

RDE
INC.

RESTAURANT.COM[®]
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January 19, 2021

RDE, INC.
(OTC – RSTN)

Industry: E-Commerce

Price Target: \$7.50

RDE, INC.

Popular, Undervalued Consumer Brand Set for Major Gains in 2021

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January 19, 2021

RDE, INC. (OTCQB – RSTN - \$2.005)

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6 Mo. Price Target: \$7.50

COMPANY SNAPSHOT

RDE, Inc. (Restaurant, Dining and Entertainment) is a pioneer in the restaurant deal space and the nation's largest restaurant-focused digital deals brand. Founded in 1999, Restaurant.com, Specials by Restaurant.com and the Corporate Incentives division connect digital consumers, businesses and communities offering thousands of dining, retail, and entertainment deal options nationwide at over 184,000 restaurants and retailers. Restaurant.com prides itself on offering the Best Deal, Every Meal. Restaurant certificates and gift cards allow customers to save at restaurants across the country with just a few clicks.

KEY STATISTICS

Price as of 1/15/21	\$2.005
52 Week High – Low	\$2.535 - \$0.24
Est. Shares Outstanding	11.2M
Market Capitalization	\$22.5M
Average Volume	9,019
Exchange	OTCQB

COMPANY INFORMATION

RDE, Inc.

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 Norcross GA 30093

Web: www.RDEHoldings.com
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 Phone : 847.506.9680

INVESTMENT HIGHLIGHTS

RSTN is a pioneer in the restaurant deal space and the nation's largest, and highest profile restaurant-focused digital deals brand. The Company's reach is huge, with 7.8 million customers and offering dining and merchant deal options at over 184,000 restaurants and retailers.

Although the COVID-19 pandemic has severely hurt restaurants, we believe no other firm stands to benefit more from a return to normalcy in 2021 and beyond than RSTN. Moreover, RSTN could serve as a leading indicator in the consumer economic recovery and is a low-priced, high value, pure play on the restaurant and daily deal segments.

While RSTN is well known as a B2C player the Company is a key marketing campaign provider in the B2B space. The Company works with B2B partners from SMBs up to Fortune 500 companies, including Florida Power & Light, Mercedes Benz and T-Mobile.

RSTN is set to generate substantial revenue growth that far outpaces its peers. We forecast revenue could grow from an estimated \$3.6M in 2020 to \$14.2M in 2022, averaging a 100% CAGR, and EPS of \$0.17 in 2022.

We project RSTN's stock will reach \$7.50 in 6 months, up from \$2.00 today. At current levels, RSTN trades 2.8x FY21E revenue, a 57% discount to the 6.6x multiple assigned to the peer group. Led by its enviable sales growth, we believe these shares can trade at 7x next year's revenue, equating to our \$7.50 price target.

COMPANY OVERVIEW

The View from 30,000 Feet



Tracing its roots to 1999, [Restaurant.com](https://www.restaurant.com) is the leading operating subsidiary of **RDE, Inc. (OTCQB – RSTN)**, formerly known as uBid Holdings, Inc., under the symbol “UBID.” As UBID, the Company acquired Restaurant.com in March 2020. RSTN is a pioneer in the restaurant deal space and the nation's largest restaurant-focused digital deals brand. Through its websites and apps, RSTN connects digital consumers, businesses and communities offering thousands of dining, retail, and entertainment deal options nationwide. **The Company's reach is huge, with 7.8 million customers and offering dining and merchant deal options at over 184,000 restaurants and retailers.** Moreover, the size of the market is large. At present, there are more than 1 million restaurant locations in the US and the National Restaurant Association projects that the industry's sales will top \$1.2 trillion by 2030.

Obviously the COVID-19 pandemic has hurt restaurants more than nearly any other industry. While it negatively impacted RSTN during 2020, the case can be made that no other firm stands to benefit more from a return to normalcy in 2021 and beyond than RSTN. Moreover, we believe no other firm can favorably impact restaurants, B2B partners, and consumers collectively and individually. Therefore, RSTN could serve as a leading indicator in the consumer economic recovery and is a low-priced, high value, pure play on the restaurant and daily deal segments.

RSTN generates revenue via transactions in which it sells discount certificates for restaurants and complementary entertainment and travel offerings and consumer products on behalf of third-party merchants. Those complementary offerings and products transactions generally involve a customer's purchase of a voucher that can be redeemed with a third-party merchant for services or goods (or discounts).

