May 5, 2023

MUSCLE MAKER, INC.

(NASDAQ – GRIL)

Industry: Diversified Food

Price Target: $4.50

MUSCLE MAKER, INC.
Emerging, Undervalued Leader Experiencing Record Growth

Rob Goldman
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Industry: Diversified Food	Price Target: $4.50

KEY STATISTICS

Price: 5/4/23		$1.35	
52-Week Range:		$1.525 - $0.30	
Est. Shares:		28.6M	
Mkt Cap, mil:		$39	
Avg. Vol:		302,708	
Exch:		NASDAQ	
Cash P/S:		$0.35	
BV P/S:		$0.57	
Public Float:		20.9M	
Rev (mil)	**2022A**	**2023E**	**2024E**
CY:	$162	$913	$1,050
CY P/Rev:	0.2	0.04	0.04
ADJ. EPS	**2022A**	**2023E**	**2024E**
CY:	($0.15)	$0.30	$0.28
CY P/E:	N/A	4.5	4.8
Tgt Price:		**$4.50**	
Tgt P/E:		**15.0**	

COMPANY INFORMATION

Muscle Maker, Inc.
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INVESTMENT HIGHLIGHTS

Led by its newly formed subsidiary Sadot LLC, and a key service agreement, Muscle Maker, Inc. (NASDAQ – GRIL) is recording substantial revenue and net income results, on an adjusted basis. An instant player in the global agribusiness industry, Sadot has generated between $50M-$93M per month for GRIL since it was launched in November 2022.

The creative parameters of GRIL's service agreement include 3rd party share ownership at a premium to the current share price, based on its net income contribution in Sadot. We believe this novel arrangement, including board seats, is a major plus for GRIL.

In addition to Sadot, GRIL's legacy business includes multiple brands in the fast casual restaurant segment. With a focus on franchising and strength in a key category, GRIL could emerge as the leading US brand for the popular Hawaiian Poke offering.

Our forecasts for 2023 include $913M in revenue and EPS of $0.30 for 2023 compared with $162M and a loss per share of ($0.15) in 2022---a 463% revenue gain. Our bottom-line forecasts are adjusted to reflect the dilutive effect of the new shares generated from net income contribution and the elimination of the perceived duplicative stock-based compensation line item.

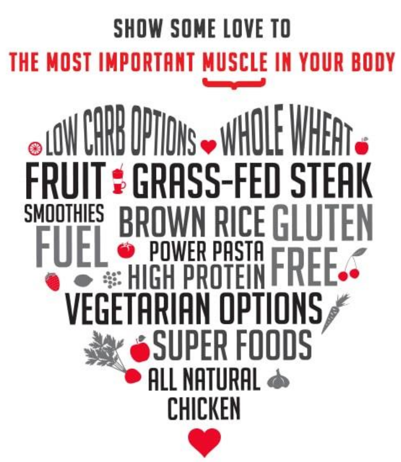
Our 6-9-month target is $4.50, reflecting a 15x multiple on CY23E EPS of $0.30. Upside to future forecasts and our target exist via the potential sale of the fast casual segment, among other events.

COMPANY OVERVIEW

The View from 30,000 Feet

Tracing its roots to 1995, **Muscle Maker, Inc. (NASDAQ: GRIL)** is the parent company of a unique, diversified, high growth business model that positions GRIL as a potential leader in the global food supply chain. GRIL seeks to leverage its large footprint in agri commodity logistics, shipping and production with its presence in healthy, fast casual restaurant franchising and meal prep concepts. Management embarked on a series of transformative initiatives in recent months which can lead to hundreds of millions in revenue in 2023 for its supply chain segment and double-digit top-line growth for its legacy restaurant and meal prep businesses. GRIL has changed virtually overnight and given its upgraded focus and business model, we believe its share price is set to change as well---by a factor 3x, by year-end. Further, with the implementation of additional initiatives, we believe greater upside exists in 2024 and beyond.

The Legacy Biz is Evolving and Growing



The Company's fast casual restaurant division features 3 brands: Muscle Maker Grill restaurants, SuperFit Foods meal prep and Pokemoto, Hawaiian Poke restaurants. All of GRIL's restaurant brands focus on "healthier-for-you" menu options. Muscle Maker Grill, with 16 locations, has been in business for over 25 years. SuperFit Foods is a subscription-based meal-prep model that focuses on premade meals, which are pre-purchased and assembled in a temperature-controlled facility and delivered to SuperFit branded coolers placed in fitness facilities in 34 pickup locations throughout the Jacksonville market. In an effort to expand the Muscle Maker Grill reach, the Company has integrated the Muscle Maker Grill meal plan menu into the SuperFit Foods meal plan menu as well.

The crown jewel of this segment, and its growth driver, is the Pokemoto brand. Through its franchising model, GRIL seeks to position Pokemoto as the largest Hawaiian poke chain in the industry, which, while very popular, is highly fragmented. There are currently 33 Pokemoto open locations with an additional 45 new franchise agreements that have been sold and not yet open. In addition, management has recently spearheaded a combo store concept, whereby the Company operates a Muscle Maker Grill restaurant and a Pokemoto restaurant in the same location. The unique model seeks to leverage existing infrastructure, reduce infrastructure costs, and offer a wide variety of options to consumers.

The New Biz Elevates GRIL---Substantially

The legacy fast-casual food service (restaurant and meal prep) has enjoyed reasonable growth, but like much of the industry, it has endured a high fixed cost structure which can weigh on potential profit and the segment's valuation. In an effort to elevate GRIL's status in the global food arena and foster potential segment integration and sustainability, GRIL executed a service agreement in late 2022 that demonstrated enviable foresight, accompanied by huge sales and meaningful profit.

A new GRIL division, Sadot LLC, is now directly involved in the wholesaling of food and engaging in the physical food commodities arena, including production, procurement, logistics, shipping, and sale. This division is operated by GRIL's consultant AGGIA, a team of seasoned professionals in the global food supply chain industry. The AGGIA team possesses specific expertise in moving various grains, such as wheat, corn or soybeans around the world. A typical single cargo ship transaction consists of shipping grains from one country to another containing 25,000 to 70,000 metric tons of grains with values ranging between $5 million and $40 million dollars per shipment.

In exchange for running these operations through GRIL's wholly-owned Sadot LLC subsidiary, AGGIA entered into a creative pay for performance plan that in our view, is a major win for GRIL and also a positive for AGGIA. This arrangement calls for AGGIA to earn GRIL common stock and the right to nominate new board members by generating net income for Sadot.

