued stock option grant awarded to the Board members. Instead of the 50,000 options (10,000 per member), the Company issued each member 8,000 shares of restricted stock. The options were originally granted on April 23, 2014 with a grant date fair value of $136,587. The Company reclassified this amount from stock-based compensation to common stock issued for services on the Condensed Consolidated Statements of Equity. The shares were not issued as of October 31, 2014.

**MamaMancini’s Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

***Common Stock Subscribed***

During June 2014, the Company sold 66,668 shares of common stock to investors in exchange for $100,000 in proceeds in connection with the private placement of the Company’s stock. The shares were not issued as of October 31, 2014.

In connection with the private placement the Company incurred fees of $33,258 consisting of $13,000 in cash and 8,667 warrants with a fair value of $20,258.

**(B) Options**

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

| | Options | Weighted Average Exercise Price |
|---|---|---|
| **Outstanding – January 1, 2013** | 223,404 | $ 1.00 |
| **Exercisable – January 1, 2013** | - | $ - |
| Granted | 318,000 | $ 1.00 |
| Exercised | - | $ - |
| Forfeited/Cancelled | - | $ - |
| **Outstanding – December 31, 2013** | 541,404 | $ 1.00 |
| **Exercisable – December 31, 2013** | 428,845 | $ 1.00 |
| Granted | - | $ - |
| Exercised | - | $ - |
| Forfeited/Cancelled | - | $ - |
| **Outstanding – January 31, 2014** | 541,404 | $ 1.00 |
| **Exercisable – January 31, 2014** | 434,177 | $ 1.00 |

| | | |
|---|---|---|
| Granted | 59,000 | $ 2.95 |
| Exercised | - | $ - |
| Forfeited/Cancelled | (92,000 ) | $ - |
| **Outstanding – October 31, 2014** | 508,404 | $ 1.03 |
| **Exercisable – October 31, 2014** | 416,404 | $ 1.02 |

| 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 |
| $1.00 | 499,404 | 2.98 years | $ 1.00 | 411,904 | $ 1.00 |
| $2.97 | 9,000 | 4.50 years | $ 2.97 | 4,500 | $ 2.97 |

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

At October 31, 2014 and January 31, 2014, the total intrinsic value of options outstanding and exercisable was $549,344 and $1,082,808, respectively.

As of October 31, 2014, the Company has $8,186 in stock-based compensation related to stock options that is yet to be vested. The weighted average expensing period of the unvested options is 0.98 years.

**(C) Warrants**

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

| | Warrants | Weighted Average Exercise Price |
|---|---|---|
| **Outstanding – January 1, 2013** | 505,400 | $ 1.00 |
| **Exercisable – January 1, 2013** | - | $ - |
| Granted | 386,667 | $ 1.50 |
| Exercised | - | $ - |
| Forfeited/Cancelled | - | $ - |
| **Outstanding – December 31, 2013** | 892,067 | $ 1.22 |
| **Exercisable – December 31, 2013** | 892,067 | $ 1.22 |
| Granted | 30,000 | $ 1.50 |
| Exercised | - | $ - |
| Forfeited/Cancelled | - | $ - |
| **Outstanding – January 31, 2014** | 922,067 | $ 1.22 |
| **Exercisable – January 31, 2014** | 922,067 | $ 1.22 |
| Granted | 189,334 | $ 2.02 |
| Exercised | - | $ - |
| Forfeited/Cancelled | (98,000 ) | $ - |
| **Outstanding – October 31, 2014** | 1,013,401 | $ 1.25 |
| **Exercisable – October 31, 2014** | 1,013,401 | $ 1.25 |

| 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 |
| $1.00-$2.50 | 1,013,401 | 3.35 years | $ 1.25 | 1,013,401 | $ 1.25 |

At October 31, 2014 and January 31, 2014, the total intrinsic value of warrants outstanding and exercisable was $860,741 and $1,635,801, respectively.

**MamaMancini’s Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

**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 sixty (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 sixty (60) days written notice to Licensor. In such event, all moneys paid to Licensor shall be deemed non-refundable.