Via its B2C division, RSTN sells deeply discounted, no expiration certificates for its core 14,000 restaurants, ranging in value from \$5 to \$100. The Company also sells *Discount Dining Passes*, which provide discounts at 170,000 restaurants and other retailers. “Specials by Restaurant.com” bundle Restaurant.com certificates with a variety of other entertainment options, including theater, movies, wine, and travel.

In its B2B division, RSTN sells gift cards and codes, and Dining Discount Passes to corporations and marketers, which use them for marketing campaigns. These campaigns include new customer acquisition, point-of-sale increases, rewards/loyalty, motivate specific customer behavior, renewals, and to address customer service issues. The Company works with B2B partners from small to medium sized businesses up to Fortune 500 companies and serves as a key channel for RSTN.

Forecasts

In 2019, prior to the commencement of the COVID-19 pandemic which has since severely impacted restaurants, Restaurant.com generated \$10.6 million in revenue.

For the full year 2020, our model projects \$3.6 million in revenue, with an operating loss of **(\$2.88 million)** and a net loss of **(\$928,000)**, or a loss per share of **(\$0.08)**. It should be noted that despite the difficult economic environment, seasonality exists in the business. As a result, we expect that 4Q20 revenue to be roughly equivalent of the first three quarters combined, which is an extremely positive trend.

As noted above, we believe that revenue growth in 2021 for RSTN could be substantial, as the effect of COVID-19 on the economy improves with the deployment of vaccines and consumers' desire to return to a sense of normalcy. In addition, it is widely expected that consumers will seek to support local restaurants who have been among the hardest hit by the pandemic and take advantage of dining deals. With limited marketing dollars, partnering with Restaurant.com for dining is a great way for restaurateurs to jump-start their businesses.

For the full-year 2021, we project enviable revenue growth of over 125% from 2020's likely levels, with sales reaching the \$8.1 million mark. While we believe that much of the growth may be back-end loaded, it is our expectation that major sales increases could begin to occur in mid-2Q21. Our model suggests a small operating loss of **(\$880,000)** which could be narrowed with incremental reductions in cost of sales and SG&A, relative to our forecasts.

For 2022, our pro formas suggest revenue of \$14.2 million, a jump of around 75%, led by sales growth across the board. We project a strong operating margin of 19.2%, which could make RSTN one of the more profitable companies in the ecommerce deal space. On a fully diluted basis, we estimate EPS of \$0.17, or \$2.3 million.

Share Price and Valuation Set to Leap Higher

Financial figures and valuation multiples for RSTN's peer group illustrated on Table II demonstrate that these stocks currently trade at an average 2021 P/R multiple is 6.6x. At current prices, RSTN trades at a paltry 2.8x our 2021E revenue estimate, which represents a 57% valuation discount. If instead a modest 16% discount were assigned, then it is possible that RSTN could be worth \$4.00 today!

Going forward, we believe that these shares will increase in value as the valuation spread narrows due to expected improvements in the economy and the industry, and RSTN's financial performance. As a leading indicator and likely greatest peer group beneficiary of an economic turn, we believe RSTN could trade at a small premium to next year's multiple (2022E) in the next six months, given its industry-leading projected growth rates. **At a 7x P/R multiple on our FY22E estimate, we believe these shares could reach our \$7.50 target in the next six months, which coincides with the heart of the important summer season.**

RESTAURANT.COM: ONE OF A KIND

The Pioneer and De Facto Leader

Restaurant.com is a pioneer in the restaurant deal space and the nation's largest restaurant-focused digital deals brand. Founded in 1999, the Company connects digital consumers, businesses, and communities offering over 200,000 dining and merchant deal options nationwide at over 184,000 restaurants and retailers to over 7.8 million customers. RSTN considers over 14,000 restaurants as core with an additional 170,000 Dining Discount Pass restaurants and retailers extending the reach nationwide. Top B2C markets are New York, Chicago, and Los Angeles, with other major metro areas such as Atlanta, Miami, Phoenix, and Dallas key markets as well.