In essentially any other arrangement in which we are familiar, the business-generating party would be responsible for meeting revenue or operating margin targets, not net income. Another novel, core feature of the arrangement is that common stock earned by AGGIA are calculated using quarterly net income divided by a premium per share price of $1.5625 per share, not an average of recently traded stock. AGGIA can earn up to 14,424,275 shares of common stock. To earn the full number of shares, this would require AGGIA to generate $22,537,929 of net income for Sadot and can lead to a major change in the makeup of the Board of Directors.

One can surmise that AGGIA agreed to the premium share price (20%+ higher than recent prices) and net income pay for performance because they will deliver this net income and can benefit from the share ownership via the share price enjoying a meaningful rise due to its contribution to GRIL. Going forward, Sadot's strategic plan may include acquiring sustainable farmland and foster true food supply chain integration.

GRIL Financials and Sadot Impact

For 2022, the restaurant and franchising segment generated $11.1M in revenue with total direct restaurant operating expenses essentially accounting for a similar amount. Conversely, with only half of 4Q22's existence on the books, Sadot generated $150.6M in revenue. That is not a typo. Net income was roughly $4.5M. To meet accounting standards, GRIL accounts for 80% of this figure as stock-based compensation, even though the future dilution from common stock pay for performance will occur. As a result, the total 2022 financial performance of $161.7M was accompanied by a net loss of ($7.96M), or ($0.28) per share.

Table I. Muscle Maker, Inc.
Revenue Breakdown by Segment
($, thousands)

	FY22A	FY23E	FY24E
Commodity	$150,585	$900,816	$1,035,938
Rest, franchise	$11,113	$12,206	$13,888
Total Revenue	**$161,698**	**$913,022**	**$1,049,826**

Source: Goldman Small Cap Research, GRIL

Based on recent press releases, our model assumes $211.7M in revenue for 1Q23, with a loss per share of ($2.0M), or ($0.07) per share, which would be a huge improvement over the entire 2022 results. For 2023, we project $913M in total revenue ($12.2M for restaurant-related business- 10% rise) and a loss of ($6.1M), or ($0.17), which would include a big increase in shares outstanding due to the AGGIA payment. This represents a 463% jump in sales! We should note GRIL recently announced that a stock repurchase program up to $2M of common stock has become effective. While this could favorably change shares outstanding figures, it clearly indicates management's belief that these shares are undervalued, relative to future potential.

In 2024, our model estimates total revenue of $1.05B ($13.9M for restaurant-related business) and a profit of $14.6M, or $0.32. This EPS figure might be a tad lower depending upon how certain debt related to the Sadot carry is calculated for 2024. Profit is generated as stock payment targets would have been achieved during 4Q23.

Valuation, Adjusted Forecasts, Potential Spin-off/Sale

In our view, while it may meet certain accounting standards, these one-time stock-based compensation line items reflect a "double counting" as future quarters reflect dilution from this compensation. Thus, we proffer that an adjusted P&L, which eliminates this line item is a better representation of true operating performance. Against this backdrop, the 2022 loss per share would improve from ($0.28) to ($0.15) and the 1Q23 results would jump from a loss per share of ($0.07) to a profit of $0.08. For the full years 2023 and 2024, the loss per share for 2023 would rise from ($0.17) to EPS of $0.30 and EPS would decline slightly in 2024 to $0.28, to reflect a higher tax rate.

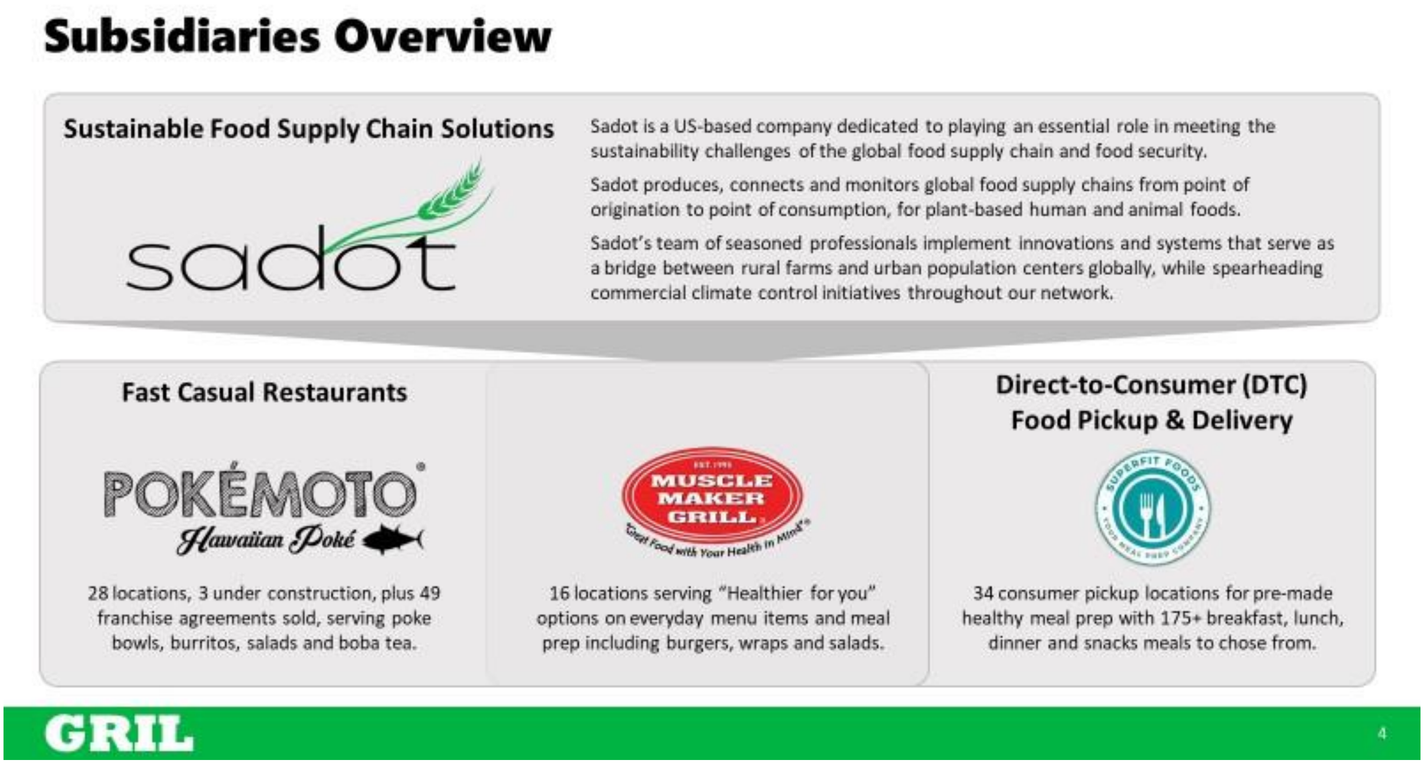
Clearly, utilizing adjusted EPS demonstrates significant value to GRIL for 2023 and future years. Separately, as part of the agreement with AGGIA, which will soon dominate the board, both parties agree that despite their losses, GRIL will continue its legacy fast casual restaurant model for two years. It is possible, that if losses do not improve, or revenue initiatives do not produce meaningful growth that the Company could consider a spin-off or sale of this business line in 2024. Not only could this generate many millions to GRIL (see Table III), but without the associated expenses in 2024, EPS could jump from an estimated $0.28 to $0.38.

