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Zacks Small-Cap Research

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Sadot Group, Inc. (NASDAQ: SDOT)

SDOT: Sadot Group reports 2nd quarter 2024 financial and operating results and updates investor community on the sale of its restaurant concepts.

Utilizing a DCF valuation process containing conservative estimates combined with other valuation methodologies, we believe SDOT could be worth **$3.50** per share.

Current Price (8/22/24)	$0.49
Valuation	**$3.50**

OUTLOOK

In late 2022, the company began its evolution from a consumer-focused, U.S. restaurant business into a global, food-focused organization with two distinct business units. The company's largest operating unit is Sadot Agri-Foods, which is a vertically integrated international food supply chain company engaged in trading and shipping sustainable food and commodities such as soybeans, wheat and corn. Sadot's legacy restaurant business is currently in the process of being divested. We believe SDOT is poised for profitable growth over the long term and the stock to be significantly undervalued at this time.

SUMMARY DATA

52-Week High	**$1.12**
52-Week Low	**$0.22**
One-Year Return (%)	**-52.5**
Beta	**0.96**
Average Daily Volume (sh)	**318,319**
Shares Outstanding (mil)	**54.7**
Market Capitalization ($mil)	**$28.1**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**16**
Insider Ownership (%)	**3**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**12.0**
P/E using 2025 Estimate	**8.0**

Risk Level	**Medium**
Type of Stock	**Small-Value**
Industry	**Agricultural Trading**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	$2.9 A	$2.9 A	$2.8 A	$153.0 A	$161.7 A
2023	$213.0 A	$160.3 A	$182.2 A	$171.2 A	$726.7 A
2024	$107.9 A	$175.0 A	$165.0 E	$174.5 E	$622.5 E
2025					$643.2 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-$0.07 A	-$0.06 A	-$0.07 A	-$0.07 A	-$0.27 A
2023	-$0.04 A	$0.01 A	-$0.14 A	$0.00 A	-$0.18 A
2024	-$0.01 A	$0.05 A	-$0.02 E	$0.02 E	$0.04 E
2025					$0.06 E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution or intangibles. EPS estimates may be Zacks cash EPS.

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WHAT'S NEW

2nd Quarter 2024 Financial Results

On August 14th, 2024, the company reported 2nd quarter 2024 results which showed revenues that were above expectations. Commodity revenues increased 10% to $173.3 million from $157.6 million in the 2nd quarter of 2023. This was primarily due to the opening of Latin American trading operations and the addition of the farming business.

During the quarter, the agri-foods business completed 21 transactions of over 525,000 metric tons of agri-commodities across eight different countries. Also, the company shipped 2,500 metric tons of maize and over 690 metric tons of soya from the farming operations in Zambia during the 2nd quarter.

Gross profit in the commodity segment for the 2nd quarter was $1.99 million (*1.1% gross margin*) and operating income was $1.05 million *(0.6% operating margin*). As the commodity business matures and the business becomes more vertically integrated, the company expects operating margins to be in the 1.0%-3.0% range. EBITDA was $3.2 million in the 2nd quarter compared to $0.7 million in the prior year period.

Net income was $2.4 million in the 2nd quarter compared to $0.2 million in the 2nd quarter of 2023. The increase in net income was largely driven by a gain on fair value remeasurement related to forward purchase and sales contracts enacted in 2023.

Consolidated operating cash flow was $11.0 million for the 1st half of 2024 compared to a use of cash ($4.2) million for the prior year period. Free cash flow for the 1st half of 2024 was approximately $10.3 million. Cash at the end of the 2nd quarter was $9.9 million and net working capital was positive at $16.1 million. Total assets decreased to $165.8 million compared to $178.1 million at the end of 2023 due to the timing of payments on accounts receivable relating to trades.

Total company debt was $3.7 million at the end of the 2nd quarter and the Contract Liability was $92.3 million. The Contract Liability relates to Forward Sales Contracts in which the company has pre-sold 140,000 tons of soybeans for $93.5 million. Half of the contract is due for delivery in November and December 2024 and the other half is due in May 2025. The company recognizes revenue upon delivery of the product to buyers.

Restaurant Segment Update

On August 6th, the company announced the sale of its Superfit Foods concept, a subscription-based meal prep concept located in the Jacksonville, Florida region. Also, Sadot announced that it has refranchised its final company-owned Muscle Maker Grill location in New York which will lower corporate G&A expenses by approximately $425,000 and begin to generate royalties for the restaurant division. Cash proceeds from these transactions are expected to be approximately $400,000 and are expected to be received in the 1st quarter of 2025.