**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

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 |

| | |
|---|---|
| $10^{th}$ and thereafter | $ 125,000 |

The Company incurred $66,915 and $38,621 of royalty expenses for the three months ended October 31, 2014 and September 30, 2013. The Company incurred $182,641, $156,743 and $35,551 of royalty expenses for the nine months ended October 31, 2014 and September 30, 2013 and the one month ended January 31, 2014. Royalty expenses are included in general and administrative expenses on the Condensed Consolidated Statement of Operations.

**Agreements with Placement Agents and Finders**

(A) December 1, 2011

The Company entered into a Financial Advisory and Investment Banking Agreement with Spartan Capital Securities, LLC ("Spartan") effective December 1, 2011 (the "Spartan Advisory Agreement"). Pursuant to the Spartan Advisory Agreement, Spartan will act as the Company's exclusive financial advisor and placement agent to assist the Company in connection with a best efforts private placement (the "Financing") of up to $6 million of the Company's equity and/or debt securities and/or convertible instruments (the "Securities").

**MamaMancini’s Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

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. The Company shall grant and deliver to Spartan at the closing of the Financing, for nominal consideration, five year warrants (the “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.

Along with the above fees, the Company shall pay up to $40,000 for expenses incurred by Spartan in connection with this Financing, together with cost of background checks on the officers and directors of the Company.

During the year ended 2012 the Company paid to Spartan fees of $505,400 and issued Spartan 505,400 five year warrants with an exercise price of $1.00.

(B) May 2, 2013

The Company entered into a second Financial Advisory and Investment Banking Agreement with Spartan Capital Securities, LLC (“Spartan”) effective May 2, 2013 (the “Spartan Advisory Agreement”). Pursuant to the Spartan Advisory Agreement, Spartan will act as the Company’s exclusive financial advisor and placement agent to assist the Company in connection with a best efforts private placement (the “Financing”) of up to $5 million of the Company’s equity and/or debt securities and/or convertible instruments (the “Securities”).

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 up to 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 (the “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.

The Company shall pay to Spartan a non-refundable monthly fee of $10,000 over a twelve to twenty four month period upon Spartan’s satisfaction of certain thresholds (raising of aggregate gross proceeds of $4.0mil-$5.0mil) outlined in the Spartan Advisory Agreement. On October 29, 2013 the Company entered into an amendment to the Agreement and the $10,000 monthly fee was cancelled.

During the year ended December 31, 2013 the Company paid to Spartan fees of $650,000 and issued Spartan 333,333 five year warrants with an exercise price of $1.50.

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**MamaMancini's Holdings, Inc.**

**Notes to Condensed Consolidated Financial Statements**

**October 31, 2014**

(C) October 22, 2013

The Company entered into a third Financial Advisory and Investment Banking Agreement with Spartan Capital Securities, LLC ("Spartan") effective October 22, 2013 (the "Spartan Advisory Agreement"). Pursuant to the Spartan Advisory Agreement, Spartan will act, for a minimum of twenty-four months from the date of the agreement, as the Company's exclusive financial advisor and placement agent to assist the Company in connection with a best efforts private placement (the "Financing") of up to $2.5 million of the Company's equity and/or debt securities and/or convertible instruments (the "Securities").

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 (the "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.

The Company shall pay to Spartan a non-refundable monthly fee of $10,000 for the term of the agreement. Such monthly fee shall survive any termination of the Agreement.

During the year ended December 31, 2013 the Company paid to Spartan financing fees of $104,000 and issued Spartan 53,333 five year warrants with an exercise price of $1.50.

During the month ended January 31, 2014 the Company paid to Spartan financing fees of $58,500 and issued Spartan 30,000 five year warrants with an exercise price of $1.50.

During the nine months ended October 31, 2014, the Company paid to Spartan financing fees of $166,400 and issued Spartan 91,333 five year warrants with an exercise price of $1.50.

**Note 11 - Subsequent Events**

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 shall issue Manatuck 200,000 shares of the Company's restricted common stock.

Optional conversion to convertible preferred stock is available upon completion of a qualified offering (as defined in the Manatuck Purchase Agreement) while the Manatuck Debenture is outstanding. Upon conversion of the Manatuck Debenture, the Company shall issue Manatuck shares of common stock as defined in the Manatuck Purchase Agreement.