Since this potential spin-off/sale is just a *potential* outcome and not an *expected* or planned one, we are not using such an event to calculate a price target or valuation for GRIL. Our 6-9-month price target of $4.50 reflects a reasonable 15x adjusted GRIL EPS of $0.30 for 2023. We note that this figure may change slightly once an accurate share count and loan-related costs to stock-based compensation are reflected in future financials. Still, we believe that such changes could be a merely 10-15% in this price target, from our present modeling.

GRIL: TWO DISTINCT GROWTH SEGMENTS

Muscle Maker, Inc. is a diversified, food-focused company delivering sustainable high-quality, healthy food to consumers through restaurant and Direct-to-Consumer operations, and to manufacturers via an international commodity shipping, sourcing and farming business.

Brands include Muscle Maker Grill restaurants, Pokemoto Hawaiian Poke and SuperFit Foods meal prep. Its menus highlight healthier versions of traditional and non-traditional dishes and feature grass fed steak, lean turkey, chicken breast, Ahi tuna, salmon, shrimp, tofu and plant-based options. Traditional fast casual restaurants are both company-owned and franchised. Most brands are located in non-traditional locations, including military bases, universities, and for delivery and pickup. Newly formed Sadot is transforming GRIL into a global food and nutrition company encompassing sustainable farming, agricultural commodity shipping and trading, distribution, and production that will reach consumers through the consumer brands.



Fast Casual & Franchising

According to Allied Market Research, the fast casual restaurant space is projected to grow from $125.6B in 2019 to $209.1B in 2027, a 10.6% CAGR. Industry drivers include the increasingly available fresh and healthy menu options along with the importance of delivery, curbside and in-store pickup features. Separately, a number of fragmented markets, such as Hawaiian Poke and other Asian cuisines appear ripe for consolidation and vertical integration.

Poke is a native Hawaiian cuisine made up with diced fresh fish served as an appetizer or main course. Modern twists include tofu, chicken, salmon, shrimp and sushi grade ahi-tuna with strong influences of Japanese and Korean cuisine. The dish is offered as a customizable offering available in a bowl, salad or wrap. Pokemoto brings international flavors and sustainable products to consumers in remote, rural areas. As noted above, the company has a corporate-owned and franchise-owned model—management is focused on growth via franchising for this brand.

At present, there are a total of 33 locations open, 16 of which are corporate and 17 are franchises. GRIL has 45 franchise agreements sold but not yet open. Guests can choose from a list of signature bowls or be bold and build their own unique combination of a base, protein and various toppings and nine different sauces---with a total of 40 high quality ingredients from which to choose. Vegetarian options are available, and the bowl combinations are virtually limitless. The colorful dishes and modern chic dining rooms provide an uplifting dining experience for guests of all ages. Customers can dine in-store or order online via third party delivery apps for contactless delivery.

Poke is a trending concept, particularly among Millennials and Gen Z patrons. This concept is perfect for the franchise model. It offers low build out costs in small spaces. The category is highly fragmented with the largest peer having 100 units, thereby making Pokemoto an opportunity to become the leader in the segment. Separately, GRIL has created a hybrid location with both a Muscle Maker Grill restaurant and a Pokemoto restaurant sharing the same space but operating as two unique enterprises.

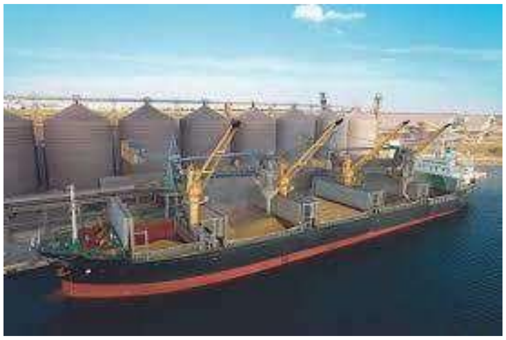
Founded in 1995, Muscle Maker Grill provides its guests healthier versions of mainstream-favorite dishes that taste great, making it easy, affordable and enjoyable to eat healthy. Muscle Maker Grill's diverse menu casts a wide net, as it is popular with fitness enthusiasts, those starting their journey to a healthier lifestyle, and people trying to eat better while on-the-go. Muscle Maker Grill's menu features items with grass-fed steak and all-natural chicken, as well as options that satisfy an array of dietary preferences from vegetarians to the low-carb consumer and guests following a gluten-free diet.

Items are prepared fresh and made to order in their 16 full-service kitchens including salads, bowls, wraps, grass-fed burgers, whole wheat pasta, flatbreads, smoothies/shakes.

SuperFit Foods is a subscription-based meal-prep model that focuses on premade meals, which are pre-purchased and assembled in a temperature-controlled facility and delivered to SuperFit branded coolers placed in fitness facilities in 34 pickup locations throughout the Jacksonville market. In an effort to expand the Muscle Maker Grill reach, the Company has integrated the Muscle Maker Grill meal plan menu into the SuperFit Foods meal plan menu as well. Pickup is the differentiator compared to other meal prep companies avoiding shipping charges (keeps average cost per meal lower) while allowing consumer convenience as they pick up their meals during their daily fitness routines. There are 175+ healthy, pre-made meals to choose from and a weekly subscription model with direct to home delivery options available.