With the MMG restaurant concept now being a fully franchised concept, it is expected to be better positioned to potentially attract a wider audience base of interested parties. The company continues to pursue the divestiture of Muscle Maker Grill along with its 39-unit Pokemoto chain.

The sale of these assets is subject to customary closing conditions and remains subject to the satisfactory completion of due diligence by the buyers. The potential terms of the deal including purchase price were not provided by management at this time. However, the assets of the restaurant group are carried on the balance sheet at $6.3 million under Assets Held for Sale. This represents the lower of its carrying value, or fair value less cost to sell, which is essentially the minimum price the restaurant group would sell for based on management's valuation estimates at this time.

Trade Finance Arrangements

The company indicated that it still has approximately $26 million in trade financing arrangements in place. The ability to use trade finance arrangements is crucial to increasing margins in the Sadot Agri-Foods segment as it does not typically utilize the company's own capital or balance sheet. Trade finance arrangements can come from a multitude of sources including traditional banks, finance companies, and private investors. Trade finance arrangements can take the form of letters of credit, guarantees, insurance, export finance, trade credit, factoring, or supply chain finance.

The growth of top-line revenues and bottom-line margins is directly linked to increasing access to trade financing. The company is actively working on obtaining additional trade finance lines to further support its growth initiatives.

Canada Trading Division

On July 9th, the company announced the formation of its latest commodity trading arm, Sadot Canada. This will be a wholly owned subsidiary of Sadot LLC based in Toronto, Canada and will originate and trade Canadian grains, oilseeds and pulses to a global customer base

Canada is one of the world's most important agri-commodity regions that exports over 75% of its agri-commodity production. The country is a major producer and exporter of grains such as wheat and barley, oilseeds like canola and is one of the dominant export markets for key pulses crops such as peas, lentils, beans and chickpeas. In 2021, Canada harvested 8.8 million acres of pulses, which contributed $6.3 billion to the economy and 25,907 jobs. Canada exports 80% of its pulses with 74% of pea production and 81% of lentil production going to other markets.

Sadot Canada initially plans to focus on two lines of business - container-based pulses exported from Canada to global customers, and animal feed ingredient blends sourced globally and imported to North and South American customers. Sadot Canada will also work with Sadot's other international teams to create synergistic cooperation, such as sourcing pulses in the Black Sea region for global trade.

Growing Demand

Sadot Group sees growing demand for its services as the demand for food and feed is projected to grow significantly through the end of the century. This demand will likely place stress on the global food supply chain. With the pivot to the agri-foods supply chain sector, Sadot Group sees significant growth potential in providing sustainable solutions to address the world's food security issues.

Feeding the world's growing population is a significant challenge. The United Nations projects that the global population will grow from today's 8.1 billion to 9.7 billion by 2050 and 10.1 billion by 2100, with growth concentrated in developing countries.

Urban expansion, global warming, and corrupted farmland contribute to a steady decrease in fertile agricultural land needed to grow grains and legumes which are the building blocks of nutrition and human health. The growing middle class populations in developing countries within Africa and Asia result in more calorie per capita consumption in general and specifically, growth in demand for animal proteins. Both of these factors increase the demand for feed related commodities for animals.

Also, a growing part of the world's population is in areas that have highly limited agricultural potential and require systems in place to provide a steady in-flow of food products.

Valuation and Estimates

We maintain our price target of **$3.50** at this time as we believe the company's ability to generate significant levels of free cash flow should occur within the majority of our 10-year DCF time frame.

We adjust our 2024 revenues and EPS estimates based on recent financial results. For 2024, we expect $622.5 million in revenues and EPS of $0.04 per share. Our 2025 revenue estimate is $643.2 million and our 2025 EPS estimate is $0.06.

Currently, SDOT stock is trading at approximately 8.0x our 2025 EPS estimate. The stock is also trading below book value per share whereas peers in the commodity sector are trading 20%-30% above book value.

OTHER RECENT NEWS

Sadot Agri-Foods

Sadot's goal in the agri-foods business is to diversify the company's participation in virtually all segments of the global food supply chain. This will increase margins as the company moves into different markets and other verticals in order to generate cost synergies. Diversification across markets and verticals is also expected to help stabilize the overall income stream, which will support additional finance options can counterparty security. Diversity also improves overall risk management as one of the key hedging instruments when dealing in global commodity markets.