Table I. RDE, Inc.
Key Numbers

Customers	7.8 Million
App Downloads	6.0 Million
Total Deals	200,000
Total Restaurants	184,000
Core Restaurants	14,000
Mo. Unique Web Visitors	1.3 Million
Social Media Followers	640,000

Sources: RSTN and Goldman Small Cap Research

RSTN's model ensures it offers the Best Deal, Every Meal. Restaurant certificates are available in denominations ranging from \$5 to \$100, and allow customers to save at thousands of restaurants across the country with just a few clicks. The dining deals never expire, cost a fraction of the face value, and come with an easy exchange policy. RSTN also offers Restaurant.com Gift Cards at a discount to face value. For example, a \$25 Restaurant.com Gift Card can be purchased for \$10, and the recipient receives \$25 value to be redeemed at a participating Restaurant.com restaurant. Procurement and redemption are available online and through mobile apps.

The Company's user base is equally split between the core 25-44 and 45-64 age groups. The majority of customers are women, upper-middle class to affluent, with a median income of \$87,500. Over 70% of Restaurant.com customers earn an annual income above \$50,000. Around 40% of customers have children in the household, with 87% living in urban/suburban areas covering all major metropolitan areas.

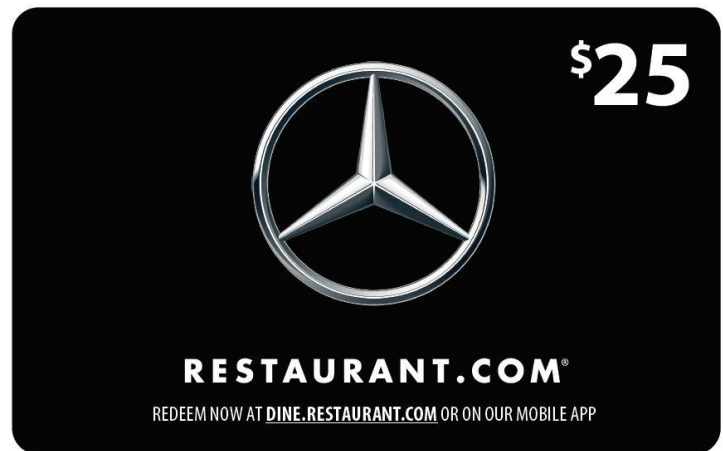
The Business

B2C: RSTN operates via three principal divisions: B2C, B2B, Other (all other services and products division). The B2C division usually accounts for 50-60% of gross revenue whereby RSTN sells deeply discounted, no expiration certificates for its core 14,421 restaurants, ranging in value from \$5 to \$100. The Company also sells

Discount Dining Passes, which provide discounts at 170,000 restaurants and other retailers. These passes provide multiple uses for six months.

“Specials by Restaurant.com” bundle Restaurant.com certificates with a variety of other entertainment options, including theater, movies, wine, and travel. Customers have favored these bundled offerings, generating significantly greater revenue per customer when compared to purchasing our other products. The average order value for Specials sales is nearly five times a certificate purchase. Management is optimistic regarding the cross-promotion opportunities in this category, going forward, especially for the millennials demographic.

B2B: This division accounts for around 40% of revenue and RSTN sells gift cards and codes, and Dining Discount Passes to corporations and marketers, which use them to for marketing campaigns. These campaigns include new customer acquisition, point-of-sale increases, rewards/loyalty, motivate specific customer behavior, renewals, and to address customer service issues. The Company’s high-value, low-cost B2B program enables businesses to use Restaurant.com certificates to entice new and existing customers to increase sales, promote customer satisfaction and incent desired behavior. The availability of use in every market, features like “never expire” and online exchange, and use by every customer demographic to fit every business’s customer base are primed to serve as strong drivers for continually adding new partners, which in turn adds new consumers, thus broadly expanding RSTN’s reach.



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 save up to 50% on dining and travel

When you sign up for **FPL Automatic Bill Pay**® by Dec. 9, you'll receive a \$100 Dine & Travel Pass* by Restaurant.com — save on restaurants, hotels and more, near home or while visiting your loved ones for the holidays.

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- » **Timeliness.** Avoid late or missed payments
- » **Peace of mind.** Receive payments reminders
- » **Savings.** Save time, postage costs and check writing

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The Company works with B2B partners from small to medium sized businesses up to Fortune 500 companies. Examples of successful campaigns include **Florida Power and Light (FP&L)**, **T-Mobile (NASDAQ – TMUS)**, and **Mercedes-Benz**. The FP&L deal was aimed at 250,000 customers and the T-Mobile loyalty campaign is targeting 2.5 million customers with a Restaurant.com card as part of its T-Mobile Tuesday app.

