

SPOTLIGHT OPTION TRADE



Failed Recovery in High Flying Growth Stock with Little Path to Profitability

TRADE SNAPSHOT

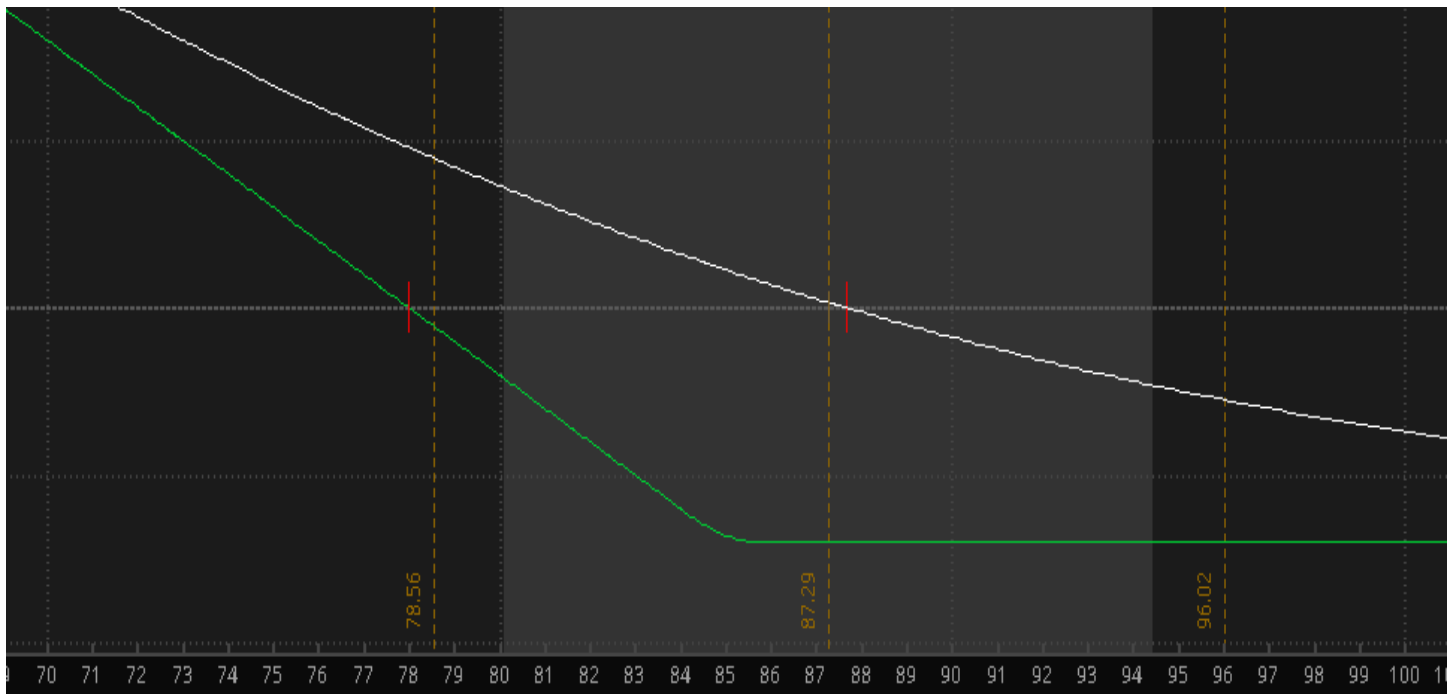
TICKER	LMND
SECURITY	Lemonade
SECTOR	FinTech - Insurance
CURRENT PRICE	\$87.30
LONG/SHORT	Short
TARGET	\$70
STOP	\$100
TIMEFRAME	1 Month

Trading Strategy: Long the LMND August \$85 Puts at \$7 or Better

Net Debit/Credit: Debit \$7

Profitability Zone: LMND Below \$78 on August OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: LMND is oversold and could see a weak bounce but busted through its 55-day moving average and also now below VWAP off its lows. Shares rallied May/June and failed right at VWAP off the highs and now rolling over and about to move under a key volume node into a pocket back to \$70.



Fundamental Analysis: Lemonade is an insurance company positioned as an insurtech disruptor. The company sells renters' insurance and is starting to expand its footprint into homeowners', pet and term life policies. Its business is currently aimed at Millennial renters. LMND is leveraging online acquisition and service, artificial intelligence, and data to grow the market, gain share, and, over time, drive profitability. LMND has a market cap of \$5.3B and trades 57X sales while unlikely to be earnings positive until at least 2026. LMND also faces a lot of emerging players in insurtech as competition. Analysts have an average target of \$80 and short interest has surged to 29.5% of the float. Barclays cut its target to \$71 in May noting the market cap is hard to justify particularly as profitless disruption stories sentiment has weakened. CSFB started Underperform with a \$56 target in April.

Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vol	Prob ITN	Premium Paid	Symbol	Current Price	Current OI
7/7/2021	LMND 100 17 SEP 21 95 PUT	1,148	1,897	\$9.89	-0.36	72.84%	48.68%	\$1,170,960	.LMND210917P95	\$13.11	2837
6/23/2021	LMND 100 20 AUG 21 105 PUT	1,012	15	\$12.30	-0.424	76.21%	54.60%	\$1,244,760	.LMND210820P105	\$16.70	972
6/23/2021	LMND 100 20 AUG 21 105 CALL	991	64	\$13.25	0.574	73.71%	45.64%	\$1,313,075	.LMND210820C105	\$4.35	942
6/23/2021	LMND 100 16 JUL 21 125 CALL	1,726	236	\$2.35	0.228	69.09%	17.83%	\$405,610	.LMND210716C125	\$0.03	1848
6/23/2021	LMND 100 16 JUL 21 115 CALL	1,755	1,222	\$4.60	0.387	67.23%	32.33%	\$807,300	.LMND210716C115	\$0.05	3132
6/23/2021	LMND 100 (Weeklys) 30 JUL 21 130 CALL	1,605	12	\$3.00	0.245	71.84%	17.83%	\$481,500	.LMND210730C130	\$0.49	1473
6/18/2021	LMND 100 20 JAN 23 250 CALL	232	184	\$9.60	0.26	66.21%	6.75%	\$227,360	.LMND230120C250	\$7.70	934
6/17/2021	LMND 100 20 JAN 23 250 CALL	208	33	\$9.26	0.25	66.20%	6.38%	\$193,440	.LMND230120C250	\$7.70	934
6/10/2021	LMND 100 16 JUL 21 115 CALL	1,071	315	\$4.46	0.33	70.88%	25.19%	\$477,666	.LMND210716C115	\$0.05	3132
6/9/2021	LMND 100 17 JUN 22 105 PUT	200	142	\$30.80	-0.34	75.00%	64.09%	\$618,000	.LMND220617P105	\$26.20	343
6/8/2021	LMND 100 16 JUL 21 100 PUT	541	137	\$8.00	-0.38	76.04%	48.23%	\$449,030	.LMND210716P100	\$9.00	1037
5/28/2021	LMND 100 17 DEC 21 80 PUT	1,358	817	\$14.02	-0.307	74.41%	52.26%	\$1,903,916	.LMND211217P80	\$9.21	1908
5/18/2021	LMND 100 17 DEC 21 70 PUT	400	197	\$14.80	-0.36	73.30%	58.00%	\$580,000	.LMND211217P70	\$6.43	590
5/10/2021	LMND 100 17 SEP 21 60 PUT	407	171	\$5.80	-0.27	68.90%	41.93%	\$252,340	.LMND210917P60	\$1.20	805
5/5/2021	LMND 100 17 JUN 22 85 CALL	220	18	\$20.60	0.6	62.84%	34.14%	\$453,200	.LMND220617C85	\$38.00	220
4/23/2021	LMND 100 17 SEP 21 120 CALL	510	273	\$8.53	0.365	68.50%	21.77%	\$435,030	.LMND210917C120	\$3.77	389
4/1/2021	LMND 100 21 JAN 22 165 CALL	270	30	\$10.34	0.32	76.48%	12.32%	\$286,200	.LMND220121C165	\$6.23	291
3/19/2021	LMND 100 17 SEP 21 90 PUT	1,621	66	\$20.10	-0.33	90.37%	58.12%	\$3,387,890	.LMND210917P90	\$10.41	2151
3/19/2021	LMND 100 17 SEP 21 120 PUT	1,621	224	\$39.20	-0.5	88.89%	74.38%	\$6,694,730	.LMND210917P120	\$29.96	1702
3/15/2021	LMND 100 17 SEP 21 85 PUT	709	55	\$13.30	-0.23	85.82%	44.97%	\$942,970	.LMND210917P85	\$7.70	1453
3/11/2021	LMND 100 17 SEP 21 95 PUT	1,534	33	\$19.10	-0.3	83.63%	53.89%	\$2,929,940	.LMND210917P95	\$13.11	2837
3/11/2021	LMND 100 17 SEP 21 75 PUT	812	266	\$10.00	-0.19	85.34%	39.64%	\$812,000	.LMND210917P75	\$4.30	1382
3/11/2021	LMND 100 17 SEP 21 100 CALL	1,322	68	\$29.06	0.67	85.45%	42.40%	\$3,841,732	.LMND210917C100	\$8.03	2775

Potential Catalysts: Earnings Mid-August

Disclaimer:

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation. The Author may or may not take positions in any of the names mentioned, and is not obligated to disclose positions, nor position sizes.

Content is for informational and educational purposes only, and is not to be construed as specific investment advice or recommendations. You alone will need to evaluate the merits and risks associated with the use of this content. Decisions based on information provided are your sole responsibility, and before making any decision on the basis of this information, you should consider (with or without the assistance of a financial and/or securities adviser) whether the information is appropriate in light of your particular investment needs, objectives and financial circumstances. Investors should seek qualified professional financial advice regarding the suitability of investing in any securities or following any investment strategies.

No reference to any specific security constitutes a recommendation to buy, sell or hold that security or any other security. Nothing constitutes investment advice or offers any opinion with respect to the suitability of any security, and the views expressed on this website should not be taken as advice to buy, sell or hold any security. In preparing the information contained in this website, OptionsHawk has not taken into account the investment needs, objectives and financial circumstances of any particular investor. This information does not consider the specific investment objectives, financial situation and particular needs of any specific recipient of this information and investments discussed may not be suitable for all investors

For example, and, as always, be aware that market timing and conditions may materially affect trades of this nature: The above is an example of a trade idea, but you must be aware of the risks of trading. As we have disclosed, we are not licensed, and we are not giving specific securities advice for your portfolio. We are merely providing examples and education of strategies. We always advise people to get professional advice, and we are not recommending any particular trade or security, or soliciting any trade or security.