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

**Forward Looking Statements**

This quarterly report on Form 10-Q and other reports (collectively, the “Filings”) filed by MamaMancini’s Holdings, Inc. (“MamaMancini’s” or the “Company”) from time to time with the U.S. Securities and Exchange Commission (the “SEC”) contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company’s management as well as estimates and assumptions made by Company’s management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the Filings, the words “anticipate,” “believe,” “estimate,” “expect,” “future,” “intend,” “plan,” or the negative of these terms and similar expressions as they relate to the Company or the Company’s management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks contained in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on March 20, 2014 and the Company’s Transition Report on Form 10-KT for the transition period between December 31, 2013 to January 31, 2014, filed with the SEC on September 19, 2014, relating to the Company’s industry, the Company’s operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management’s judgment in its application. There are also areas in which management’s judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this report.

**Plan of Operations**

The Company plans to increase its distribution of products into new retail outlets in 2014 and 2015. The Company has undertaken a national radio campaign on Sirius XM channels for a substantial portion of this year and also has commercials running on political talk radio. Social media activity has increased with Facebook, Twitter, Pinterest, YouTube, newsletter mailings, blogs, and helpful consumer content and special projects including a recipe bank of videos and MamaMancini's contest and giveaways. Increased consumer merchandising activity, including virtual couponing, on-pack couponing, mail-in rebates, product demonstrations, and co-op retail advertising has commenced to increase sales to existing customers and new customers.

We believe that the ongoing introduction of the Company's new line of "all natural" (with the exception of the Bolognese Sauce, which contains bacon) brand Slow Cooked Italian Sauce and various meatball and entrée products show great promise for additional product placements and sales in 2014 and thereafter. These products include Five Cheese Stuffed Meatballs, Chicken Parmigiana Style Stuffed Meatballs, Chicken Florentine Stuffed Meatballs, Gluten Free Beef and Turkey Meatballs, Antibiotic Free Beef and Turkey Meatballs, Mac n' Mamas, and Orecchiette Pasta with Brocolli and Pork Meatballs. This line is available in bulk food service pack, retail packages in fresh and frozen varieties, and club store pack in fresh varieties. Additionally, the Company plans to continue expansion into various new retailers with placement of its existing "all natural" product line of Beef, Turkey, Pork and Chicken Meatballs and Sauce, as well as Marinara and Italian sauce with beef flavors.

The Company has key sales personnel and a sales network of broker representatives. Management continues to solicit all major supermarket retailers, club stores and mass market accounts. Additionally, the Company is also soliciting business in Canada and the Caribbean.

The Company owns 13% of the common equity of Meatball Obsession and is its exclusive supplier of meatball products. Meatball Obsession offers a fast service menu of take-out meatball offerings. At present Meatball Obsession has 4 locations. However, there is no guarantee that Meatball Obsession will perform up to its expectations or be able to open any more units in the future.

The Company has a five year supply agreement with a manufacturer (the "Manufacturer") who is a related party. The manufacturer is owned by the CEO and president of the Company. In November 2014, the Company contracted with three additional independent manufacturers for supply. The Company is continuing to explore more opportunities with manufacturers for the production of supply, as needed.

The Company increased its manufacturing source of supply in 2014 to meet an anticipated increased demand. Additions of high speed equipment and new production order flow have begun to occur. As sales increase, the Company expects that its packaging costs will decrease as it purchases longer runs of material and supplies but cannot guarantee that such packaging costs will decrease with the purchase of such materials or at all. The Company also expects that the labor costs component of the cost of goods sold will decrease in the later part of the year with higher speed equipment and order flow but cannot guarantee any such decrease in the labor costs.

The Company expects to have an operating loss in 2014 due to the investment in developing new and expanded business. These investments include slot fees to gain initial distribution, special marketing demo events to induce trial, major promotional campaigns for initial trial customers, short runs on new products, raising manufacturing costs, sample expenses, market research, design and label costs, and product development costs.

The Company is contemplating an acquisition of the Manufacturer. No assurances can be made that the Company will acquire the Manufacturer at any time.

