



HOME BISTRO, INC.

Ideal Entry Point; HBIS Enters Fastest Growth Phase

Rob Goldman
rob@goldmanresearch.com

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HOME BISTRO, INC. (OTC – HBIS - \$1.00)

COMPANY SNAPSHOT

Home Bistro is a leading online platform, 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, Claudia Sandoval, and soon to launch celebrity chefs Ayesha Curry, Roblé Ali and Richard Blais. Home Bistro's Model Meals lifestyle brand 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 12/7/21	\$1.00
52 Week High – Low	\$2.00 - \$0.35
Est. Shares Outstanding	25.2M
Market Capitalization	\$25.2M
Average Volume	25,124
Exchange	OTCPK

COMPANY INFORMATION

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

Web: www.HomeBistro.com
 Email: zalmi@homebistro.com
 Phone : 631.694.1111

INVESTMENT HIGHLIGHTS

The Bottom Line: HBIS represents an ideal entry point for opportunistic investors. The Company just published 3Q21 results demonstrating an impressive 501% jump in online meal order growth and has a series of drivers set to take the share price to record levels.

Driver #1: Just acquired Model Meals offerings are now available for delivery nationwide, as compared with its prior three state, regional availability.

Driver #2: As a healthy lifestyle service, Model Meals is a great complement to the celebrity chef concept. As a lifestyle brand, we believe it could generate a reorder rate that exceeds HBIS' core offerings.

Driver #3: The Company just commenced sales of its third celebrity chef's diverse cuisine, with three others slated to come online in the coming months. Plus, new partnerships to offer wine and athlete-inspired meals serve as niche complements.

Hyper-Growth Phase Set to Begin. HBIS and Model Meals have entered or are about to enter their fastest growing sales periods (Oct–Feb).

HBIS is Exploring a NASDAQ Uplist. If the process were to commence, it could have a favorable impact on liquidity and market value.

Our \$3.40 Price Target is a Roughly 300% Jump. This target could be reached in early 2022 and is based on a 2022 price/sales discount to the bellwether. If existing sales momentum continues, it could be raised following the publication of the FY21 financials.

RECENT EVENTS + SEASONALITY = MAJOR GROWTH AHEAD

Since our August 2021 report, **Home Bistro, Inc. (OTC – HBIS)** has continued to execute on its business plan, enjoyed substantial revenue growth in Q3, and appears poised for a potential NASDAQ up-list in 2022.

The Company recently published 3Q21 financial results which demonstrated an enviable 135% jump in

overall sales from \$299,178 in 3Q20 to \$703,364 in 3Q21. Importantly, online meal orders rose by a whopping 501% for the quarter as compared with the corresponding period a year ago. This is the first full quarter of sales from the Model Meals acquisition, which closed in 2Q21 and is reflective of the broad demand for celebrity chef-inspired meals along with the lifestyle meals offered through Model Meals.

In addition to the strong sales growth, the Company continues build out its model via the execution of major initiatives. These key recent events include the following:

- Added a new celebrity chef
- Commenced national sales of Model Meals products
- Began shipping of a fan favorite celebrity chef-inspired set of meals
- Strengthened its C-suite
- Executed new partnerships
- Hired leading advisory firm for prospective NASDAQ up-listing

Looking ahead, HBIS is in the early innings of what is seasonally the strongest period for Model Meals and Home Bistro (October – February). Plus, with the October commencement of the availability of Model Meals offerings on a national basis for the first time, new celebrity chef-inspired sales, and recurring sales may reach record levels for both 4Q21 and 1Q22.

Against this backdrop, we believe that HBIS' share price represents an ideal entry point with substantial potential upside in the near term through 1H22, when an up-list to NASDAQ could be filed. Thus, our 2022 revenue forecast of \$11M and our \$3.40 target price could be under review for upgrades pending revenue growth magnitude during this hyper-growth period.



THE LATEST

New Celebrity Chef: Richard Blais

As noted above, the Company has achieved a series of impressive milestones in recent months. Toward the end of 3Q21, HBIS added celebrity chef Richard Blais to its team, taking its current roster to 6. We believe that Blais-inspired meals could become available in the first quarter of 2022.

Boasting nearly one million followers on social media, Richard Blais is a successful chef, restaurateur, James Beard nominated cookbook author and television personality. Blais, widely recognized as the first winner of Bravo's Top Chef All-Stars and recently announced co-star of the new Gordon Ramsay / FOX cooking competition, Next Level Chef, went on to graduate from the Culinary Institute of America and trained at The French Laundry, Daniel, Chez Panisse, and el Bulli. Most recently, he opened Ember & Rye at the newly renovated Park Hyatt Aviara in Carlsbad, California and took on the role of Culinary Director at the newly opened San Diego Symphony performance space, The Rady Shell at Jacobs Park. He is the James Beard Award-nominated author of Try This at Home: Recipes from My Head to Your Plate, as well as his second cookbook, So Good.

Sandoval-Inspired Meals Begin Shipping

In November 2021, HBIS commenced shipping unique Mexican cuisine created by Celebrity Master Chef Claudia Sandoval. This milestone brings the number of celebrity chef-inspired meals available for purchase to 3, with new products under development and new partnerships in the pipeline.

Model Meals Goes National; Founders Join HBIS C-Suite

As of October 2021, Model Meals, the Company's ready-to-eat, Whole30 & Paleo-approved, healthy meal service, is now offered in all 50 states. This single event is primed to emerge as the single most important marketing move to date for HBIS. Previously, Model Meals was available in just three states - California, Nevada and Arizona. By going national just ahead of its busiest periods, we believe that meaningful leverage and substantial sales growth will result in enviable results. While the traditional HBIS celebrity chef-designed meals generate recurring sales, we believe the Model Meals "healthy lifestyle service" profile could generate above-HBIS average recurring sales—an undervalued feature and revenue driver.