Source: sadotgroupinc.com

Farm Acquisition

On August 18, 2023, the company closed on its previously announced acquisition of grain and tree crop producing farmland located in Zambia's Mkushi Region. The Farm produces high demand grains such as wheat, soy and corn along with mango and avocado on approximately 4,942 acres of farmland. The Mkushi Farmland was initially developed in 2004 and is situated in the heart of the Mkushi Region of Zambia which has a bountiful climate for crops with rich soil and high levels of rainfall. Sadot hired an experienced team of farm managers who are currently farming 1,345 acres of corn, 775 acres of soybean, 270 acres of wheat, 180 acres of Hass Avocado for local and export plus 50 acres of Tommy Atkins Mango. These crops represent roughly half of the Farm's acreage and additional acreage will be planted to increase revenues and market presence.

In September 2023, the Farm produced a strong wheat harvest of approximately 987 metric tons. This generated over $500,000 in revenue at a rate of $515 per metric ton. In October 2023, more planting occurred which was comprised of 540 hectares (1,334 acres) of maize (corn) with an estimated yield of 4,952 metric tons. In addition, 314 hectares (775 acres) of soybean were planted with an expected harvest of 942 metric tons. The total harvest since the farm was acquired is approximately 1,700 metric tons of corn and 500 metric tons of soybean.

In addition, Sadot Group announced that it is actively participating in discussions to form a collaborative pilot program with local farmers in Zambia. Through this program, Sadot Zambia will provide access to seeds, fertilizers, and other services to approximately 1,200 local small farmers in the region. This initiative is expected to positively impact the livelihoods of the participating farmers, as well as enhance the company's position in the region while presenting a potential future revenue stream.

KEY INVESTMENT POINTS

Source: sadotgroupinc.com

- Sadot Group is a diversified, global food company with two distinct business units: 1) Sadot LLC (Sadot Agri-Foods) – an international agricultural commodity supply-chain organization and 2) Sadot Food Service – an operator and franchisor of 50+ healthier-for-you fast casual concepts plus a subscription based, fresh prep meal provider with over 30 points of distribution with in-home and national delivery. The restaurant segment is currently being divested.

- Sadot LLC was formed in November of 2022 through a material agreement with Aggia LLC FZ. Sadot is engaged in international commodity farming, trading, shipping, sourcing and production of key ingredients such as soybean meal, corn, wheat, and food oils.

- In August 2023, the company acquired 4,942 acres of farmland in Zambia, Africa which produces high demand grains such as wheat, soy and corn along with mango and avocado.

- The company is led by a well-seasoned management team with experience in M&A, SEC regulations, and strategic planning. With the formation of Sadot Agri-Foods, the company was able to bring in an experienced management team with expertise in commodities and trading through Aggia LLC.

- The company has approximately $9.9 million in cash on the balance sheet and $3.7 million in debt as of 6/30/24. The company was founded in 1995 as Muscle Maker Grill and went public in 2020. The current market capitalization is approximately $27.0 million.

- The creation of Sadot generated significantly higher revenues for the company in 2023 and is expected to continue in 2024 and beyond. The Sadot Agri-Foods division generated approximately $9.3 million in net income and $717.5 million in revenues in 2023.

- We believe SDOT stock is worth **$3.50** based on a conservative discounted cash flow (DCF) calculation and a peer multiple comparison.



