

SPOTLIGHT OPTION TRADE



Calendar Spreads to Position for Upside Breakout in Videogame Play

TRADE SNAPSHOT

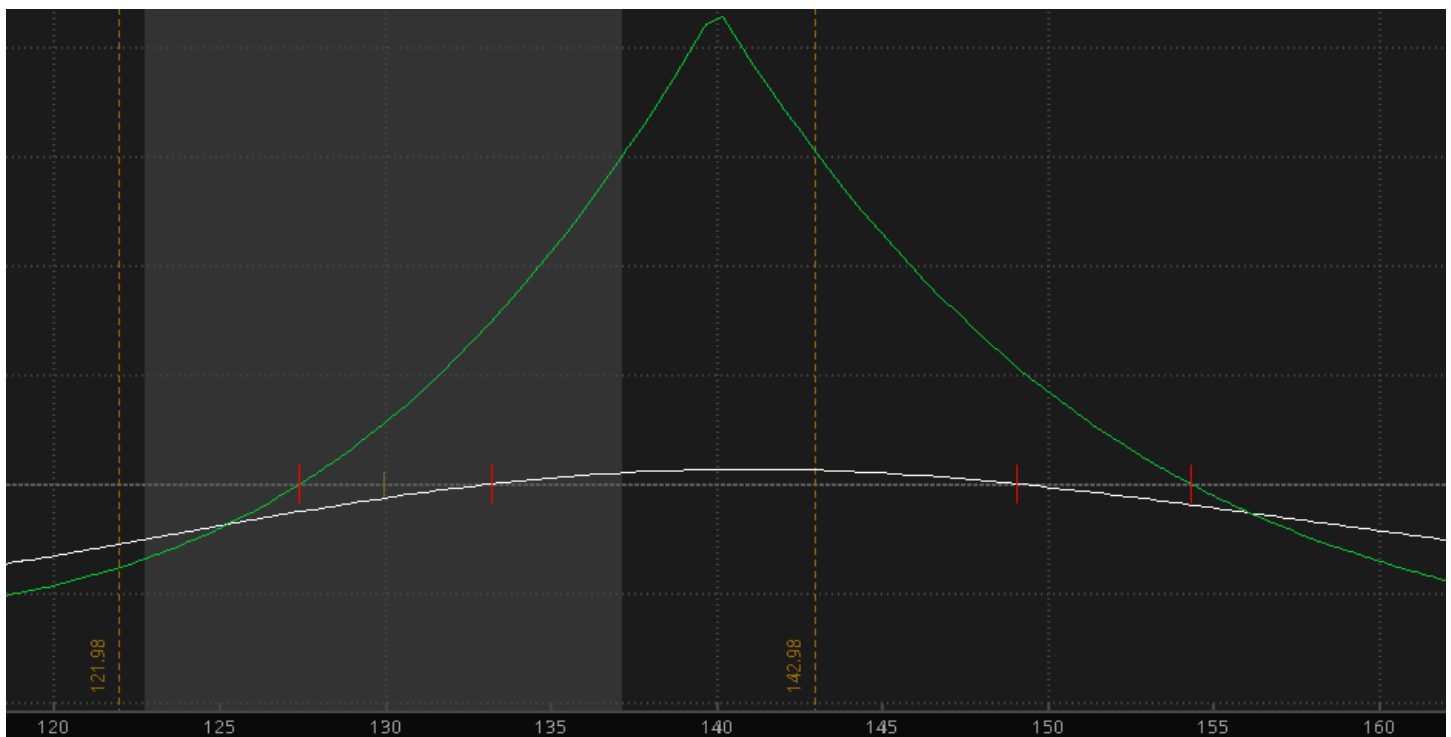
TICKER	EA
SECURITY	Electronic Arts
SECTOR	Consumer – Media - Videogames
CURRENT PRICE	\$130
LONG/SHORT	Long
TARGET	\$140
STOP	\$122
TIMEFRAME	2 Months

Trading Strategy: Long the EA February/March \$140 Calendar Call Spreads at \$1.30 Debit or Better

Net Debit/Credit: Debit \$1.30

Profitability Zone: EA in \$133-\$148 zone

Options Volatility / Trade Simulator View:





Technical Analysis: EA shares forming a long ascending triangle in a choppy range since a strong move in Q2 2020 mostly defined within \$120/\$145. EA has major breakout potential above \$145 but likely takes some time to develop and like positioning via calendar spreads.



