



FEATURED OPTIONS RADAR REPORT



Large Bull Trade Sees Agora Reward/Risk Back to Favorable

Ticker/Price: API (\$59.80)

Analysis:

Agora (API) with an interesting spread on 4/23 that sold 2500 December \$40 puts to open for \$5.10 and bought 780 of the December \$60 calls for 16.20, structuring it to be done for a small net credit. API does not have any other significant trades in open interest. API shares surged in January and early February and then gave it all back but shares are forming a nice weekly base that started to work out of the range last week and back above key weekly moving averages, also importantly the base occurred at its lifetime VWAP level from the IPO which is currently near last week's low of \$52. API pioneered Real-Time Engagement Platform-as-a-Service, or RTE-PaaS, and is the global leader by market share in this rapidly growing industry. The platform provides developers simple-to-use, highly customizable and widely compatible application programming interfaces, or APIs, to embed real-time video and voice functionalities into their applications without the need to develop the technology or build the underlying infrastructure themselves. The key components of its platform are SDK and the SD-RTN, which are the foundation of the products it offer developers such as Real-Time Video, Real-Time Voice, Real-Time Messaging and Real-Time Recording, among others. RTE products address the fastest growing, video portion of the CPaaS market, and voice and messaging stand to benefit from the adoption of RTE solutions as well. API currently has a market cap of \$6.7B and trades 34.7X FY21 EV/Sales and 23.6X FY22 with revenues seen rising 35.9% in 2021 and 47% in 2022 after a 107% jump in 2020. API is seeing more emerging use cases and has impressive 179% dollar-based net expansion rates. API is seeing a lot of interest in audio live-cast with Clubhouse a key customer. API has been expanding away from China with non-China revenues approaching 30%. Analysts have an average target of \$72 on shares with short interest rising to 7.4% of the float. Macquarie started shares Outperform with an \$80 target on 3/23 noting Agora is an industry-leader in the rapidly growing demand for in-app real-time communications with ample growth drivers.

Hawk Vision:



Hawk's Perspective: API is a premium-valuation name but also rapid growth and a lot of potential so the recent \$52 support a nice trade-against level though prefer to see some more flows in the name.

Confidence Ranking: \$\$