Source: sadotgroupinc.com

BUSINESS SEGMENTS

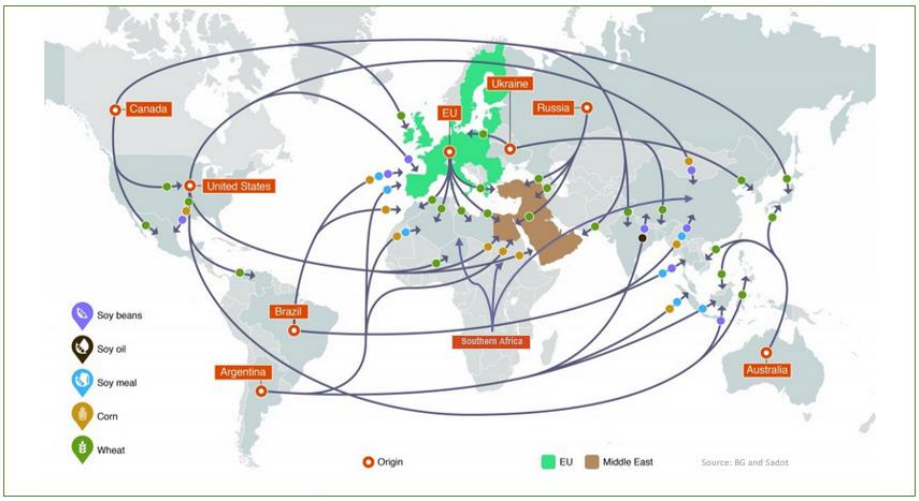
Sadot Agri-Foods

Source: sadotgroupinc.com

On November 18, 2022, Muscle Maker announced the formation of a new subsidiary, Sadot LLC, and a material agreement with Aggia LLC FC. Sadot is a US-based company involved in meeting the sustainability challenges of the global food supply chain and communities. Sadot produces, connects and monitors global food supply chains from point of origination to point of consumption for plant-based human and animal foods. This generally includes sourcing commodities from the Americas, Africa and the Black Sea region and delivering to markets in Southeast Asia, China and the Middle East.

Sadot's team of experienced professionals implements its strategy of forward-thinking and diversification in all aspects of its business: geographical, operational, products and funding sources. Management sees this diversification as a main growth driver that will allow the company to take part in solving the significant challenges the world faces in providing food security to an ever-growing population and depleting farmlands. Aggia was hired to perform the day-to-day operations of Sadot. Aggia executives have extensive, longstanding backgrounds and expertise in the food and agriculture supply chain industries. Specific expertise includes moving various grains, wheat, soybeans and other food products around the world via cargo ships. A typical shipment contains 25,000 to 75,000 metric tons of products with values ranging between $5 million to $40 million per shipment.

The agricultural commodity shipping business is traditionally centered on high revenue, lower-margin transactions. The company believes it can improve on these margins over time by owning and managing sustainable farms, as well as shipping and processing capabilities of the products it deals with. This would allow them to control the sustainability and quality of products at the farm level and experience increased margins from supplying owned products to the supply chain.



Sadot currently ships to/from the following markets:

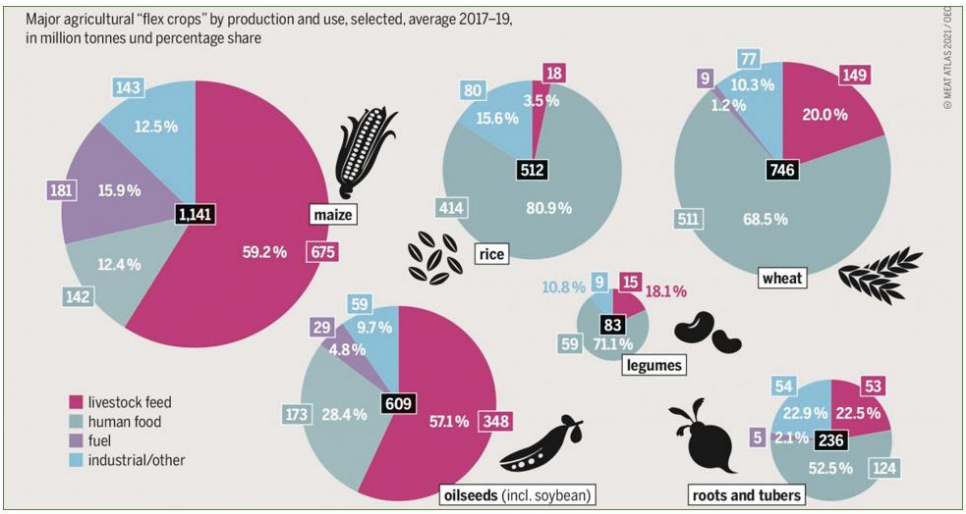
- Canada
- Brazil
- Japan
- Philippines
- India
- Malaysia
- Poland
- Romania
- China
- Ukraine
- Viet Nam

Sadot plans to enhance its North American (U.S. & Canada) sourcing capabilities.

In addition, Sadot recognizes the potential in Africa, currently serving mostly local markets.

