



FEATURED OPTIONS RADAR REPORT



Unusual Call Buying in Rosetta Stone on Digital Learning Opportunity

Ticker/Price: RST (\$17.5)

Analysis:

Rosetta Stone (RST) early unusual call buying with 1000 September \$17.50 and 2000 of the \$20 calls. **RST** also 2000 September \$15 ITM calls open \$3 to \$4 and call volume running over 200X daily average in the opening hour. RST has trended down since May 2019 highs and putting in a strong weekly candle this week, clearing out of a nice range. The \$385M Company provides technology-based learning products, a hot area currently, and operates via Literacy, E&E Language, and Consumer Language segments. RST trades 2X EV/Sales and currently not profitable. On 6/23 it announced free mass upgrades for customers. RST sees operating margins expanding as K-12 investments scale. RST products have shown strong success in digital learning and could see increased demand from school closures. In saw strong retention rates in Q1 and a COVID surge in sign-ups, bookings growing 20%. Analysts have an average target of \$21.40 and short interest low at 2.4% of the float. Barrington raised its target to \$22 in May on management optimism. Hedge Fund ownership fell 2% in Q1 filings.

Hawk Vision:



Hawk's Perspective: RST already rising 10% from early alerts of activity and looks to be a new name in focus for the digital learning opportunity, likely to be a big theme moving forward.

Confidence Ranking: \$\$