The Company believes that MamaMancini's products have the ability to grow into several areas of consumption by consumers such as frozen Italian specialties, frozen meat, fresh meat, prepared foods, hot bars, cold bars in delis, and sandwich sections of supermarkets and other retailers. In addition, the Company believes that MamaMancini's products can be sold into food service channels, mass market, export or as a component of other products.

**Results of Operations for the three months ended October 31, 2014 and September 30, 2013**

The following table sets forth the summary income statement for the three months ended October 31, 2014 and September 30, 2013 (unaudited):

| | Three Months Ended October 31, 2014 | September 30, 2013 |
|---|---|---|
| Sales - Net of Slotting Fees and Discounts (1) | $3,759,698 | $2,167,517 |
| Gross Profit | $1,054,262 | $624,488 |
| Operating Expenses | $(1,802,645) | $(1,113,284) |
| Other Income (Expense) | $(25,426) | $(4,772) |
| Net Loss | $(773,809) | $(493,568) |

(1) Slotting fees are required in new placements with some, but not a majority of supermarket chains that the Company does business with. They are negotiated with each chain depending upon the expected return to the Company. We believe that we have successfully negotiated such slotting fees to a relatively low expense. We have taken into account future fees currently being negotiated in preliminary negotiations for new placements. We do not believe our size or financial limitations are an impediment to being able to pay such slotting fees. Slotting fee costs are an expense in growing the business as are other marketing and sales costs and the Company has accounted for these fees in assessing its estimated working capital for the next twelve months.

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For the three months ended October 31, 2014 and September 30, 2013, the Company reported a net loss of $(773,809) and $(493,568), respectively. The change in net loss between the three months ended October 31, 2014 and September 30, 2013 was primarily attributable to following significant events:

The Company commenced operations during 2010 and has experienced significant growth in sales for the comparable periods. The Company has sold into approximately 37,000 retail and grocery locations at October 31, 2014 as compared to approximately 19,500 at September 30, 2013. The Company has reinvested net proceeds from sales to further develop brand awareness.

Advertising and promotional expense increased by $216,000 which does not include marketing and social media costs as discussed below and in Note 2 to the condensed consolidated financial statements.

Stock-based compensation expense increased by $87,800.

Commission expenses increased by $60,800.

Product development costs increased by $23,800.

Postage and freight increased by $104,600.

Depreciation expense increased $31,200.

Marketing research and social media costs increased by $1,500.

Royalty expenses increased by $28,300.

Professional fees increased by $100,500.

Payroll and related expenses decreased by $58,700.

Trade show and travel expenses decreased by $13,300.

*Sales:* Sales, net of slotting fees and discounts increased by approximately 73% to $3,759,698 during the three months ended October 31, 2014, from $2,167,517 during the three months ended September 30, 2013. The increase in sales is primarily related to the Company executing on their expansion strategy. The Company has sold into approximately 37,000 retail and grocery locations at October 31, 2014 as compared to approximately 19,500 at September 30, 2013.

*Gross Profit:* The gross profit margin decreased by approximately 1% from 29% for the three months ended September 30, 2013 to 28% for the three months ended October 31, 2014. This decrease is primarily attributable to a change in product mix.

*Operating Expenses:* Operating expenses increased by 62% during the three months ended October 31, 2014, as compared to the three months ended September 30, 2013. The $689,361 increase in operating expenses is primarily attributable to the following approximate increases in operating expenses:

- Stock-based compensation of $87,800 as a result of stock options expensed during the period;
- Advertising and promotional expenses of $216,000 related to an increase in spending on our new radio advertising campaign and special promotions which does not include marketing and social media costs as discussed below and in Note 2 to the condensed consolidated financial statements;
- Commission expenses of $60,800 related to increased sales;
- Postage and freight of $104,600 due to higher sales slightly offset by some customers picking up their product in lieu of having it shipped to them;
- Depreciation expense of $31,200 due to new fixed asset purchases during the period;
- Marketing research and social media costs increased by $1,500 due to the Company electing to spend more on market research and social media, which primarily consisted of four marketing research projects to develop new products; and
- Royalty expenses increased by $28,300 due to the increase in sales;
- Professional fees increased by $100,500 due to fees to an investment banker and financial consultants related to equity raises;
- Product development costs increased by $23,800 due to the Company expanding its line of products.

