



# HOME BISTRO, INC.

## Flurry of News and Milestones Affirm Our \$3.40 Price Target

Rob Goldman  
[rob@goldmanresearch.com](mailto:rob@goldmanresearch.com)

August 2, 2021

### HOME BISTRO, INC. (OTC – HBIS - \$1.11)

#### COMPANY SNAPSHOT

Home Bistro is a leading online platform, [www.homebistro.com](http://www.homebistro.com), that provides for the creation, production, and distribution of direct-to-consumer, heat-to-eat, celebrity chef inspired gourmet meals, which currently include inspirations developed by "Iron Chef" Cat Cora, "Hungry Fan" Chef Daina Falk and soon to launch celebrity chefs Ayesha Curry, Roblé Ali and Claudia Sandoval. Home Bistro's Model Meals lifestyle brand [www.modelmeals.com](http://www.modelmeals.com) is a Whole30 & Paleo approved, ready-to-eat, meal prep service, offering a weekly rotating menu that is prepared by professional chefs, and delivered in sustainable, eco-friendly packaging.

#### KEY STATISTICS

Price as of 7/30/21	\$1.11
52 Week High – Low	\$3.00 - \$0.35
Est. Shares Outstanding	19.4M
Market Capitalization	\$21.6M
Average Volume	10,285
Exchange	OTCPK

#### COMPANY INFORMATION

**Home Bistro, Inc.**  
 4014 Chase Avenue  
 #212  
 Miami Beach FL 33140

Web: [www.HomeBistro.com](http://www.HomeBistro.com)  
 Email: [zalmi@homebistro.com](mailto:zalmi@homebistro.com)  
 Phone : 631.694.1111

#### INVESTMENT HIGHLIGHTS

**The Bottom Line:** Home Bistro has executed a series of major moves that position the Company for hockey stick-type growth ahead, which could drive the shares toward our \$3.40 price target.

**Enviably Moves Serve as Key Differentiators.** In the last several weeks, HBIS has enhanced its consumer experience with new packaging from flash frozen to fresh meal delivery, closed a strategic acquisition, and added new chefs/influencers.

**New Acquisition Adds Revenue and Offers Marketing Leverage. The Model Meals transaction adds** millions in potential revenue and a healthy recurring revenue meal prep service. Plus, since sales have been made in only 3 states, the sales footprint is ripe for major expansion.

**Now Numbering 5--The Celebrity Chef/Influencer Adds Are High Profile.** HBIS has added Claudia Sandoval, a popular chef in Hispanic and non-Hispanic communities known for Mexican cuisine, and Ayesha Curry, a high profile 2x NY Times winning author, chef, and philanthropist.

**Great Entry Point; Trading at Discount to Bellwether.** Based on the major improvements to its infrastructure and enhanced reach, we believe our financial forecasts could be due for an upgrade. Meanwhile, HBIS trades at a substantial discount to the price/sales multiple afforded the industry bellwether, a gap we believe will narrow during 2H21.

## WHAT'S NEW

### *Latest Steps Position HBIS for Major Growth*

Since our update in early June 2021, **Home Bistro, Inc. (OTC – HBIS)** has executed a series of milestones that are primed to position the Company for major top-line growth, in our view. And, we believe HBIS is just getting started. These achievements include:

- Engaging partnership with a new celebrity chef
- Initiating meal shipments of another popular chef
- Signing a new licensing agreement with a top tier influencer
- Executing a highly strategic acquisition of a peer
- Introducing its new vacuum-skin packaging technology
- Moving into a new, state-of-the-art culinary facility

### *Celebrity Chefs and Influencers*



In late June, the Company engaged in a partnership with celebrity chef Claudia Sandoval to create a co-branded line of traditional Mexican ready-made, gourmet meals, to be marketed exclusively on the Home Bistro platform. Chef Claudia is a popular and highly regarded celebrity chef with expertise in Mexican cuisine. In our view, this a great addition to the HBIS group of celebrity chefs given that Mexican food is the 3rd most popular cuisine in the States. Not only does it diversify the menu offering for customers but it also fosters exposure to the influential Hispanic consumer market. Chef Claudia's meals are

expected to be available for purchase on the Home Bistro platform by the end of September.

(<https://finance.yahoo.com/news/home-bistro-inc-adds-celebrity-120000377.html>)

Just yesterday, HBIS announced that it has begun shipping Chef Daina Falk "Hungry Fan" meals—the second celebrity chef (after Cat Cora) to have meals shipping via the Home Bistro platform. Chef Daina is well-known for her "Hungry Fan" meals and her media work in and around the professional sports and the Olympics. Her recipes are a fresh take on classic tailgate food, influenced and inspired by the sports legends with whom she has met. Clearly, Chef Daina's selections expands and differentiates the Home Bistro culinary experience from other market participants.