Fundamental Analysis: EA is a leading videogame maker with top brands such as Battlefield, The Sims, Apex Legends, Need for Speed, FIFA, Madden NFL and Star Wars. EA acquired Glu Mobile in April 2021 and Codemasters in February 2021 to grow its presence in mobile and racing titles. The company continues to see a big opportunity for the title in esports. EA currently has a market cap of \$38.8B and trades 18.3X Earnings, 6X Sales and 34.6X FCF with a 0.5% yield and estimates for revenues to rise 35% this year with 23% EBITDA growth. EA is coming off another stellar quarter for Apex Legends and released Battlefield 2042 in Q4 as a key title that should drive near-term sentiment. Analysts have an average target of \$175 with short interest at 1.6% of the float. Atlantic raised to Overweight this week with a \$160 target. Deutsche Bank on 1/10 called EA a top name for 2022 with a \$175 target with strong organic growth over the next few years.

Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vo	Prob. ITM	Premium Paid	Symbol	Current Price	Current OI	Price Change
1/26/2022	EA 100 18 FEB 22 130 PUT	1,450	529	\$5.70	-0.48	43.97%	52.37%	\$826,500	.EA220218P130			
1/26/2022	EA 100 18 FEB 22 130 CALL	1,255	432	\$5.93	0.52	44.44%	47.61%	\$744,215	.EA220218C130			
1/26/2022	EA 100 18 MAR 22 140 CALL	1,509	805	\$3.80	0.34	35.40%	29.33%	\$573,420	.EA220318C140			
1/21/2022	EA 100 17 JUN 22 105 PUT	1,295	107	\$2.16	-0.11	41.29%	17.01%	\$301,735	.EA220617P105	\$3.32	1,370	-53.70%
1/20/2022	EA 100 17 JUN 22 150 CALL	1,894	470	\$7.45	0.4	32.49%	32.71%	\$1,420,500	.EA220617C150	\$4.85	2,602	-34.90%
1/20/2022	EA 100 17 JUN 22 125 PUT	1,556	266	\$5.50	-0.26	34.23%	34.00%	\$871,360	.EA220617P125	\$8.55	2,131	-55.45%
1/20/2022	EA 100 18 FEB 22 145 CALL	1,712	202	\$4.25	0.4	39.33%	35.98%	\$736,160	.EA220218C145	\$1.52	1,614	-64.24%
1/7/2022	EA 100 18 FEB 22 130 CALL	405	64	\$6.25	0.52	34.25%	47.87%	\$251,100	.EA220218C130	\$6.75	432	8.00%
11/16/2021	EA 100 17 JUN 22 145 PUT	1,000	22	\$15.20	-0.51	30.13%	59.77%	\$1,520,000	.EA220617P145	\$14.07	1,021	7.43%
10/28/2021	EA 100 18 MAR 22 105 PUT	2,500	1,007	\$1.55	-0.09	38.52%	13.96%	\$430,000	.EA220318P105	\$1.37	3,667	11.61%
10/21/2021	EA 100 17 JUN 22 140 PUT	398	0	\$13.75	-0.46	29.07%	55.39%	\$547,250	.EA220617P140	\$16.50	711	20.00%
10/20/2021	EA 100 17 JUN 22 140 CALL	1,771	9	\$13.10	0.53	30.41%	43.56%	\$2,320,010	.EA220617C140	\$7.85	2,686	-40.08%
10/5/2021	EA 100 19 JAN 24 135 PUT	250	0	\$20.90	-0.36	29.94%	54.22%	\$522,500	.EA240119P135	\$22.60	252	-8.13%
10/4/2021	EA 100 20 JAN 23 115 PUT	800	64	\$8.70	-0.229	34.57%	36.50%	\$696,000	.EA230120P115	\$7.50	691	-13.79%
9/17/2021	EA 100 20 JAN 23 135 PUT	339	189	\$18.70	-0.45	28.86%	58.81%	\$652,575	.EA230120P135	\$15.95	560	14.71%
8/17/2021	EA 100 20 JAN 23 120 PUT	1,251	493	\$9.30	-0.26	29.14%	38.67%	\$1,200,960	.EA230120P120	\$9.65	2,107	-3.76%
8/11/2021	EA 100 18 MAR 22 130 PUT	2,000	2	\$8.30	-0.356	28.42%	44.07%	\$1,660,000	.EA220318P130	\$6.60	2,037	20.48%

Potential Catalysts: Earnings 2-1-22

Disclaimer:

Not Investment Advice or Recommendation

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