Source: sadotgroupinc.com

In addition, the company is in the process of cultivating banking relationships with international financiers with the goal of developing more elaborate financial instruments. This would allow Sadot to conduct different types of transactions with higher financial returns and enter into additional Agri-Commodity products and operational verticals that yield higher margins. As this field is highly leveraged, these banking relationships are highly important for the company's growth.



Source: sadotgroupinc.com

As consideration for Aggia providing food and commodity related services to Sadot, the company agreed to issue shares of Sadot common stock to Aggia at a per share price of $1.5625, subject to Sadot generating net income measured on a quarterly basis. Upon Sadot generating net income for any fiscal quarter, the company shall issue Aggia a number of shares equal to the net income for such fiscal quarter divided by the agreed upon per share price. The maximum number of shares to be issued is 14,424,275 representing 49.999% of the number of issued and outstanding shares of common stock at the time of the agreement.

In July 2023, the company amended the original agreement as it pertains to Aggia compensation. Under this Addendum, the company issued 8.9 million shares of common stock which represented the 14.4 million shares that Aggia was entitled to receive pursuant to the Services Agreement less the 5.6 million shares that have already been issued. The company will not issue Aggia in excess of 14.4 million shares representing 49.9% of the number of issued and outstanding shares of common stock as of the effective date of the original agreement.

These shares vest on a progressive schedule at a rate equal to the net income of Sadot Agri-Foods, calculated quarterly divided by $3.125, which for accounting purposes equals 40.0% of the net income of Sadot Agri-Foods, calculated quarterly divided by $1.25. During the 30 day period after July 14, 2028, Aggia may purchase any shares not vested. All shares not vested or purchased by Aggia, shall be repurchased by the company from Aggia at a share price of $0.0001 per share.





Source: sadotgroupinc.com

ADDRESSABLE MARKET & GROWTH OPPORTUNITIES

The continued global population growth, which may hit nine billion people by 2037 according to the United Nations, may put food, grain, and staple farmers under stress to feed the growing population. The advancement of emerging markets to developed markets will increase this potential strain. Food security is a growing global concern that must be addressed by controlling the various parts of the food supply chain from the farms to the end customer. Sadot is poised to take advantage of these needs by creating a comprehensive, global food company that stretches from sustainable farming, agricultural commodity shipping and trading, distribution, production and ultimately reaches consumers through restaurant, franchising and meal prep companies.

The current global grain market is approximately $1.5 trillion with a CAGR of 9.5% according to the *Business Research Company*. Primary markets in which Sadot operates include Brazil, Canada, China, India, Japan, Malaysia, the Philippines, Poland, Romania, Ukraine, and Vietnam. Primary commodities for Sadot at this time are wheat, rice, soybean, coarse grains (corn, barley, sorghum, oats, rye), oils and oilseeds. Sadot competes against large global commodity-oriented firms such as Archer Daniel Midlands, Cargill, Bunge and Louis-Dreyfus as well as mid-sized trading firms such as Glencore, Wilmar, Olam, Adecoagro, JB Sanfilippo, TreeHouse Foods, and Hain.

Because of its smaller size, Sadot is able to move much more nimbly and leverage the team's years of experience and their deep global relationships. Sadot has the benefit of being a young and agile company, yet with the experience of a seasoned entity. Current and planned operational hubs include the U.S., Latin America, the U.K., Switzerland, Singapore, Dubai, Ukraine, Zambia, and Mauritius.

MANAGEMENT

Michael J. Roper
Chief Executive Officer

Mr. Roper has served as Chief Executive Officer of Sadot Group since May 1, 2018. Mr. Roper has unique experience ranging from owning and operating several franchise locations through the corporate executive levels. From May 2015 through October 2017, Mr. Roper served as Chief Executive Officer of Taco Bueno where he was responsible for defining strategy and providing leadership to 162 company-owned and operated locations along with 23 franchised locations. From March 2014 through May 2015, Mr. Roper served as the Chief Operating Officer of Taco Bueno. Prior to joining Taco Bueno, Mr. Roper was a franchise owner and operator of a IMS Barter franchise and held several roles with Quiznos Sub from 2000 to 2012 starting as a franchise owner and culminating in his appointment as the Chief Operating Officer/Executive Vice President of Operations in 2009. Mr. Roper received a Bachelor of Science in Business and General Management from Northern Illinois University.