(<https://finance.yahoo.com/news/home-bistro-begins-shipping-meals-120000262.html>)



Earlier this month, the Company executed a licensing agreement with TV Host, best-selling cookbook author and philanthropist Ayesha Curry. Further to the transaction, Home Bistro, Inc. acquired Ms. Curry's Homemade Meals LLC, a weekly-delivered service of her family inspired recipes, which were sold direct to consumer as well as in major grocery stores.



Curry is a two-time New York Times best-selling cookbook author, television host and producer, and co-founder of the Eat. Learn. Play. Foundation and boasts over 10 million total social media followers. Famous for her no-fuss cooking techniques, Curry will be providing the Home Bistro platform with ten of her culinary specialties to be sold online. Ms. Curry's signature recipes have proven to be a hit with her fans and we believe her popularity and influence could have a materially favorable impact on sales. It should be noted that

a portion of every meal sold will be donated to a cause helping to fight hunger in the US, which dovetails with Ms. Curry's philanthropic efforts and may serve to raise the Home Bistro brand as well. Home Bistro expects to begin shipping *Ayesha Meals* direct to consumers by October 2021.

With the addition of Ayesha Curry to the Home Bistro celebrity chef and influencer platform, HBIS will soon offer meals from a total of five leading chefs, with others slated to join in the coming quarters, thereby fostering enviable revenue and market share growth ahead. (<https://finance.yahoo.com/news/home-bistro-signs-licensing-agreement-120000269.html>)

### Game-Changing Acquisition

In late 2Q21, HBIS acquired Model Meals, a California-based ready-to-eat, healthy meal service. The transaction was valued at approximately \$2.1 million with the majority of the purchase price paid in shares of the Company's restricted common stock. In our view,



this transaction is a game-changing event for Home Bistro and therefore, the most important direct catalyst in driving the overall company and share value considerably higher than current levels. In one fell swoop, HBIS has acquired a highly regarded lifestyle brand in the healthy meal space, customers, production, along with distribution and marketing leverage—at a reasonable price.

The most obvious benefits are revenue and customers. This strategic transaction adds material revenue and an underlying, loyal customer base from which to cross-sell other offerings on the Home Bistro platform. Moreover, by incorporating the Model Meals into the Home Bistro family as its own operating entity, HBIS management can broaden the subsidiary's reach far beyond its current three-state West Coast footprint. Separately, HBIS now has dual geographic fulfillment centers which can lower distribution costs and perhaps shorten delivery times as well.

Model Meals was co-founded by college friends Camille May and Danika Brysha, a fashion model and wellness coach, who, through research and personal experience, focused on developing dietary solutions that enhance the health and vitality of individuals while helping to increase energy, mental function, and support a thriving lifestyle. Model Meals generated \$2.2 million in revenue in 2020, including revenue by delivering to just three states - California, Nevada and Arizona. Ms. May and Ms. Brysha will be retained as CFO and CEO, respectively, of the Model Meals subsidiary and we believe will serve as great additions to the overall C-suite.

Going forward, we believe HBIS may incorporate the Model Meals model and other features as it expands its national footprint with the on-boarding of new customers across the US along with continued M&A. (<https://finance.yahoo.com/news/home-bistro-inc-acquires-model-203000128.html>)

#### *New Packaging Process Enhances Customer Experience*

Earlier this month, HBIS commenced delivery of fresh meals utilizing a packaging process known as "vacuum skin-packaging". Vacuum skin-packaging seals the product like a second skin while eliminating air, providing package durability and optimal product presentation, improved flavor and shelf-life extension. Home Bistro meals were previously shipped flash-frozen to consumers which required defrosting prior to heating. I

In our view, this change is significant as this proven, popular delivery system, which, when combined with the underlying delicious celebrity-chef-designed meals, takes the overall consumer experience to a new level. As a result, we believe this shift alone can attract a larger audience than its previous packaging and delivery method. The Company made a significant capital investment in the equipment and technology required for the production of fresh, skin-packaged meals that can now last up to 14 days in the refrigerator or, if the customer prefers, can be frozen at any time for future enjoyment. (<https://finance.yahoo.com/news/home-bistro-begins-fresh-meal-120000253.html>)

Finally, the Company recently announced that it has relocated its east coast operations to a 5,000 square foot state of the art culinary facility in Pembroke Park, FL. This larger facility is a state of the art commissary capable of producing the highest quality and a much higher volume of meals. Clearly, having an increased capacity utilization to produce greater quantities is the next step in the evolution of a company set to enjoy hockey stick-type growth. (<https://finance.yahoo.com/news/home-bistro-relocates-east-coast-113000168.html>)

## **LOOKING AHEAD**

Operating in a highly fragmented market dominated by DIY meal kit companies and firms offering unexciting basic recipes, HBIS offers a diverse menu of dozens of single or combo, high-end gourmet meals which include those inspired and created by celebrity chefs and an array of healthy, lifestyle meals. The flurry of milestones in the past six months are both enviable and impressive for a young firm on the cusp of a major top-line and customer growth spurt. The aforementioned recent events and upcoming milestones provide us with confidence that the stock is poised to reach our \$3.40 price target, perhaps as early as the Fall of 2021.

