



FEATURED OPTIONS RADAR REPORT



Bull Sees Further Upside in Relative Strength Name Funko

Ticker/Price: FNKO (\$23)

Analysis:

Funko (FNKO) with 4,500 June \$22.50 calls bought today around \$2.50 as the March calls adjust out. FNKO has a lot of May bullish open interest in the \$20 and \$25 strike as well while the August \$17.50 calls were bought 2000X in late March and remain in OI. Shares have been in one of the strongest trends recently with the 8-week MA supportive over the last month and setting up for a range breakout above \$25 that measures to \$30+. The \$965M company trades 18.5X earnings, 1.5X sales, and 10.7X FCF. FNKO sees 40% revenue growth in FY21 and 8-10% growth in FY22 after being down 5% in 2020. They also project earnings power of \$1.25/share in FY22, up from \$0.20 in FY20. FNKO specializes in licensed pop culture products like miniature action figures and apparel with a focus on specialty retailers and a growing ecommerce/DTC channel. FNKO had a rough year in 2020 with brick-and-mortar shut down and most major theatrical releases delayed due to COVID but they should see significant interest into the 2H as we get more film and television projects back into production and regular release. In 2020, they were able to leverage 'nostalgic' products but new content slate has historically been a major source of growth for them and they plan to expand into areas like Pop albums, comic books, and new figures. FNKO has gained a lot of attention lately with their entrance into NFTs with the strategic acquisition of a stake in TokenWave which will accelerate their entry into digital collectibles. NFTs could contribute as much as mid-single digit revenue growth in 2021 and accelerate in 2022. Analysts have an average target for shares of \$21.50 and Street High \$31 from DA Davidson who upgraded shares to Buy last week. The firm thinks there's upside for the year coming from DTC and a faster-than-expected recovery in Europe and comps will look better against a COVID trough for the remainder of the year. Short interest is 9.25% and down from around 20%+ in early 2020. Hedge fund ownership rose 7% in Q4, Prospect Capital and Point72 notable buyers. FNKO will be at the Piper Consumer conference in early June.

Hawk Vision:



Hawk's Perspective: FNKO has obviously become a momentum play around NFTs but the weekly chart looks great and above \$24.50 can make a strong move higher

Confidence Ranking: \$\$