Sadot: Global Food Supply Chain

The multi-billion-dollar agribusiness industry is dominated by a handful of companies, including Cargill, Olam, Dreyfus, and others. GRIL's newest subsidiary, Sadot, is the arm of the Company that is well-positioned to create a comprehensive, global food company that stretches from sustainable farming, agricultural commodity shipping and trading, distribution, and production. One of Sadot's core, valuable features is its operation in different segments of the food chain while managed by AGGIA LLC FZ.



Sadot is now shipping and trading physical commodities such as corn, wheat and rice, which are loaded on the cargo ships and transported between countries. A typical shipment may contain 25,000 to 75,000 metric tons with associated revenue values that range between $5 million to $40 million per shipment. Sadot has already executed dozens of shipments in at least ten countries.

The agri commodity shipping business is centered on high revenue, lower-margin transactions. However, Sadot may be able to improve margins via ownership and management of sustainable farms. This step could enable GRIL to control the sustainability and quality of products at the farm level and enjoy the increased margins from supplying their own products to the supply chain. Plus, Sadot may be positioned to take possession of the physical commodities for longer periods of time and ultimately owning its own cargo ships if those transactions make sound business sense.

One of the GRIL/AGGIA agreement features included the expectation that all net income proceeds generated by Sadot would be reinvested in growing and executing against the food supply chain strategy. As an example, by using proceeds from the $4,548,000 in net income generated in 4Q22, the Company placed a deposit on undeveloped farmland in Africa, representing over 27,000 hectares of future development. While this transaction is still in negotiation, the intent is to either develop this specific land or use the deposit on a more fully developed property, which could potentially generate revenue in 2023 versus further down the road, while also providing a potential opportunity to improve the profit margins in the core agri commodity shipping business.

Although today the Company's two business lines are distinct and disparate, it is possible that a truly integrated farm to consumer table sustainability model could be set into motion. Management's vision to be a major player in varying segments of the global food supply chain may be in the early innings, but the underlying players are already set into motion for substantial growth, broad implementation and potential profit.

MUSCLE MAKER LEADERSHIP TEAM

Corporate Executives

Kevin Mohan, Chairman

Mr. Mohan has served as Chairman of the Board and a director of Muscle Maker, Inc. since April 16, 2018. From April 16, 2018, through May 1, 2018, he also served as our Interim President. He has also served as the Chief Investment Officer since September 17, 2018. From June 2012 through March 2017, 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.

Michael J. Roper, Chief Executive Officer

Mr. Roper has served as Chief Executive Officer, of Muscle Maker, Inc. 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 and from July 2013 through March 2014 as the Chief Development and Technology Officer of Taco Bueno. Prior to joining Taco Bueno, Mr. Roper was a franchise owner and operator of an 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.

Kenneth Miller, Chief Operating Officer

Mr. Miller has served as Chief Operating Officer of Muscle Maker, Inc. since September 26, 2018. Mr. Miller has served in the restaurant business for an extensive portion of his career. Prior to joining us as Chief Operating Officer in September 2018, 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. Mr. Miller received a Bachelor of Arts in Business/Exercise Science from Tabor College in 1991.

Jennifer Black, Chief Financial Officer

Ms. Black has served as Chief Financial Officer of Muscle Maker, Inc. since January 2, 2022. 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 LLC ("Eagle") and Talon Pressure Control, oilfield service companies. From October 2015 through September 2018, Ms. Black served as the Controller for AG Resource Management, a private equity backed agriculture lending company, and as the Controller for Basic Energy Services, an oil and gas services company, from January 2013 through October 2015. Ms. Black has also held various other roles including Vice President of SEC reporting with OMNI American Bank and Audit Manager with RSM McGladrey. In November 2020, Eagle, as a result of various events including an oil and gas work related incident, decline of oil and gas prices and the impact from COVID-19, filed for bankruptcy protection under Subchapter V under Chapter 11 in the US Bankruptcy Court, Southern District of Texas (Houston) (Bankruptcy Petition #: 20-35474). 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.

Aimee Infante, Chief Marketing Officer

Ms. Infante has served as the Chief Marketing Officer of Muscle Maker, Inc. since May 6, 2019. Ms. Infante had previously served as the Vice President of Marketing of each of Muscle Maker Development, LLC and Muscle Maker Corp., LLC since August 25, 2017, and September 15, 2017, respectively. From June 6, 2017, to September 15, 2017, she was the Vice President of Marketing of Muscle Maker Brands Conversion, Inc. From February 2016 through June 5, 2017, she served as the Vice President of Marketing of Muscle Maker Brands, LLC, which converted into Muscle Maker Brands Conversion, Inc. on June 6, 2017. From January 2015 through January 2016, Ms. Infante served as our Director of Marketing of Muscle Maker Brands. Ms. Infante was Director of Marketing of Muscle Maker Franchising from October 2014 to January 2015. Ms. Infante was employed by Qdoba Mexican Grill in Denver, Colorado from November 2010 to April 2014, serving as Regional Marketing Specialist from November 2010 to October 2012 and Marketing Manager from October 2012 to April 2014. Ms. Infante holds a Bachelor of Science in Marketing from Rider University.

Benjamin Petel, Director

Mr. Petel has been engaged as a Business Development Specialist in the global agricultural commodity trading field for the past decade. His experience spans across the various aspects of international commodity trading, finance and operations. In addition, Mr. Petel has worked in other fields as a Business Development and strategic networking expert, initiating and executing multi-million-dollar projects across the globe. From 2019 through 2022, Mr. Petel has been engaged as a Business Development Specialist and consultant to various agriculture and food companies in capacities ranging from corporate finance and M&A to commercial development and operational control. In addition, from 2015 and until 2019, Mr. Petel served as a strategic networking specialist in various fields and industries. Mr. Petel received a Bachelor of Arts in Business Administration and General Management from Bar-Ilan University in 2014.

FINANCIALS SNAPSHOT

2022: A Strong Legacy Shift and an Intro to Sadot

In 2022, we believe that management did an admirable job in maintaining restaurant-based expenses despite the high inflationary environment plaguing the fast causal segment. Moreover, SG&A expenses dropped by nearly 25%, or $2M from 2021 company-wide levels due to some company-owned stores closing. In 2022, there was an interesting shift in this segment's revenue breakdown, indicating that management's franchise strategy is working. Pokemoto revenue generated $4.7M, or 42% of sales while Muscle Maker revenue was $3.9M. In 2021, the brands were reversed. Muscle Maker accounted for $4.6M in revenue while Pokemoto represented just $2.5M. It is no wonder why management is focused on Pokemoto and the lower cost, franchising model.

