



FEATURED OPTIONS RADAR REPORT



Sharp Sell-Off Brings in Massive Call Buy in Small Cap Software Stock

Ticker/Price: PAR (\$56)

Analysis:

PAR Technology (PAR) rarely sees options activity but on 9/14 into weakness saw 4500 January \$55 calls open \$8.20 to \$8.90. PAR shares fell 18% after announcing a common stock and convertible senior notes offering. PAR shares had been struggling at trend and volume resistance near \$70 and now pushed outside the lower weekly Bollinger Band while a 50% retracement of its rally since March 2020 is at \$50.15 and VWAP from those March 2020 lows is at \$48.75. PAR is at the lower edge of a potential large weekly wedge pattern forming. PAR is a leading provider of POS software, systems, and services to the restaurant and retail industries. It provides a fully integrated cloud solution, with Brink POS cloud software and point-of-sale hardware platforms for the front-of-house, leading back-office cloud software - Data Central - for the back-of-house, and wireless headsets for drive-thru order taking. PAR has developed and nurtured long-term relationships with several of the largest brands in the Restaurant/Retail segment, including McDonald's Corporation, Yum! Brands, Inc., Dairy Queen, Arby's, and the Hardee's and Carl's Jr. units of CKE Restaurants. PAR has traditionally competed with offering from Oracle (ORCL) and NCR (NCR) though Toast is expected to come public soon at an \$18B valuation, a restaurant software company. PAR is confident in its competitive positioning and industry dynamics and sees Toast unable to scale. PAR also noted that Lightspeed (LSPD) also cannot cross-sell through deep networks that PAR has and sees the current market valuations backwards. There are 1 million restaurants United States, 7.5 million globally that use point-of-sale systems, an enormous TAM. PAR currently has a market cap of \$1.76B and trades 6X EV/Sales with revenues expected to rise 27% in 2021 and 20.5% in 2022. PAR did a key strategic deal in April for Punchh at \$500M, a market-leading customer engagement platform that provides cutting-edge software applications, including loyalty, promotional campaigns and marketing artificial intelligence for restaurants in the retail industry. Analysts have an average target of \$105 and short interest is high at 13% of the float. Jefferies out in June with a note calling PAR's transformation to a restaurant tech platform from a point of sale software vendor as underappreciated expecting \$160M ARR by 2023 and has a \$90 target on shares. BTIG raised its target to \$110 in April after the Punchh deal seeing the platform being more robust of an offering now. Hedge Fund ownership fell 14% last quarter.

Hawk Vision:



Hawk's Perspective: PAR saw what looks to be a major over-reaction to the share offering and want to see it hold these lows a few days. It is an attractive value at 6X Sales with 20% growth.

Confidence Ranking: \$\$