



FEATURED OPTIONS RADAR REPORT



Bulls Target Small-Cap Casper Sleep Ahead of Range Breakout

Ticker/Price: CSPR (\$10.50)

Analysis:

Casper Sleep (CSPR) with over 6800 December \$12.50 calls bought this morning for \$1.55 to \$1.60, shares near a wide weekly range breakout. CSPR has 3,000 September \$10 calls in open interest from buyers in mid-May. Shares have traded in a range over the last 12 months and nearing a breakout above \$11 which has a measured move to \$16. The \$420M company trades 0.8X sales, and 6.8X cash. CSPR is guiding to 16% revenue growth in FY22 and FY23.

CSPR is coming off of a strong quarter and expects to reach EBITDA profitability in the 2H of 2021 as they have successfully managed supply chain issues. They continue to execute well on their growth strategy which includes expanding product reach and scale. CSPR is seeing strong growth through their partnerships with names like Target, Amazon, and Costco while trial partners like Nordstrom, Macy's and others can expand this year. They see a major catalyst for the next 1-2 years from expansion within this channel, an area where they grew 55% in 2020 and the largest TAM within the industry. They believe they can get to 'thousands of trial doors' which will expand their geographic footprint. CSPR was at the UBS Consumer conference in March also highlight owned/operated storefront opportunities as they have 69 stores and believe they can expand to 'hundreds' of locations over time. Analysts have an average target for shares of \$10 with a Street High \$14. Wedbush upgraded shares to Outperform in late April citing valuation and a clear and balanced path forward between revenue growth and profitability. Short interest is 4.15%. Hedge fund ownership rose 12.7% in Q1. Insiders active in late 2020 around \$9.60 with the CEO, CPO, and CSO all buying shares.

Hawk Vision:



Hawk's Perspective: CSPR is a small-cap we've talked about before and continue to like their long-term potential within a big market opportunity and expect to see more partner announcements in the 2H of 2021; shares are putting in a bit of a short-term top today but attractive risk/reward if we see the 8- and 21-MA hold near the recent base

Confidence Ranking: \$\$