For the full year 2022 the restaurant and franchising segment generated $11.1M in revenue with total direct restaurant operating expenses essentially accounting for a similar amount ($11.2M).

Conversely, with only half of 4Q22's existence on the books, Sadot generated $150.6M in revenue and total commodity-related expenses of $147M. Net income generated by Sadot was roughly $4.5M. To meet accounting standards, GRIL accounts for 80% of this figure as stock-based compensation, even though the future dilution from common stock pay for performance will occur. For this period, the figure was $3.6M. As a result, the total 2022 revenue financial performance of $161.7M was accompanied by a net loss of ($7.96M), or ($0.28) per share.

Looking ahead to 2023/2024, management is focused on franchising the Pokemoto brand with initial franchise fees of up to $25,000 per location and 6% of the gross revenue, and to a degree, a hybrid on-site Muscle Maker and Pokemoto series of locations. On the Sadot side, the recent deposit on land in Africa for its own grain farming, represents what we believe is the first step in sustainable farming and potential integration into the Company's global food supply chain, with respect to logistics, shipping, procurement and sale. Additional steps or perhaps acquisitions of similar type companies around the world could be in the cards as well, for specific products that may complement the current Sadot (AGGIA) portfolios.

Based on recent press releases, our model assumes $211.7M in revenue for 1Q23, with a loss per share of ($2.0M), or ($0.07) per share, which would be a huge improvement over the entire 2022 results. For 2023, we project $913M in total revenue ($12.2M for restaurant-related business-a 10% rise) and a loss of ($6.1M), or ($0.17), which would include a sizable increase in shares outstanding due to the AGGIA payment. Moreover, this performance would represent a 463% jump in sales!

It should be noted that for 1Q23, GRIL announced over $93M in sales for the March period. As we do not know if this is an outlier or what to expect going forward, we elected to consider it an outlier, since the previous few months under GRIL monthly sales were around $50M+. Separately, our shares outstanding model, designed to reflect the stock-based compensation and future quarterly accounting, may be off, slightly, due to the timing of such events. Another variable in our shares outstanding calculation is the recent announcement that GRIL may purchase up to $2M in GRIL common stock, effective in mid-April 2023.

In 2024, our model estimates total revenue of $1.05B ($13.9M for restaurant-related business) and a profit of $14.6M, or $0.32. This EPS figure might be a tad lower depending upon how certain debt related to the Sadot carry is calculated for 2024. Profit is generated as stock payment targets would have been achieved during 4Q23.

As noted above, in our view, while it may meet certain accounting standards, these one-time stock-based compensation line items reflect a "double counting" as future quarters reflect dilution from this compensation. Thus, we proffer that an adjusted P&L, which eliminates this line item is a better representation of true operating performance. Against this backdrop, the 2022 loss per share would improve from ($0.28) to ($0.15) and the 1Q23 results would jump from a loss per share of ($0.07) to a profit of $0.08. For the full years 2023 and 2024, the loss per share for 2023 would rise from ($0.17) to EPS of $0.30 and EPS would decline slightly in 2024 to $0.28, to reflect a higher tax rate.

Table II. Muscle Maker, Inc.: Comparison
Pro Forma Projected Income Statement

Revenue:	FY22A	1Q23E	2Q23E	3Q23E	4Q23E	FY23E	FY24E
TOTAL REVENUE	**$161,698,417**	**$211,706,400**	**$222,370,206**	**$233,587,175**	**$245,358,655**	**$913,022,436**	**$1,049,826,111**
Total commodity and rest exp	**$157,307,256**	**$206,352,000**	**$216,607,060**	**$227,354,619**	**$238,647,917**	**$888,961,596**	**$1,021,850,737**
Stock-based consult exp	***$3,601,987***	***$5,016,000***	***$5,266,800***	***$5,530,140***	***$4,354,985***	***$20,167,925***	***$0***
Total Operating Expenses	$169,815,567	$213,703,000	$224,310,760	$235,428,195	$245,657,728	$919,099,683	$1,032,667,404
Operating Income (Loss)	**($8,117,150)**	**($1,996,600)**	**($1,940,554)**	**($1,841,020)**	**($299,073)**	**($6,077,247)**	**$17,158,707**
Operating Margin	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*1.6%*
Net Income (Loss)	**($7,962,428)**	**($2,013,600)**	**($1,956,754)**	**($1,859,220)**	**($319,073)**	**($6,148,647)**	**$14,621,451**
Net Loss Per Share	**($0.28)**	**($0.07)**	**($0.06)**	**($0.05)**	**($0.01)**	**($0.17)**	**$0.32**
Wtd. Shares Outstanding	28,558,586	30,900,000	35,000,000	39,200,000	43,300,000	37,100,000	45,000,000
Sources: GRIL, SEC, GSCR							

Revenue:	FY22A	1Q23E	2Q23E	3Q23E	4Q23E	FY23E	FY24E
TOTAL REVENUE	**$161,698,417**	**$211,706,400**	**$222,370,206**	**$233,587,175**	**$245,358,655**	**$913,022,436**	**$1,049,826,111**
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Stock-based consult exp	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Operating Expenses	$166,213,580	$208,687,000	$219,043,960	$229,898,055	$241,302,743	$898,931,758	$1,032,667,404
Operating Income (Loss)	**($4,515,163)**	**$3,019,400**	**$3,326,246**	**$3,689,120**	**$4,055,913**	**$14,090,679**	**$17,158,707**
Operating Margin	*N/A*	*1.4%*	*1.5%*	*1.6%*	*1.7%*	*1.5%*	*1.6%*
Net Income (Loss)	**($4,360,441)**	**$2,573,290**	**$2,834,789**	**$2,663,222**	**$2,927,457**	**$10,998,759**	**$12,385,229**
Net Loss Per Share	**($0.15)**	**$0.08**	**$0.08**	**$0.07**	**$0.07**	**$0.30**	**$0.28**
Wtd. Shares Outstanding	28,558,586	30,900,000	35,000,000	39,200,000	43,300,000	37,100,000	45,000,000
Sources: GRIL, SEC, GSCR							

As part of the agreement, both parties agreed that despite the segment's losses, GRIL will continue its legacy fast casual restaurant model for two years. It is possible, that if losses do not improve, or revenue initiatives do not produce meaningful growth that the Company could consider a spin-off or sale of this business line in 2024.