With five chefs on the platform, an M&A transaction in the process of being integrated into the HBIS family, we plan to review and update our current forecasted financials for a potential upgrade. At current levels, the shares trade at a substantial discount to the price/sales multiple assigned industry leader **DoorDash (NASDAQ –**

**DASH**---a gap we believe will narrow in the second half of 2021, aided in part by the fact that HBIS trades above both its 50 and 200 DMAs—a bullish technical characteristic. Clearly, HBIS is still in the early innings of its infrastructure-building and digital marketing campaigns, which translates into a favorable entry point for opportunistic investors.

**Table I. Home Bistro, Inc.**  
Pro Forma Income Statement  
(\$,000)

	<b>FY20A</b>	<b>FY21E</b>	<b>FY22E</b>
<b>TOTAL REVENUE</b>	<b>\$1,336</b>	<b>\$5,900</b>	<b>\$11,000</b>
Cost of Sales	\$873	\$3,363	\$5,940
<b>Gross Profit</b>	<b>\$463</b>	<b>\$2,537</b>	<b>\$5,060</b>
<i>Gross Margin</i>	<i>35%</i>	<i>43%</i>	<i>46%</i>
Comp. and related expenses	\$548	\$400	\$650
Prof. and related expenses	\$434	\$225	\$375
Product Dev. Expense	\$360	\$200	\$350
Selling and marketing expenses	\$226	\$390	\$600
General and admin expenses	\$198	\$475	\$725
<b>Total Operating Expenses</b>	<b>\$1,766</b>	<b>\$1,690</b>	<b>\$2,700</b>
<b>Operating Income</b>	<b>(\$1,303)</b>	<b>\$847</b>	<b>\$2,360</b>
<i>Operating Income Margin</i>	<i>N/A</i>	<i>14.4%</i>	<i>21.5%</i>
Interest expense	(\$20)	(\$30)	(\$35)
Other income	\$44	\$0	\$15
Total Other Income (Expense)	(\$7)	\$5	(\$20)
Income (Loss) from Cont. Ops	(\$1,280)	\$852	\$2,340
Income from disposal of disc ops	\$38	\$0	\$0
Income Taxes	\$0	\$0	\$351
<i>Tax Rate</i>	<i>N/A</i>	<i>N/A</i>	<i>15.0%</i>
<b>Net Income (Loss)</b>	<b>(\$1,242)</b>	<b>\$852</b>	<b>\$1,989</b>
<b>Diluted Earnings Per Share</b>	<b>(\$0.07)</b>	<b>\$0.04</b>	<b>\$0.10</b>
Wtd. Est. Shares Outstanding	17,395	20,000	20,500

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

### RECENT TRADING HISTORY FOR HBIS

(Source: [www.StockCharts.com](http://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.

## DISCLAIMER

This *Opportunity Research* report was prepared for informational purposes only.

*Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* format reflects the Firm's internally generated stock ideas along with economic and stock market outlooks. *Opportunity Research* reports, updates and Microcap Hot Topics articles reflect sponsored (paid) research but can also include non-sponsored micro-cap research ideas that typically carry greater risks than those stocks covered in the *Select Research* category. It is important to note that while we may track performance separately, we utilize many of the same coverage criteria in determining coverage of all stocks in both research formats. Research reports on profiled stocks in the *Opportunity Research* format typically have a higher risk profile and may offer greater upside. *Goldman Small Cap Research* was compensated by the Company in the amount of \$7500 for research reports production. All information contained in this report was provided by the Company via filings, press releases or its website, or through our own due diligence. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

Goldman Small Cap Research is not affiliated in any way with Goldman Sachs & Co.

Separate from the factual content of our articles about the Company, we may from time to time include our own opinions about the Company, its business, markets and opportunities. Any opinions we may offer about the Company are solely our own and are made in reliance upon our rights under the First Amendment to the U.S. Constitution, and are provided solely for the general opinionated discussion of our readers. Our opinions should not be considered to be complete, precise, accurate, or current investment advice. Such information and the opinions expressed are subject to change without notice.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research*

report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed. This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: [www.goldmanresearch.com](http://www.goldmanresearch.com)