High Value, High Touch

Management is highly focused on growing and leveraging its vast customer database which we believe is of value to merchants for a variety of services and products. Today, users visit and interact online through the Company’s appealing and easy-to-use websites, apps, and social media presence, including Facebook and

Twitter. The core websites include www.restaurant.com, www.incentives.restaurant.com and www.specials.restaurant.com. In addition to purchasing restaurant and discount certificates, entertainment and travel deals and consumer products or gift card redemption, RSTN fosters loyalty and return visits through in-demand content that motivate new visitors and customers alike. Featured content includes restaurant menus, entree pricing, mapping and directions, and extensive filtering options, including most popular cuisine type and “Deals Near Me” for nearby restaurants.

Multiple times throughout the month, RSTN emails its customers offers for restaurant discounts experiences and products based on their location and personal preferences. A typical restaurant discount deal might represent a \$25 discount to be used toward a \$50 purchase at a restaurant partner. Additional deals include discounted pricing at theaters, movies, or other merchants. Customers purchase deals from RSTN and redeem them with its merchant partners.

The Business Model

RSTN generates revenue via transactions in which it sells discount certificates for restaurants online and on mobile and reflects the purchase price received from the customers. RSTN also earns revenue when online partners drive customers to purchase discount certificates and complementary offerings and products. Revenue equals the purchase price less an agreed upon the portion paid.

Revenue is generated through sales of complementary entertainment and travel offerings and consumer products on behalf of third-party merchants. Those complementary offerings and products transactions generally involve a customer’s purchase of a voucher that can be redeemed with a third-party merchant for services or goods (or discounts). Revenue from those transactions is reported on a net basis and equals the purchase price received from the customer for the voucher less an agreed upon portion of the purchase price paid to the merchant. Revenue also includes direct sales of restaurant discount certificates online and reflects the purchase price received from the customer. Separately, Gross billings represent the gross amounts collected from customers for discount restaurant certificates, complementary entertainment and travel offerings and consumer products.

Industry Snapshot

At present, there are more than 1 million restaurant locations in the US and the National Restaurant Association projects that the industry’s sales will top \$1.2 trillion by 2030. Consumers’ pent-up demand for restaurants remains high. Growth in the restaurant industry for the past several decades has been driven by consumers’ desire for convenience, socialization, and high-quality food and service. These same drivers will be the catalysts for expansion well into the future, as the restaurant industry continues to innovate and adapt to the ever-changing tastes and preferences of consumers.

Interestingly, 90% of guests research restaurants online before dining – more than any other business type, according to IBISWorld. This is a key reason why RSTN’s business has gained such popularity by consumers and businesses alike. This figure is bolstered by growth in the daily deal industry. This segment experienced steady growth over the five years to 2019 with revenue rising at an annualized rate of 12.5% to \$6.0 billion.

As illustrated in Table II on page 13, there are a number of direct and indirect peers to RSTN, divided into distinct categories. These groups include:

- Discount & Ecommerce: **Groupon (NASDAQ – GRPN), TravelZoo (NASDAQ – TZOO)**
- Ratings/Review: **TripAdvisor (NASDAQ – TRIP)**
- Restaurant Listings: **Yelp (NASDAQ – YELP)**
- Restaurant Delivery: **DoorDash (NASDAQ – DASH), Grubhub (NASDAQ – GRUB)**

It should be noted that these companies do not necessarily compete directly with RSTN. Perhaps GRPN may be considered the most direct comp, as a daily deal firm offering deals/discounts on restaurants and other goods and services. However, our experience and due diligence suggests that while consumers routinely benefit, the firms offering these types of discounts do not. Under this model, it is a challenge to foster loyalty to the deal provider and the cost is prohibitive as compared with RSTN, which has a model far more favorable. Other firms this list are tangential players seeking to further penetrate the restaurant relationship marketing space; however, we believe as the standard-bearer with a long-proven model, RSTN will maintain its leadership status.

Looking Ahead

Management plans to continue to forge long-term restaurant partnerships and improve and expand restaurant and affiliate partnership network. With an emphasis on millennials, who perhaps represent the fastest-growing segment of the restaurant space, RSTN has already begun to enhance its consumer marketing and outreach to this demographic, while strengthening the brand.

Another method of broadening the RSTN reach is to leverage additional selling avenues to acquire more customers and business clients and expand sales and profit by increasing its overall product line and expanding the number and product diversity and packaging of offers. One method of implementing this initiative is to execute complementary strategic partnerships and acquisitions.