Not only could this generate many millions to GRIL, but without the associated expenses in 2024, EPS could jump from an estimated $0.28 to $0.38.

Table III: Publicly-Traded Peer Group: Fast Casual Restaurants

Company Name	Symbol	Price (5/4/23)	Mkt Cap (mil)	FY23E Revs (mil)	FY24E Revs (mil)	23E - 24E Revs Growth	2023E Price/Revs	2024E Price/Revs
Good Times	GTIM	$2.56	$31	$145	$155	6.9%	0.2	0.2
Kura Sushi	KRUS	$65.91	$729	$187	$240	28.3%	3.9	3.0
El Pollo	LOCO	$9.52	$349	$486	$508	4.5%	0.7	0.7
Bloomin Brands	BLMN	$24.39	$2,137	$4,740	$4,830	1.9%	0.5	0.4
Average			$812	$1,390	$1,433	10%	*1.3*	*1.1*
Muscle Maker	*GRIL*	*$1.35*	*$39*	*$12*	*$13*	*9.8%*	*3.2*	*2.9*
Muscle Maker*	***GRIL***	***$0.46***	***$17***	***$12***	***$13***	*9.8%*	*1.4*	*1.3*

* Rest biz only
* 37M S/O
Sources: www.Yahoo!Finance.com, Company websites, Goldman Small Cap Research

Table III illustrates the current price/sales multiples afforded what we believe are strong peers for GRIL. In particular, we elected to included **Kura Sushi USA (NASDAQ: KRUS).** This 45-location Japanese (sushi-centric) brand, is enjoying high growth, much like the Pokemoto brand has displayed, affirming GRIL management's assessment. Further, while most price/sale multiples for fast-casual brands are below 1.0x sales, KRUS is well over 3.0x. Using back of the envelope calculation, we infer from these figures that if GRIL were to spin-off or sell its fast-casual brands, say at the end of the year, or sometime in 2024, it could generate a maximum price/sale multiple of 1.3x---a discount to KRUS but a slight premium to the average in the peer group. Thus, it is possible that this segment could be worth $17M, or $0.46 per share, based on the average share count at the end of 2023.

We do not predict such a spin-off or sale as an eventuality. However, we believe that it is instructive to assign a value on this segment, whose importance would likely lag behind Sadot, going forward, especially due to the heavy expense component.

For investors curious as to how the divestiture of this segment would impact GRIL, here is a snapshot---full P&L, unadjusted.

Table IV. Muscle Maker, Inc.
Pro Forma Projected Income Statement
No Fast Casual: 2024

Revenue:	**FY22A**	**FY23E**	**FY24E**
Commodity sales	$150,585,644	$900,816,125	$1,035,938,544
Comp rest sales, net of disc	$10,300,394	$11,293,360	$0
Franchise royalties & fees	$726,854	$821,389	$0
Franchise adv fund contr	$80,536	$85,572	$0
Other revenue	$4,989	$5,990	$0
TOTAL REVENUE	**$161,698,417**	**$913,022,436**	**$1,035,938,544**
Total Operating Expenses			
Commodity Oper Exp:			
Commodity cost	$145,671,454	$873,791,641	$1,004,860,387
Labor	$346,750	$3,217,964	$3,604,120
Other commodity exp	$19,000	$175,712	$196,798
Total commodity exp	$146,037,204	$877,185,318	$1,008,661,305
Restaurant Oper Exp:			
Food and bev costs	$3,940,321	$4,182,996	$0
Labor	$3,844,140	$4,120,873	$0
Rent	$1,190,903	$1,129,579	$0
Other rest exp	$2,294,688	$2,342,831	$0
Total restaurant exp	$11,270,052	$11,776,279	$0
Total commodity and rest exp	**$157,307,256**	**$888,961,596**	**$1,008,661,305**
Impairment intangible asset	$347,110	$418,363	$447,648
Depreciation & Amortization	$2,015,048	$2,196,404	$0
Franchise adv fund exp	$80,536	$107,753	$0
Preopening exp	$116,728	$573,273	$0
Post-closing exp	$197,101	$209,181	$0
Stock-based consult exp	$3,601,987	$20,167,925	$0
SG&A	$6,149,801	$6,465,188	$3,500,000
Total Operating Expenses	$169,815,567	$919,099,683	$1,012,608,953
Operating Income (Loss)	**($8,117,150)**	**($6,077,247)**	**$23,329,590**
Operating Margin	*N/A*	*N/A*	*2.3%*
Other income (Expense)	$44,944	$45,000	$400,000
Interest expense, net	($6,730)	($8,400)	$0
Gain on debt extinguishment	$141,279	$0	$0
Total Other Income (Expense), net	$179,493	$36,600	$400,000
Gain (Loss) before Income Tax	($7,937,657)	($6,040,647)	$23,729,590
Income tax	$24,771	$108,000	$6,644,285
Net Income (Loss)	**($7,962,428)**	**($6,148,647)**	**$17,085,305**
Net Loss Per Share	**($0.28)**	**($0.17)**	**$0.38**
Wtd. Shares Outstanding	28,558,586	37,100,000	45,000,000
Sources: GRIL, SEC, GSCR			

RISK FACTORS

In our view, the Company's risks can be divided into three categories: legacy fast casual, Sadot, and capital markets.

On the legacy, fast-casual side, the risks are apparent; sales growth, franchising growth, and achieving break-even status. The current economic environment is not helping matters but we believe that this focus could not only achieve above average industry sales growth but help lower overall expenses, especially if fewer company-owned stores are opened. Clearly, the Pokemoto is the linchpin here. Competitive risks in this category include lower pricing, more effective sales/marketing, from other firms/brands. The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of GRIL's size and standing. Moreover, we believe that GRIL's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and consistent social media management implementations.

On the Sadot side, the core risks include achieving consistent sales and income levels and making the right decisions regarding the sustainability and farmland initiatives, let alone growth generation. Separately, losses during transport or spoiled commodities could impair the subsidiary's performance.

Volatility and liquidity are typical concerns for microcap stocks that trade on the NASDAQ National Market. An overriding financial benefit as a public company is the favorable access to and the availability of capital to fund product launches, consistent marketing campaigns and other initiatives. Since the proceeds of any future funding would be used in large part to advance major business development, expansion, and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value.