Separately, HBIS added to its C-suite by appointing Camille May as Chief Financial Officer and Danika Brysha as Chief Marketing Officer. Ms. May and Ms. Brysha are the co-founders of Model Meals, the Whole30 and Paleo approved prepared-meal service recently acquired by Home Bistro. We believe Ms. May and Ms. Brysha will serve as key additions to the leadership team, given their experience in building and growing a popular regional meal delivery service. Moreover, as HBIS expands its reach, tapping quality, experienced "internal" executives to lead segments of the business is critical.

New Partnerships Complement Offerings, Add New Channels

HBIS executed two targeted partnerships that appear primed to serve as clever companion offerings and verticals. In October 2021, HBIS formalized a partnership with Perfecting Athletes LLC, one of the leading health and nutrition companies among world class athletes and celebrities. The company boasts a roster of the world's most fit celebrities and professional athletes including top NFL players, world champion boxers, MMA fighters and supermodels. HBIS is setting the stage to offer those same healthy and enjoyable lifestyle meals to the HBIS customers and the general public. In our view, this influencer move is an innovative extension of the Company's proven celebrity chef concept and provides HBIS with exposure to a fast-growing, niche market.

During 4Q21, HBIS finalized a partnership with "In Good Taste Wine, Inc.", a unique direct-to-consumer wine platform, empowering wine lovers to "discover the world, by the glass." The company has introduced a large assortment of wines in novel 187ml "mini bottle" to the direct-to-consumer wine market. Adding wine to its gourmet meals, and a dessert offering available via a partnership earlier this year positions HBIS as one of the few firms in the space to offer wine and dessert along with its gourmet meals, thereby delivering a unique, high quality home meal experience.

Potential Path to NASDAQ

HBIS recently engaged Donohoe Advisory Associates LLC to explore the potential for up listing its shares to The Nasdaq Stock Market. In addition, the Company also engaged a multi-national New York-based investment bank to assist it with the up-listing process, should management elect to pursue this move. Clearly, a NASDAQ listing would raise the Company's profile and potentially increase liquidity and market value. Donohoe Advisory is widely considered the premier advisory firm and is led by former stock exchange officials. The commencement of this process in 2022 could lead to increased activity and a rise in market valuation. We believe management will be able to provide guidance in the coming months. Separately, the Company just announced it has hired the prestigious, multinational law firm Baker McKenzie. In our view, this engagement, subsequent to the Donohoe Advisory hire, reflects management's goal of building a top tier of corporate and securities counsel and provides confidence in the Company's leadership decision.

FINANCIALS

The Company recently published 3Q21 financial results which demonstrated an enviable 135% jump in overall sales from \$299,178 in 3Q20 to \$703,364 in 3Q21. Importantly, online meal orders rose by a whopping 501% for the quarter as compared with the corresponding period a year ago. This is the first full quarter of sales from the Model Meals acquisition, which closed in 2Q21 and is reflective of the broad demand for celebrity chef-inspired meals along with the lifestyle meals offered through Model Meals.

Following the release of the 3Q21 results, we have made some adjustments to the share count and expense items for the full year 2021 and 2022, while keeping our \$3.8M and \$11M in revenue projections unchanged for 2021 and 2022, respectfully. While operating expenses were modestly higher due to the Model Meals integration and higher sales and marketing expenses, the results of such expenses cannot be denied, as the 501% increase in online meal orders demonstrated. We plan to adjust our forecasts for 2022 following the release of Q4 and

FY21 results and will introduce 2023 financial projections as well. Given the seasonality, pending new celebrity chef product shipments and other factors, we anticipate increasing both our top-line projection and our current \$3.40 price target.

CONCLUSION

Given the major moves of late, we are convinced more than ever that HBIS is poised to disrupt the direct-to-consumer, ready-made meal delivery business. The core aspects of the HBIS model and approach are major differentiators in the fast-growing ready-made meal delivery industry. Operating in a highly fragmented market dominated by DIY meal kit companies and firms offering unexciting basic recipes, HBIS offer a diverse menu of more than 50 single or combo, high-end gourmet meals inspired and created by celebrity chefs, many of whom are household names. The Company is leveraging the chefs' diversity in cuisines and creations, along with lifestyle healthy meal brands such as Model Meals, which are available nationwide for the first time.

As evidenced by 3Q21 results, the model can scale rapidly by simply applying increasing dollars to an optimal advertising mix. We believe management's experience may aid in achieving this optimization. Going forward, we expect additional celebrity chefs and perhaps future targeted acquisitions to occur in 2022. The aforementioned recent events and upcoming milestones provide us with confidence that the stock is poised to reach our \$3.40 price target by 1Q22, which is the heart of the Company's busiest seasons.

At current levels, the shares trade at a substantial discount to the 9.1x price/sales multiple on 2022E sales, assigned industry leader **DoorDash (NASDAQ – DASH)**---a gap we believe will narrow in the coming months. Conversely, HBIS trades less than 2.1x our 2022E sales forecast. Even at the \$3.40 level, which represents a 273% jump from its recent close, HBIS would trade at a price/sales multiple of 7.8x, a meaningful discount to DASH which is not enjoying similar top-line growth rates.

Clearly, HBIS trades at a favorable entry point for opportunistic investors and offers considerable share price appreciation potential.





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*.

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