Finally, management plans to further raise the Company's profile by up listing the stock to the National Exchange (NSX).

RESTAURANT.COM LEADERSHIP TEAM

Corporate Executives

Ketan Thakkar, Chairman, Chief Executive Officer

With over 20 years of experience in finance and operations, Ketan served as CFO for Apartments.com helping the company to grow from \$20M to \$125M annually. He was also the founder of triprental.com prior to joining Ubid.com in 2013. He is an accredited CPA who holds an MBA from Northwestern University Kellogg School of Management.



Aaron Horowitz, President, General Counsel

Aaron joined Restaurant.com in 2010 as general counsel and became President in 2017. Coordinates management initiatives across Restaurant.com and is responsible for all legal affairs of the Company. Over 20 years of experience as a general counsel and business executive for direct marketing and e-commerce companies. Juris Doctor from University of Chicago Law School in 1988.

Tim Miller, Vice-President, Enterprise B2B Sales

Tim has been with the B2B division since its inception in 2004. Tim manages the Enterprise clients and leads the B2B Division. Sold hundreds of millions of dollars of Restaurant.com product in B2B sales that have helped our business clients grow their business.

Josh Randall, Vice-President, Information Technology

Josh joined Restaurant.com in 2019. Josh is responsible for all IT activities, e.g., IT infrastructure, software development, hardware, etc. Over 17 years of experience as an IT professional in the marketing, healthcare, manufacturing, and government industries. Extensive experience in cloud computing including infrastructure designer, virtualization, network engineering and systems development. Josh received his B.S. from DeVry in Chicago, and his MBA from Keller Graduate School.

Non-Executive Board Members

Kevin Harrington, Board Member

Nearly 40 years experience in product introduction and direct marketing, being one of the first to market products through infomercials in 1984. A serial entrepreneur, Mr. Harrington appeared as one of the original panelists on "Shark Tank," from 2009 to 2011. He currently serves as a director of Celsius Corp., Emergent Health Corp., and Redwood Scientific Technologies, Inc.

Paul Danner, Board Member

As the Chief Executive of Pepex Biomedical, Inc., Mr. Danner has established a prosperous track record while leading business development efforts and effectuating B2C, B2B & B2G business transactions on five continents, and leading three Nasdaq-listed companies as the senior corporate executive building over \$1 Billion in shareholder value. He previously served as a Naval Aviator flying the F-14 Tomcat.

Scot Wingo, Board Member

Mr. Wingo is Executive Chairman of Channel Advisor and has served as Chairman of our Board of Directors since our inception in 2001. Prior to founding the company, he served as general manager of GoTo Auctions, chief executive officer and co-founder of AuctionRover.com, which was acquired by GoTo.com, and as chief executive officer and co-founder of Stingray Software, which was acquired by Rogue Wave.

FINANCIALS SNAPSHOT

Hidden Value

In 2019, prior to the commencement of the COVID-19 pandemic which has since severely impacted restaurants, Restaurant.com generated \$10.6 million in revenue. Acquired by the Company in March 2020 for total consideration of \$5.5 million, we believe management got a hell of a bargain. If not for the onslaught of COVID-19 and the threat of the unknown, we are confident that the price tag would have been higher. Single word domains, even those with limited operations, have proven to be worth many millions. Prices have ranged from an outlier in 2017 like Cars.com that was acquired for \$847 million (likely due to the high price tag of products sold), to an average of around \$23 million for domains like Insurance.com and Internet.com. With a customer base of 7.8 million and over 184,000 restaurants and retailers, the underlying value of a domain like Restaurant.com may not be \$847 million, but it surely isn't just \$23 million, either.

2020 Financials

Obviously 2020 is a loss leader and should not be used for any comparative purposes due to COVID-19. While the early part of 2021 will still likely reflect this status to a degree, it is clear that the Company will be a markedly different company in the second half of the year and beyond. Utilizing the \$10.6 million generated in 2019 is probably a better measure from which to look forward.

For the first 9 months of 2020, RSTN recorded \$1.8 million with an operating loss of around **(\$2.1 million)**. However, due to the divestiture of SkyAuction and legacy uBid businesses, RSTN recorded \$3.3 million on the gain on the disposition of a subsidiary, which resulted in a modest net loss of **(\$22,000)** for the period. At present, for 4Q20 we forecast revenue of roughly \$1.78 million with an operating loss of roughly **(\$800,000)**. For the full year, our model projects \$3.6 million in revenue, with an operating loss of **(\$2.88 million)** and a net loss of **(\$928,000)**, or a loss per share of **(\$0.08)**. It should be noted that despite the difficult economic environment, seasonality exists in the business. As a result, we expect that 4Q20 revenue to be roughly equivalent of the first three quarters combined, with B2C likely representing the majority of sales.