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

Trade show and travel expenses of $13,300 related to the members of the Company traveling and attending less trade shows; and

Payroll and related expense of $58,700 as compensation to a reduction in executive sales personnel.

*Other Income (Expense):* Other expenses increased by $20,654 to $(25,426) for the three months ended October 31, 2014 as compared to $(4,772) during the three months ended September 30, 2013. For the three months ended October 31, 2014, other expenses consisted of $25,426 in interest expense incurred on the Company's line of credit resulting from the FGI agreement signed in January 2014 and the agreement signed with EGC signed in September 2014. For the three months ended September 30, 2013, other expenses consisted of $4,772 in interest expense incurred on the Company's line of credit. The Company's line of credit originally signed in October 2010 was repaid and cancelled on September 9, 2013.

**Results of Operations for the nine months ended October 31, 2014 and September 30, 2013**

The following table sets forth the summary income statement for the nine months ended October 31, 2014 and September 30, 2013 (unaudited):

| | Nine Months Ended October 31, 2014 | Nine Months Ended September 30, 2013 |
|---|---|---|
| Sales - Net of Slotting Fees and Discounts (1) | $8,592,615 | $5,640,069 |
| Gross Profit | $2,516,050 | $1,629,052 |
| Operating Expenses | $(4,715,376) | $(3,478,533) |
| Other Income (Expense) | $(68,770) | $(8,547) |
| Net Loss | $(2,268,096) | $(1,858,028) |

(1) Slotting fees are required in new placements with some, but not a majority of supermarket chains that the Company does business with. They are negotiated with each chain depending upon the expected return to the Company. We believe that we have successfully negotiated such slotting fees to a relatively low expense. We have taken into account future fees currently being negotiated in preliminary negotiations for new placements. We do not believe our size or financial limitations are an impediment to being able to pay such slotting fees. Slotting fee costs are an expense in growing the business as are other marketing and sales costs and the Company has accounted for these fees in assessing its estimated working capital for the next twelve months.

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For the nine months ended October 31, 2014 and September 30, 2013, the Company reported a net loss of $(2,268,096) and $(1,858,028), respectively. The change in net loss between the nine months ended October 31, 2014 and September 30, 2013 was primarily attributable to following significant events:

The Company commenced operations during 2010 and has experienced significant growth in sales for the comparable periods. The Company has sold into approximately 37,000 retail and grocery locations at October 31, 2014 as compared to approximately 19,500 at September 30, 2013. The Company has reinvested proceeds to further develop brand awareness.

Advertising and promotional expense increased by $572,900 which does not include marketing and social media costs as discussed below and in Note 2 to the condensed consolidated financial statements.

Stock-based compensation expense increased by $107,800.

Product development costs increased by $59,600.

Commission expenses increased by $112,300.

Postage and freight increased by $203,000.

Depreciation expense increased $80,900.

Marketing research and social media costs increased by $89,800.

Royalty expenses increased by $25,900.

Professional fees increased by $65,500.

Trade show and travel expenses decreased by $35,600.

Payroll and related expenses decreased by $137,600.

*Sales:* Sales, net of slotting fees and discounts increased by approximately 52% to $8,592,615 during the nine months ended October 31, 2014, from $5,640,069 during the period ended September 30, 2013. The increase in sales is primarily related to the Company executing on their expansion strategy. The Company has sold into approximately 37,000 retail and grocery locations at October 31, 2014 as compared to approximately 19,500 at September 30, 2013.

*Gross Profit:* The gross profit margin was 29% for the nine months ended October 31, 2014 and September 30, 2013.

