



## FEATURED OPTIONS RADAR REPORT



### Significant Calls Accumulate in Digitized Payments Servicer

**Ticker/Price:** MQ (\$11.25)

**Marqeta (MQ)** has seen 19,000 April \$12.50 calls accumulate, 16,750 May \$12.50 calls accumulate, and 6000 September \$12.50 calls remain in open interest from buyers. MQ has a great multi-week bottoming pattern forming in a high value zone with RSI/Accumulation showing strength and above \$12 measures to \$15.50 while VWAP from the highs in October is near \$16.50. Marqeta is a modern card issuing business, enabling its clients to establish card programs with easy to use APIs for card management, case management, fraud monitoring, and other tools. Marqeta provides virtual, physical, and tokenized card products (credit, debit, and prepaid) and manages card fulfillment for its customers, to enable them to launch unique card programs that are tailored to their needs. Marqeta also provides virtual card services for *buy now pay later* (BNPL) players like Klarna, Affirm, and Afterpay, which require cards to be issued to process payments to merchants for installment payments. Marqeta currently has concentrated exposure to several marquee clients, like Square (Cash App and Seller), as well as Instacart, Doordash, Klarna, Affirm, Uber Eats, and Coinbase, among others. The digitization of global payments results in a large TAM, which should provide Marqeta with a long runway for growth as software/fintech companies increasingly leverage card programs to monetize users and as the company gains share from legacy providers that currently serve most traditional financial institutions. MQ announced a new partnership with Citi earlier this month on a global mobile wallet offering. MQ currently has a market cap of \$6.7B and trades 6.2X EV/Sales with revenues seen rising 37% in 2022 and 32% in 2023 though profitability remains far into the future. Analysts have an average target of \$16 with short interest at 7.2% of the float. Truist lowered its target to \$20 on 3/10 expecting floor valuations with its durable organic growth. KBW and Loop are both concerned with tough comps for its BNPL clients near-term. Mizuho noted a key overhand is the expiring Block (SQ) contract in 2024 so preemptively extending it could be a major catalyst.

### Hawk Vision:



**Hawk's Perspective:** MQ has a very attractive set-up for a breakout play and the May \$12.50 calls are cheap near \$1 to play for a move to at least \$15.

**Confidence Ranking:** \$\$