2021: Major Change Begins

As of the end of September 2020, the Company reported total liabilities of around \$5.3 million. With an estimated \$624,000 in a loan from the Paycheck Protection Program (PPP) we deem it likely that this debt could be forgiven since many firms have successfully filed paperwork and been awarded loan forgiveness. Importantly, RSTN has already reduced a substantial portion of its convertible debt and other liabilities. With the convertible debt and the PPP potentially off the books, the Company's balance sheet would represent unusual strength and leverage for a firm of this size.

As noted above, we believe that revenue growth in 2021 for RSTN could be substantial, as the effect of COVID-19 on the economy improves with the deployment of vaccines and consumers' desire to return to a sense of normalcy. In addition, it is widely expected that consumers will seek to support local restaurants who have been among the hardest hit by the pandemic and take advantage of dining deals. With limited marketing dollars, partnering with Restaurant.com for dining is a great way for restaurateurs to jump-start their businesses.

Separately, we believe that from the second half of 2021 through 2022, the Company's *Specials* shopping, and travel/entertainment deals, and SaaS-based B2B products could emerge as sleeper contributor segments for the Company, as consumers, particularly millennials, become active customers via cross-sales.

For the full-year 2021, we project enviable revenue growth of over 125% from 2020's likely levels, with sales reaching the \$8.1 million mark. While we believe that much of the growth may be back-end loaded, it is our expectation that major sales increases could begin to occur in mid-2Q21. Our model suggests a small operating loss of **(\$880,000)** which could be narrowed with incremental reductions in cost of sales and SG&A, relative to our forecasts. We should note that beginning in 2021, expense items below the operating line due to the elimination of convertible and other debt, aiding the Company's financials. In fact, if the PPP is forgiven, it is possible that RSTN could approach break-even status as it would be considered income on the P&L while being eliminated as debt on the balance sheet. Separately, our model utilizes a share count of 13.2 million to reflect the closing of the RSTN offering.

For 2022, our pro formas suggest revenue of \$14.2 million, a jump of around 75%, led by sales growth across the board. Clearly, a greater investment in sales and marketing and more diverse digital marketing campaigns would bear considerable fruit and generate a strong operating margin of 19.2%. In fact, if our operating margin rate is achieved, it would make RSTN one of the more profitable companies that participate directly or tangentially in the ecommerce deal space. EPS of \$0.17, or \$2.3 million, includes a modest tax rate aided in part by the Company's tax-loss carry-forward. Investor should note that our forecasts exclude any potential M&A in 2021 or 2022.

RISK FACTORS

In our view, the Company's biggest risks are related to the economy and the restaurant industry, rather than those that would be considered company-specific. For example, the COVID overhang could last longer, more restaurants could shut down, and consumers may delay in returning to some sense of normalcy, despite expected broad vaccine deployment across the country. In our view, these risks are well known by the Street and investors. As a result, we believe that RSTN's shares reflect not only these risks, but a groundswell of sentiment that a turn upward may be around the corner. The next major risk is related to the timing and magnitude of the sales and marketing ramp, and subsequent broad implementation/utilization of the Company's offerings via B2B partners and B2C procurement. A lesser risk is a slow implementation of cross-sales into the "Specials", non-restaurant segment.

Competitive risks include better or more-encompassing deals, lower pricing, more effective sales/marketing, and greater overall efficacy. Aside from the economic concerns, the aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of RSTN's size and standing. Moreover, we believe that RSTN's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and consistent social media management implementations. With millions of customers, decades in the industry, brand name recognition and leadership status, if any firm could weather this storm and emerge stronger, it is RSTN.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. Management is seeking to raise up to \$7M in a Reg A+ offering to fund corporate expansion, debt reduction, and potential M&A. An overriding financial benefit as a public company is the favorable access to and the availability of capital to fund product launches, advanced sales and marketing campaigns and other initiatives. Since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value.

VALUATION

Tables II below represent a peer group of companies that are directly or tangentially in the general online deal, restaurant/travel deal, or food delivery arenas. RSTN competes directly or indirectly with the components of this group. Although these firms are substantially larger than RSTN today in terms of revenue and market cap, we believe that RSTN's valuation warrants a modest premium to the group. Here's why.