Jennifer Black
Chief Financial Officer

Ms. Black is an experienced Chief Financial Officer with a demonstrated history of working with public and private equity backed organizations. Prior to joining the company, from September 2018 through December 2021, Ms. Black served as the Chief Financial Officer for Eagle Pressure Control and Talon Pressure Control which are oilfield service companies. Ms. Black is a Certified Public Accountant and a Chartered Global Management Accountant. Ms. Black received a Master of Business Administration from Jack Welch Management Institute in 2018 and Bachelor of Science in Accounting and Finance from Texas Tech University in 2003.

Kevin Mohan
Chief Investment Officer & Executive Chair, Board of Directors

Mr. Mohan has served as the Company's Chief Investment Officer and as the Executive Chair of the Board since April 2018. From April 2018 through May 2018, he also served as the Company's Interim President. From June 2012 through January 2018, Mr. Mohan served as the VP of Capital Markets for American Restaurant Holdings, Inc., a company focused on acquiring and expanding fast casual restaurant brands.

Benjamin Petel
Managing Member Representative - Sadot LLC

Mr. Petel has served as Managing Member Representative of Sadot since 2022. From 2019 through 2022, he was engaged as a Business Development Specialist and consultant to various agriculture and food companies, spanning from corporate finance and M&A to commercial development and operational control. Mr. Petel received a Bachelor of Arts in Business Administration and General Management from Bar-Ilan University.

Kenneth Miller
Chief Operating Officer

Mr. Miller has served as Chief Operating Officer of the company since September 2018. Mr. Miller has served in the restaurant business for an extensive portion of his career. Mr. Miller served as the Senior Vice President of Operations for Dickey's BBQ Restaurant from April 2018 through September 2018 and in various capacities with Taco Bueno Restaurants, LP from October 2013 through April 2018 culminating in the position of Senior Vice President of Operations.

Aimee Infante
Chief Marketing Officer

Ms. Infante joined MMI in 2014 and has served as MMI's CMO since 2019. She started as MarCom Manager in 2014 and was promoted to Marketing Director in 2015, then VP Marketing in 2016. Prior to joining the Company, she served in various marketing roles with Qdoba Mexican Grill (2010-2014).

RISKS

- The global Agri-commodity markets are tied to global geopolitical fluctuations, as well as weather, disease and other inherent risks of international business markets.
- Commodity prices fluctuate, affecting the supply and demand of the market. However, as Sadot deals mainly in staple commodities, there is a consistently growing market that will experience occasional fluctuations in revenues or net margins.
- Global geopolitical and economic conditions, such as those seen in the Ukraine/Russia war or the Covid-19 pandemic, can have a profound negative effect on company processes and operations.
- Factors that can influence commodity prices and Sadot operating results include geopolitical shifts, seasonality, weather & disease, technology, market conditions, and macro-economic factors.
- The company may need additional capital to fund operations, which, if obtained, could result in substantial dilution or significant debt service obligations. The company may not be able to obtain additional capital on commercially reasonable terms, which could adversely affect overall liquidity and financial position.

INSIDER TRADING AND OWNERSHIP

The percentage ownership information below is based on 51,752,691 shares outstanding as of March 20, 2024. Aggia LLC owns 24.43% of outstanding shares and management and board members own approximately 3.82% of outstanding shares.

Name of beneficial owner	Number of shares beneficially owned [1]	Percentage of shares outstanding prior to offering [1]
5% Stockholders:		
Aggia LLC FZ [2]	12,492,069	24.43 %
Armistice Capital LLC [3]	3,201,897	6.26 %
Directors and Named Executive Officers:		
Kevin Mohan [4]	524,537	*
Michael J. Roper [5]	523,015	*
Jennifer Black [6]	251,300	*
Kenneth Miller [7]	80,892	*
Aimee Infante [8]	40,852	*
Stephen Spanos [9]	147,515	*
Jeff Carl [10]	160,625	*
Ray Shankar [11]	10,151	*
Hannah Oh [12]	10,151	*
Benjamin Petel [13]	131,397	*
Marvin Yeo [14]	9,361	*
Paul Sansom [15]	9,361	*
Mark McKinney [16]	8,143	*
David Errington [17]	35,143	*
Dr. Ahmed Khan [18]	10,881	*
All executive officers and directors as a group (15 persons)	1,953,324	3.82 %

Source: Sadot Group SEC Filings

SUMMARY

We believe the company has the potential to significantly grow the Sadot Agri-Foods business over time and generate significant levels of profitability and free cash flow. The agri-foods business should be able to increase margins going forward now that the company is vertically integrated after its farm purchase as well as considering it now has significant trade finance agreements in place.