VALUATION AND CONCLUSION

Led by its newly formed subsidiary Sadot LLC, and a key service agreement, Muscle Maker, Inc. is recording substantial revenue and net income results, on an adjusted basis. An instant player in the global agribusiness industry, Sadot has generated between $50M-$93M per month for GRIL since it was launched in November 2022. The creative parameters of GRIL's service agreement include 3rd party share ownership at a premium to the current share price, based on its net income contribution in Sadot. We believe this novel arrangement, including board seats, is a major plus for GRIL.

In addition to Sadot, GRIL's legacy business includes multiple brands in the fast casual restaurant segment. With a focus on franchising and strength in a key category, GRIL could emerge as the leading US brand for the popular Hawaiian Poke offering.

Our forecasts for 2023 include $913M in revenue and EPS of $0.30 for 2023 compared with $162M and a loss per share of ($0.15) in 2022---a 463% revenue gain. Our bottom-line forecasts are adjusted to reflect the dilutive effect of the new shares generated from net income contribution and the elimination of the perceived duplicative stock-based compensation line item. Our 6-9-month target is $4.50, reflecting a 15x multiple on CY23E EPS of

$0.30. Upside to future forecasts and our target exist via the potential sale of the fast casual segment, among other events.

Table V. Muscle Maker, Inc.
Pro Forma Projected Income Statement

Revenue:	FY22A	1Q23E	2Q23E	3Q23E	4Q23E	FY23E	FY24E
Commodity sales	$150,585,644	$209,000,000	$219,450,000	$230,422,500	$241,943,625	$900,816,125	$1,035,938,544
Comp rest sales, net of disc	$10,300,394	$2,500,000	$2,700,000	$2,929,500	$3,163,860	$11,293,360	$12,874,430
Franchise royalties & fees	$726,854	$185,000	$197,950	$211,807	$226,633	$821,389	$911,742
Franchise adv fund contr	$80,536	$20,000	$20,800	$21,840	$22,932	$85,572	$94,985
Other revenue	$4,989	$1,400	$1,456	$1,529	$1,605	$5,990	$6,409
TOTAL REVENUE	**$161,698,417**	**$211,706,400**	**$222,370,206**	**$233,587,175**	**$245,358,655**	**$913,022,436**	**$1,049,826,111**
Total Operating Expenses							
Commodity Oper Exp:							
Commodity cost	$145,671,454	$202,730,000	$212,866,500	$223,509,825	$234,685,316	$873,791,641	$1,004,860,387
Labor	$346,750	$775,000	$798,250	$814,215	$830,499	$3,217,964	$3,604,120
Other commodity exp	$19,000	$42,000	$43,260	$44,558	$45,895	$175,712	$196,798
Total commodity exp	$146,037,204	$203,547,000	$213,708,010	$224,368,598	$235,561,710	$877,185,318	$1,008,661,305
Restaurant Oper Exp:							
Food and bev costs	$3,940,321	$990,000	$1,029,600	$1,060,488	$1,102,908	$4,182,996	$4,684,955
Labor	$3,844,140	$985,000	$1,014,550	$1,044,987	$1,076,336	$4,120,873	$4,615,377
Rent	$1,190,903	$270,000	$278,100	$286,443	$295,036	$1,129,579	$1,265,129
Other rest exp	$2,294,688	$560,000	$576,800	$594,104	$611,927	$2,342,831	$2,623,971
Total restaurant exp	$11,270,052	$2,805,000	$2,899,050	$2,986,022	$3,086,207	$11,776,279	$13,189,432
Total commodity and rest exp	**$157,307,256**	**$206,352,000**	**$216,607,060**	**$227,354,619**	**$238,647,917**	**$888,961,596**	**$1,021,850,737**
Impairment intangible asset	$347,110	$100,000	$103,000	$106,090	$109,273	$418,363	$447,648
Depreciation & Amortization	$2,015,048	$525,000	$540,750	$556,973	$573,682	$2,196,404	$2,350,152
Franchise adv fund exp	$80,536	$25,000	$26,250	$27,563	$28,941	$107,753	$115,296
Preopening exp	$116,728	$135,000	$140,400	$146,016	$151,857	$573,273	$630,600
Post-closing exp	$197,101	$50,000	$51,500	$53,045	$54,636	$209,181	$225,916
Stock-based consult exp	$3,601,987	$5,016,000	$5,266,800	$5,530,140	$4,354,985	$20,167,925	$0
SG&A	$6,149,801	$1,500,000	$1,575,000	$1,653,750	$1,736,438	$6,465,188	$7,047,054
Total Operating Expenses	$169,815,567	$213,703,000	$224,310,760	$235,428,195	$245,657,728	$919,099,683	$1,032,667,404
Operating Income (Loss)	**($8,117,150)**	**($1,996,600)**	**($1,940,554)**	**($1,841,020)**	**($299,073)**	**($6,077,247)**	**$17,158,707**
Operating Margin	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*1.6%*
Other income (Expense)	$44,944	$10,000	$11,000	$12,000	$12,000	$45,000	$53,000
Interest expense, net	($6,730)	($2,000)	($2,200)	($2,200)	($2,000)	($8,400)	($10,000)
Gain on debt extinguishment	$141,279	$0	$0	$0	$0	$0	$0
Total Other Income (Expense), net	$179,493	$8,000	$8,800	$9,800	$10,000	$36,600	$43,000
Gain (Loss) before Income Tax	($7,937,657)	($1,988,600)	($1,931,754)	($1,831,220)	($289,073)	($6,040,647)	$17,201,707
Income tax	$24,771	$25,000	$25,000	$28,000	$30,000	$108,000	$2,580,256
Net Income (Loss)	**($7,962,428)**	**($2,013,600)**	**($1,956,754)**	**($1,859,220)**	**($319,073)**	**($6,148,647)**	**$14,621,451**
Net Loss Per Share	**($0.28)**	**($0.07)**	**($0.06)**	**($0.05)**	**($0.01)**	**($0.17)**	**$0.32**
Wtd. Shares Outstanding	28,558,586	30,900,000	35,000,000	39,200,000	43,300,000	37,100,000	45,000,000
Sources: GRIL, SEC, GSCR							