Age: With roots all the way back to 1999, RSTN has great brand recognition and longevity is often awarded.

Model: Obviously the COVID-19 pandemic has hurt restaurants more than nearly any other industry. While it negatively impacted RSTN during 2020, the case can be made that no other firm stands to benefit more from a return to normalcy in 2021 and beyond than RSTN. Moreover, we believe no other firm can favorably impact restaurants, B2B partners, and consumers collectively and individually. Therefore, RSTN could serve as a leading indicator in the consumer economic recovery and is a low-priced, high value, pure play on the restaurant and daily deal segments.

Growth Rate: The table below illustrates an average projected YoY growth of 21% for the peer group which is decent if not unspectacular. RSTN's projected YoY growth rate both from 2020 to 2021 and 2021 to 2022 is 125%, and 75%, respectively.

B2B: RSTN has made considerable headway in partnering with businesses and Fortune 500 companies.

Millennials: DASH and GRUB may be synonymous with millennials but we believe RSTN's new focus on this key market by leveraging its core into markets in which millennials are active, will foster surprising penetration.

Data: With years of operation and millions of customers, RSTN knows how to offer customized and attractive deals to its customers.

Markets: This Company's diversified revenue approach, including its Specials demonstrate RSTN is no one-trick pony.

Table II. RSTN Publicly-Traded Peer Group

Company Name	Symbol	Price (1/15/21)	Mkt Cap (mil)	FY20E Revs (mil)	FY21E Revs (mil)	20E - 21E Revs Growth	2020E Price/Revs	2021E Price/Revs
DoorDash	DASH	\$186.95	\$59,386	\$2,850	\$3,680	29.1%	20.8	16.1
Groupon	GRPN	\$34.36	\$990	\$1,380	\$945	-31.5%	0.7	1.0
Grubhub	GRUB	\$71.06	\$6,591	\$1,820	\$2,150	18.1%	3.6	3.1
TravelZoo	TZOO	\$10.28	\$116	\$56	\$77	37.5%	2.1	1.5
TripAdvisor	TRIP	\$33.43	\$4,497	\$599	\$958	59.9%	7.5	4.7
Yelp	YELP	\$31.41	\$2,324	\$869	\$977	12.4%	2.7	2.4
Average*			\$12,317	\$1,262	\$1,465	21%	8.7	6.6
				FY20E	FY21E			2021E
RSTN: Today		\$2.005	\$23	\$3.6	\$8.1	125%		2.8
				FY21E	FY22E			2022E
RSTN: 6 Mo		\$7.50	\$99.4	\$8.1	\$14.2	75%		7.0
*Denotes Average valuation excludes GRPN & TZOO								
Sources: www.Yahoo!Finance.com, Company websites, Goldman Small Cap Research								

Since 2021, or “next year’s” results will be announced by the group members in the coming weeks, these stocks currently trade at a valuation based on a 2021 Price/Revenue multiple, rather than “current year” or 2020 expectations. Thus, the group’s average 2021 P/R multiple is 6.6x. (Note: The average Price/Revenue multiples exclude GRPN since it is in a negative growth cycle and TZOO which barely plays in the RSTN sandbox, in our view.)

At current prices, RSTN trades at a paltry 2.8x our 2021E revenue estimate, which represents a 57% valuation discount. If instead a modest 16% discount were assigned, then it is possible that RSTN could be worth \$4.00 today!

Going forward, we believe that these shares will increase in value as the valuation spread narrows due to expected improvements in the economy and the industry, and RSTN’s financial performance. As a leading indicator and likely greatest peer group beneficiary of an economic turn, we believe RSTN could trade at a small premium to next year’s multiple (2022E) in six months, given its industry-leading projected growth rates. (A number of companies begin to trade based on next year’s forecasted results beginning in mid-year.) **At a 7x P/R multiple on our FY22E estimate, we believe these shares could reach our \$7.50 target in the next six months, which coincides with the heart of the important summer season.**

CONCLUSION

RSTN is a pioneer in the restaurant deal space and the nation's largest, and highest profile restaurant-focused digital deals brand. The Company's reach is huge, with 7.8 million customers and offering dining and merchant deal options at over 184,000 restaurants and retailers. Although the COVID-19 pandemic has severely hurt restaurants, we believe no other firm stands to benefit more from a return to normalcy in 2021 and beyond than RSTN. Moreover, RSTN could serve as a leading indicator in the consumer economic recovery and is a low-priced, high value, pure play on the restaurant and daily deal segments.