Sadot Group sees growing demand for its agri-foods services as the demand for food and feed is projected to grow significantly through the end of the century. This demand will likely place stress on the global food supply chain. With the pivot to the agri-foods supply chain sector, Sadot Group sees significant growth potential in providing sustainable solutions to address the world's food security issues.

The company's current stock price does not likely reflect that potential level of profitable growth going forward and we believe SDOT stock to be significantly undervalued at this time. We maintain our price target of **$3.50** at this time as we believe the company's ability to generate significant levels of free cash flow should occur within the majority of our 10-year DCF time frame.

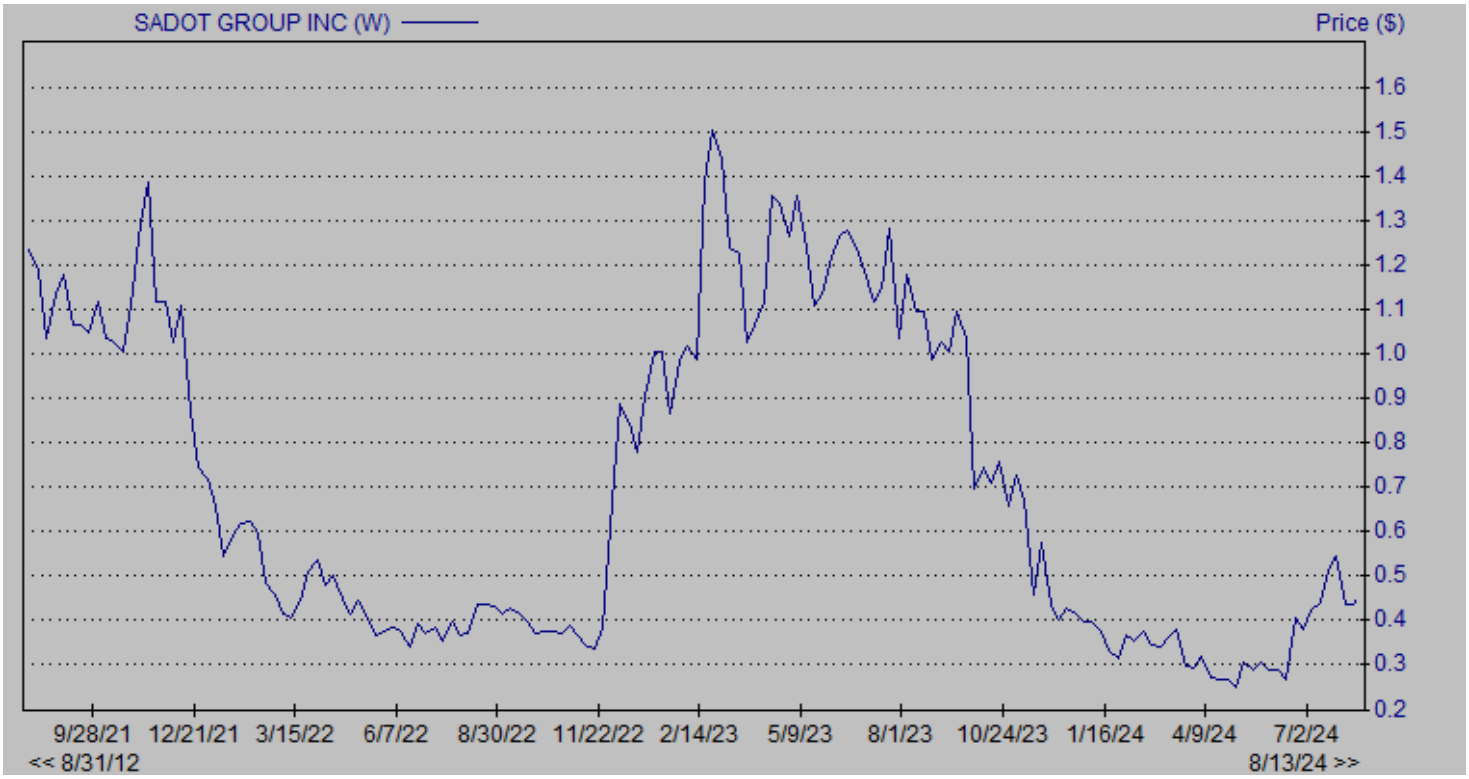
Currently, SDOT stock is trading at approximately 8.0x our 2025 EPS estimate. The stock is also trading below book value per share whereas peers in the commodity sector are trading 20%-30% above book value.