*Operating Expenses:* Operating expenses increased by 36% during the nine months ended October 31, 2014, as compared to the nine months ended September 30, 2013. The $1,236,843 increase in operating expenses is primarily attributable to the following approximate increases in operating expenses:

Stock-based compensation of $107,800 as a result of stock options expensed during the period;

Advertising and promotional expenses of $572,900 related to an increase in spending on our new radio advertising campaign and special promotions which does not include marketing and social media costs as discussed below and in Note 2 to the condensed consolidated financial statements;

Commission expenses of $112,300 related to increased sales;

Postage and freight of $203,000 due to higher sales slightly offset by some customers picking up their product in lieu of having it shipped to them;

Depreciation expense of $80,900 due to new fixed asset purchases during the period;

Marketing research and social media costs increased by $89,800 due to the Company electing to spend more on market research and social media, which primarily consisted of four marketing research projects to develop new products; and

Royalty expenses increased by $25,900 due to the increase in sales;

Professional fees increased by $65,500 due to fees to an investment banker and financial consultants related to equity raises;

Product development costs increased by $59,600 due to the Company expanding its line of products.

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

Trade show and travel expenses of $35,600 related to the members of the Company traveling and attending less trade shows; and

Payroll and related expense of $137,600 as compensation to a reduction in executive sales personnel.

*Other Income (Expense):* Other expenses increased by $60,223 to $(68,770) for the nine months ended October 31, 2014 as compared to $(8,547) during the nine months ended September 30, 2013. For the nine months ended October 31, 2014, other expenses consisted of $68,770 in interest expense incurred on the Company's line of credit resulting from the FGI agreement signed in January 2014 and the agreement signed with EGC signed in September 2014. For the nine months ended September 30, 2013, other expenses consisted of $8,547 in interest expense incurred on the Company's line of credit. The Company's line of credit originally signed in October 2010 was repaid and cancelled on September 9, 2013.

**Liquidity and Capital Resources**

The following table summarizes total current assets, liabilities and working capital at October 31, 2014 compared to January 31, 2014:

| | Period Ended October 31, 2014 (unaudited) | January 31, 2014 | Increase/(Decrease) |
|---|---|---|---|
| Current Assets | $4,963,544 | $4,244,648 | $ 718,896 |
| Current Liabilities | $2,097,595 | $818,001 | $ 1,279,594 |
| Working Capital | $2,865,949 | $3,426,647 | $ (560,698 ) |

As of October 31, 2014, we had working capital of $2,865,949 as compared to working capital of $3,426,647 as of January 31, 2014, a decrease of $560,698. The decrease in working capital is primarily attributable to an increase in accounts receivable, inventory, prepaid expenses, and deposit with related party manufacturer in addition to increases in accounts payable and accrued expenses and in the outstanding line of credit balance. During the nine months ended October 31, 2014, the Company raised net proceeds of the $1,180,003 from the sale of 1,620,001 shares of common stock and received proceeds of $100,000 for common stock subscribed.

Net cash used in operating activities for the nine months ended October 31, 2014 and September 30, 2013 was $3,730,976 and $2,580,463, respectively. The net loss for the nine months ended October 31, 2014 and September 30, 2013 was $2,268,096 and $1,858,028, respectively.

Net cash used in all investing activities for the nine months ended October 31, 2014 was $264,670 as compared to $848,952 for the nine months ended September 30, 2013. During the nine months ended October 31, 2014, the Company paid approximately $264,670 to acquire new machinery and equipment. During the nine months ended September 30, 2013, the Company paid $405,825 for machinery and equipment, placed $148,127 of deposits on machinery and equipment, $295,000 for the acquisition of a company and $30,000 for a loan to a related party.

Net cash provided by all financing activities for nine months ended October 31, 2014 was $2,670,081 as compared to $3,339,475 for the nine months ended September 30, 2013. During the nine months ended October 31, 2014 the Company raised net proceeds of $1,180,003 from the sale of 1,620,001 shares of common stock and $100,000 for common stock subscribed. During the nine month period ended October 31, 2014, the Company had net borrowings of $979,275 and $590,000 for transactions pursuant to the line of credit and term loan agreements. These increases were offset by $29,984 paid for debt issuance costs. During the nine months ended September 30, 2013 the Company raised net proceeds of the $3,539,475 from the sale of common stock and had net credit line repayments of $200,000.

The Company believes that our existing available cash along with estimated net proceeds from the issuance of securities during January 2014 and the nine months ended October 31, 2014 in addition to the line of credit entered into in January 2014 will enable the Company to meet the working capital requirements for at least 12 months. The estimated working capital requirement for the next 12 months is approximately $2,000,000 which equates to an estimated burn rate of $167,000 per month. The Company continues to explore potential expansion opportunities in the industry in order to boost sales while leveraging distribution systems to consolidate lower costs.