Table VI. Muscle Maker, Inc.
ADJUSTED Pro Forma Projected Income Statement

Revenue:	FY22A	1Q23E	2Q23E	3Q23E	4Q23E	FY23E	FY24E
Commodity sales	$150,585,644	$209,000,000	$219,450,000	$230,422,500	$241,943,625	$900,816,125	$1,035,938,544
Comp rest sales, net of disc	$10,300,394	$2,500,000	$2,700,000	$2,929,500	$3,163,860	$11,293,360	$12,874,430
Franchise royalties & fees	$726,854	$185,000	$197,950	$211,807	$226,633	$821,389	$911,742
Franchise adv fund contr	$80,536	$20,000	$20,800	$21,840	$22,932	$85,572	$94,985
Other revenue	$4,989	$1,400	$1,456	$1,529	$1,605	$5,990	$6,409
TOTAL REVENUE	**$161,698,417**	**$211,706,400**	**$222,370,206**	**$233,587,175**	**$245,358,655**	**$913,022,436**	**$1,049,826,111**
Total Operating Expenses							
Commodity Oper Exp:							
Commodity cost	$145,671,454	$202,730,000	$212,866,500	$223,509,825	$234,685,316	$873,791,641	$1,004,860,387
Labor	$346,750	$775,000	$798,250	$814,215	$830,499	$3,217,964	$3,604,120
Other commodity exp	$19,000	$42,000	$43,260	$44,558	$45,895	$175,712	$196,798
Total commodity exp	$146,037,204	$203,547,000	$213,708,010	$224,368,598	$235,561,710	$877,185,318	$1,008,661,305
Restaurant Oper Exp:							
Food and bev costs	$3,940,321	$990,000	$1,029,600	$1,060,488	$1,102,908	$4,182,996	$4,684,955
Labor	$3,844,140	$985,000	$1,014,550	$1,044,987	$1,076,336	$4,120,873	$4,615,377
Rent	$1,190,903	$270,000	$278,100	$286,443	$295,036	$1,129,579	$1,265,129
Other rest exp	$2,294,688	$560,000	$576,800	$594,104	$611,927	$2,342,831	$2,623,971
Total restaurant exp	$11,270,052	$2,805,000	$2,899,050	$2,986,022	$3,086,207	$11,776,279	$13,189,432
Total commodity and rest exp	**$157,307,256**	**$206,352,000**	**$216,607,060**	**$227,354,619**	**$238,647,917**	**$888,961,596**	**$1,021,850,737**
Impairment intangible asset	$347,110	$100,000	$103,000	$106,090	$109,273	$418,363	$447,648
Depreciation & Amortization	$2,015,048	$525,000	$540,750	$556,973	$573,682	$2,196,404	$2,350,152
Franchise adv fund exp	$80,536	$25,000	$26,250	$27,563	$28,941	$107,753	$115,296
Preopening exp	$116,728	$135,000	$140,400	$146,016	$151,857	$573,273	$630,600
Post-closing exp	$197,101	$50,000	$51,500	$53,045	$54,636	$209,181	$225,916
Stock-based consult exp	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
SG&A	$6,149,801	$1,500,000	$1,575,000	$1,653,750	$1,736,438	$6,465,188	$7,047,054
Total Operating Expenses	$166,213,580	$208,687,000	$219,043,960	$229,898,055	$241,302,743	$898,931,758	$1,032,667,404
Operating Income (Loss)	**($4,515,163)**	**$3,019,400**	**$3,326,246**	**$3,689,120**	**$4,055,913**	**$14,090,679**	**$17,158,707**
Operating Margin	*N/A*	*1.4%*	*1.5%*	*1.6%*	*1.7%*	*1.5%*	*1.6%*
Other income (Expense)	$44,944	$10,000	$11,000	$12,000	$12,000	$45,000	$53,000
Interest expense, net	($6,730)	($2,000)	($2,200)	($2,200)	($2,000)	($8,400)	($10,000)
Gain on debt extinguishment	$141,279	$0	$0	$0	$0	$0	$0
Total Other Income (Expense), net	$179,493	$8,000	$8,800	$9,800	$10,000	$36,600	$43,000
Gain (Loss) before Income Tax	($4,335,670)	$3,027,400	$3,335,046	$3,698,920	$4,065,913	$14,127,279	$17,201,707
Income tax	$24,771	$454,110	$500,257	$1,035,698	$1,138,456	$3,128,520	$4,816,478
Net Income (Loss)	**($4,360,441)**	**$2,573,290**	**$2,834,789**	**$2,663,222**	**$2,927,457**	**$10,998,759**	**$12,385,229**
Net Loss Per Share	**($0.15)**	**$0.08**	**$0.08**	**$0.07**	**$0.07**	**$0.30**	**$0.28**
Wtd. Shares Outstanding	28,558,586	30,900,000	35,000,000	39,200,000	43,300,000	37,100,000	45,000,000

Sources: GRIL, SEC, GSCR

Table VII. Muscle Maker, Inc.
Balance Sheet: 12/31/22

Current Assets	
Cash	$9,898,420
Accts rec, net allow doubtful acct	$134,914
Inventory	$297,178
Prepaid exp and current assets	$317,439
Total Current Assets	**$10,647,951**
Non-Current Assets	
Right to use assets	$2,432,894
Prop and equp, net	$1,894,962
Goodwill	$2,626,399
Intangible assets, net	$4,610,856
Deposit on farmland	$4,914,191
Security deposits, other assets	$102,273
Total Non Current Assets	**$16,581,575**
TOTAL ASSETS	**$27,229,526**
Current Liabilities	
Accounts payable, acc exp	$1,953,269
Acc stock-based consult exp	$3,601,987
Notes payable, current	$222,356
Operating lease liab, current	$560,444
Deferred rev, current	$95,392
Other current liab	$181,615
Total Current Liabilities	**$6,615,063**
Non-Current Liab	
Notes payable, non-current	$758,822
Operating lease liab, non-curr	$2,018,851
Deferred revenue, non-curr	$1,275,778
TOTAL NON-CURRENT LIABILITIES	**$4,053,451**
TOTAL LIABILITIES	**$10,668,514**
SHAREHOLDER'S EQUITY	
Common stock	2,929
Add'l paid-in capital	95,913,147
Accumulated deficit	($79,355,064)
TOTAL EQUITY	**$16,561,012**
TOTAL LIABILITIES & EQUITY	**$27,229,526**

Sources: GRIL and Goldman Small Cap Research

RECENT TRADING HISTORY FOR GRIL

(Source: www.StockCharts.com)

SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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