PROJECTED INCOME STATEMENT

Income Statement	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26
Total Revenues	**161,698,417**	**726,686,000**	**622,500,000**	**643,240,000**	**668,969,600**
Growth		*349.4%*	*-14.3%*	*3.3%*	*4.0%*
Cost of Goods Sold	**157,306,804**	**716,755,000**	**614,459,500**	**630,375,200**	**652,245,360**
%	*104.5%*	*99.9%*	*98.7%*	*98.0%*	*97.5%*
Gross Profit	**4,391,613**	**9,931,000**	**8,040,500**	**12,864,800**	**16,724,240**
%	*#DIV/0!*	*1.4%*	*1.3%*	*2.0%*	*2.5%*
Depreciation & Amort	**2,015,048**	**1,808,000**	**1,080,000**	**1,026,000**	**1,128,600**
Pre-Opening and Post-Closing Expenses	**313,379**	**583,000**	**80,000**	**0**	**0**
% of sales	*0.2%*	*0.1%*	*0.0%*	*0.0%*	*0.0%*
General & Administrative Expenses	**6,035,000**	**9,404,000**	**8,132,480**	**7,644,531**	**7,720,977**
% of sales	*3.7%*	*1.3%*	*1.3%*	*1.2%*	*1.2%*
Franchise Ad Expenses	**80,536**	**73,000**	**45,000**	**0**	**0**
% of sales	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Stock-Based Consulting Fees	**3,716,000**	**6,192,000**	**2,700,000**	**1,890,000**	**1,417,500**
% of sales	*2.3%*	*0.9%*	*0.4%*	*0.3%*	*0.2%*
Operating Income	**(7,768,350)**	**(8,129,000)**	**(3,996,980)**	**2,304,269**	**6,457,163**
Margin	*-4.8%*	*-1.1%*	*-0.6%*	*0.4%*	*1.0%*
EBITDA	**(2,037,302)**	**(129,000)**	**(216,980)**	**5,220,269**	**9,003,263**
Margin	*-1.3%*	*0.0%*	*0.0%*	*0.8%*	*1.3%*
Other Expenses/(Income)	**(186,223)**	**(2,180,000)**	**(8,760,000)**	**(2,231,943)**	**(38,528)**
%	*-0.1%*	*-0.3%*	*-1.4%*	*-0.3%*	*0.0%*
EBIT	**(7,582,127)**	**(5,949,000)**	**4,763,020**	**4,536,212**	**6,495,691**
%	*-4.7%*	*-0.8%*	*0.8%*	*0.7%*	*1.0%*
Total Interest Exp (net)	**6,730**	**469,000**	**2,773,000**	**1,250,710**	**500,710**
%	*0.0%*	*0.1%*	*0.4%*	*0.2%*	*0.1%*
Net Profit Before Tax	**(7,588,857)**	**(6,418,000)**	**1,990,020**	**3,285,502**	**5,994,981**
%	*-4.7%*	*-0.9%*	*0.3%*	*0.5%*	*0.9%*
Income Tax	**25,000**	**(15,000)**	**(52,000)**	**164,275**	**899,247**
% Effective Rate	*-0.3%*	*0.2%*	*-2.6%*	*5.0%*	*15.0%*
% Cash Tax Rate	*-0.3%*	*0.2%*	*-2.6%*	*5.0%*	*15.0%*
Minority Interests	**0**	**(218,000)**	**150,000**	**75,000**	**37,500**
Net Profit	**(7,613,857)**	**(6,185,000)**	**1,892,020**	**3,046,227**	**5,058,234**
%	*-4.7%*	*-0.9%*	*0.3%*	*0.5%*	*0.8%*
Non-recurring income (expense)	(347,110)	(1,638,000)			
Average Diluted Shares Outstanding	28,558,586	34,940,559	50,354,813	54,728,000	54,728,000
Reported FD EPS	(0.28)	(0.22)			
Zacks Cash EPS	**(0.27)**	**(0.18)**	**0.04**	**0.06**	**0.09**
Zacks EPS	**(0.27)**	**(0.18)**	**0.04**	**0.06**	**0.09**

Source: Zacks analyst

HISTORICAL STOCK PRICE



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