As reflected in the accompanying condensed consolidated financial statements, the Company has a net loss and net cash used in operations of $2,268,096 and $3,730,976, respectively, for the nine months ended October 31, 2014.

The ability of the Company to continue its operations is dependent on Management’s plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur additional liabilities with certain related parties to sustain the Company’s existence.

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.

During the month ended January 31, 2014 and the nine months ended October 31, 2014, Management raised capital through equity financings. The Company intends to utilize the capital in order to further advertise and market the Company’s brand and to assist in penetrating additional distribution channels.

**Recent Accounting Pronouncements**

The U.S. Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers, in May 2014. The amendments in this Update supersede the revenue recognition requirements in Topic 605, Revenue Recognition, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in Subtopic 605-35, Revenue Recognition—Construction-Type and Production-Type Contracts, and create new Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This Accounting Standards Update is the final version of Proposed Accounting Standards Update 2011-230—Revenue Recognition (Topic 605) and Proposed Accounting Standards Update 2011–250—Revenue Recognition (Topic 605): Codification Amendments, both of which have been deleted. Accounting Standards Update 2014-09. The amendments in this Update are effectively for the Company for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently evaluating the effects of ASU 2014-09 on the condensed consolidated financial statements.

In June 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-12, Compensation- Stock Compensation. The amendments in this update apply to reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target can be achieved after the requisite service period. This Accounting Standards Update is the final version of Proposed Accounting Standards Update EITF-13D—Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, which has been deleted. The proposed amendments would apply to reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target could be achieved after the requisite service period. This Accounting Standards Update is the final version of Proposed Accounting Standards Update EITF-13D—Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, which has been deleted. The amendments in this Update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, and early adoption is permitted. The Company is currently evaluating the effects of ASU 2014-12 on the condensed consolidated 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 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 not 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.

Since January 2012, Brio Financial Group, LLC ("Brio") has been engaged by the Company to perform outsourced CFO functions including, preparing annual and quarterly financial statements and accompanying notes in accordance with Generally Accepted Accounting Principles (GAAP) in coordination with our independent auditor and provides consultation in the accounting of complex financial transactions, such as the valuation, recognition, reporting and disclosure of all equity transactions, and complex financial instruments.

**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.**

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-KT for the period ended January 31, 2014 filed on September 19, 2014.

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

On November 14, 2014 the Company, in exchange of certain options, issued 8,000 shares its restricted common stock to each of its independent board members.

Other than previously reported on the Company's Current Reports on Form 8-K, there have been no other unregistered sales of equity securities for the quarter ended October 31, 2014.

**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 Disclosure.**

Not applicable.

**Item 5. Other Information.**

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 shall issue Manatuck 200,000 shares of the Company's restricted common stock.

Optional conversion to convertible preferred stock is available upon completion of a qualified offering (as defined in the Manatuck Purchase Agreement) while the Manatuck Debenture is outstanding. Upon conversion of the Manatuck Debenture, the Company shall issue Manatuck shares of common stock as defined in the Manatuck Purchase Agreement.

The above description of the Manatuck Purchase Agreement, and the Manatuck Debenture do not purport to be complete and are qualified in their entirety by the full text of each such document. A copy of the Manatuck Purchase Agreement and Manatuck Debenture are attached hereto as Exhibits 10.1. and 10.2, respectively.

**Item 6. Exhibits.**

| **Exhibit No.** | **Description** |
|---|---|
| 10.1 | Securities Purchase Agreement, dated December 19, 2014 by and between the Company and Manatuck Partners, LLC* |
| 10.2 | Convertible Redeemable Debenture issued in favor of Manatuck Hill Partners, LLC* |
| 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* |

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| 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.

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| | **MAMAMANCINI'S HOLDINGS, INC.** | |
| Date: December 22, 2014 | By: | */s/ Carl Wolf* |
| | Name: | Carl Wolf |
| | Title: | Chief Executive Officer<br>(Principal Executive Officer) |