While RSTN is well known as a B2C player the Company is a key marketing campaign provider in the B2B space. The Company works with B2B partners from SMBs up to Fortune 500 companies, including Florida Power & Light, Mercedes Benz and T-Mobile.

RSTN is set to generate substantial revenue growth that far outpaces its peers. We forecast revenue could grow from an estimated \$3.6M in 2020 to \$14.2M in 2022, averaging a 100% CAGR, and EPS of \$0.17 in 2022. We project RSTN's stock will reach \$7.50 in 6 months, up from \$2.00 today. At current levels, RSTN trades 2.8x FY21E revenue, a 57% discount to the 6.6x multiple assigned to the peer group. Led by its enviable sales growth, we believe these shares can trade at 7x next year's revenue, equating to our \$7.50 price target.

Table III. RDE, Inc.
Pro Forma Income Statement
(\$,000)

	FY20E	FY21E	FY22E
TOTAL REVENUE	\$3,600	\$8,100	\$14,200
Cost of Sales	\$900	\$1,782	\$2,840
Gross Profit	\$2,700	\$6,318	\$11,360
<i>Gross Margin</i>	<i>75%</i>	<i>78%</i>	<i>80%</i>
SG&A	\$5,580	\$7,198	\$8,638
Amort. of intangible assets	\$0	\$0	\$0
Total Operating Expenses	\$5,580	\$7,198	\$8,638
Operating Income	(\$2,880)	(\$880)	\$2,722
<i>Operating Income Margin</i>	<i>N/A</i>	<i>-10.9%</i>	<i>19.2%</i>
Interest expense:	\$625	\$100	\$100
Amort. of debt discount	\$900	\$0	\$0
Gain on disp. of subsidiary	(\$3,327)	\$0	\$0
Change in value of deriv. Liability	(\$150)	(\$300)	\$0
Other income	\$0	\$0	\$0
Total Other Income (Expense)	\$1,952	\$200	(\$100)
Income from Cont. Ops			
Loss from Disc. Ops	(\$928)	(\$680)	\$2,622
Income Taxes	\$0	\$0	\$315
<i>Tax Rate</i>	<i>N/A</i>	<i>N/A</i>	<i>12.0%</i>
Net Income	(\$928)	(\$680)	\$2,308
Diluted Earnings Per Share	(\$0.08)	(\$0.05)	\$0.17
Wtd. Est. Shares Outstanding	11,200	13,200	13,400

Sources: RSTN, OTC Markets, and Goldman Small Cap Research

Table IV. RDE, Inc.
Balance Sheet: 9/30/20
(\$ USD, 000)

Current Assets	
Cash	\$349
Accts Rec, net	\$224
Prepaid exp and other curr assets	\$446
Total Current Assets	\$1,019
Non-Current Assets	
Operating lease, right of use, net	\$121
Goodwill (provisional)	\$1,800
Intangible assets (provisional)	\$2,293
Total Non Current Assets	\$4,214
TOTAL ASSETS	\$5,233
Current Liabilities	
Accounts payable	\$191
Accrued expenses	\$27
Accrued payroll and advances-rel party	\$0
Accrued interest	\$209
Operating lease liability, current	\$14
Conv notes payable, net of disc. \$0 and \$400,000	\$950
Conv debt assumed reverse merger	\$20
Bridge notes payable	\$350
Acquisition note payable	\$1,500
Notes payable	\$952
Derivative liability	\$1,050
Total Current Liabilities	\$5,263
Non-Current Liabilities	
Operating lease liab non-current	\$87
TOTAL LIABILITIES	\$5,350
SHAREHOLDER'S EQUITY	
Stockholders' Deficit: Preferred stock, par value \$0.001, 10,000,000 shares authorized, none issued and outstanding - - Common stock, par value \$0.001, 750,000,000 shares authorized and 8,904,368 and 3,012,712 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	510
Add'l paid-in capital	50,919
Accumulated deficit	(\$51,456)
TOTAL EQUITY	(\$117)
TOTAL LIABILITIES & EQUITY	\$5,233

Sources: RSTN and Goldman Small Cap Research

RECENT TRADING HISTORY FOR RSTN

(Source: www.BigCharts.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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