

SPOTLIGHT OPTION TRADE



Spotify Basing with Expanding Growth Opportunities

TRADE SNAPSHOT

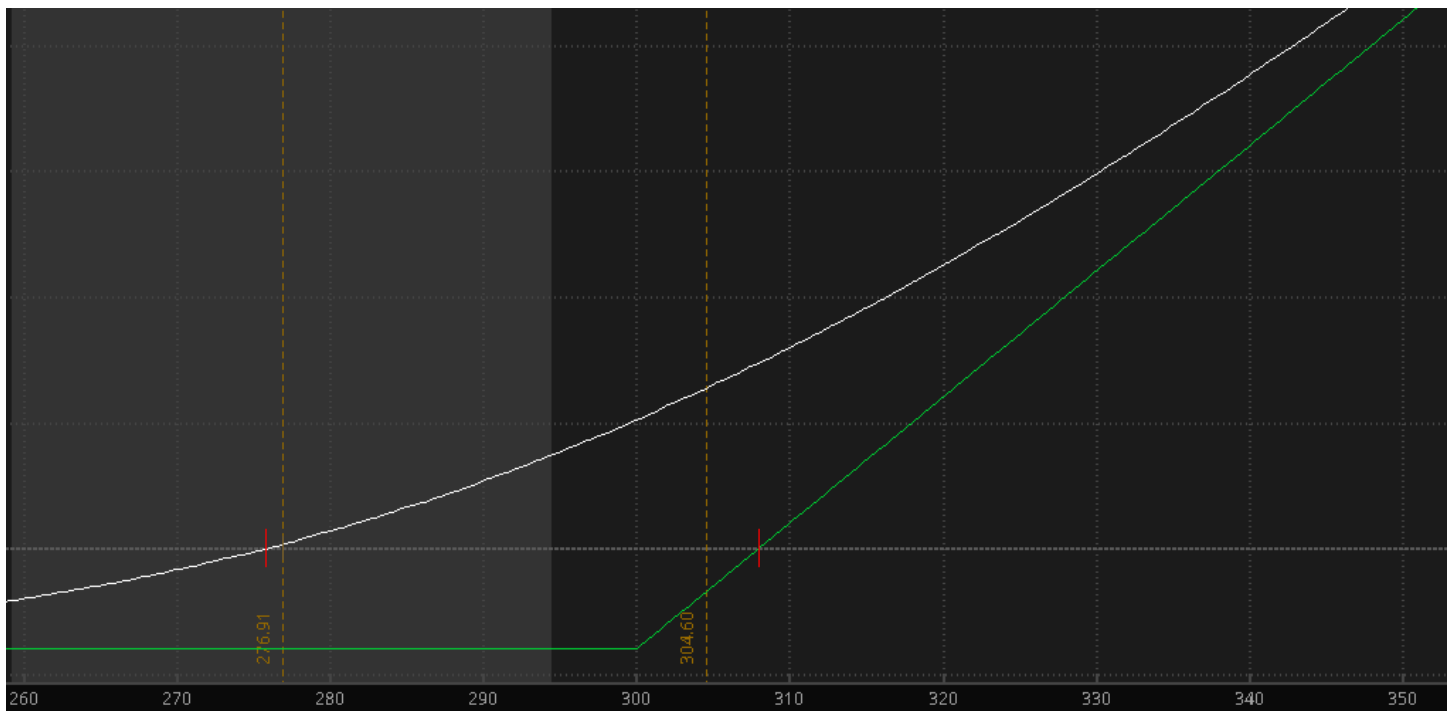
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|---------------|---------------------------------------|
| TICKER | SPOT |
| SECURITY | Spotify Technology |
| SECTOR | Consumer Services – Media – Streaming |
| CURRENT PRICE | \$276.90 |
| LONG/SHORT | Long |
| TARGET | \$320 |
| STOP | \$263 |
| TIMEFRAME | 6 Weeks |

Trading Strategy: Long the SPOT May \$300 Calls at \$8 or Better

Net Debit/Credit: Debit of \$8

Profitability Zone: SPOT Shares Above \$308 on May OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: SPOT shares are forming a bottoming pattern above VWAP from the March 2020 lows and just below the 200-day and 21-week moving averages with MACD starting to curl higher. A potential weekly channel developing that can start a move to a higher high over time.



Fundamental Analysis: The \$53B streaming music leader is trading 3.8X FY22 EV/Sales with revenues seen growing 24.6% in 2021 and 19% in 2022 while EBITDA seen turning positive in 2022 and then ramping as operating leverage kicks in. SPOT saw acceleration in user growth for both premium and ad-supported platforms in Q4 and planning incremental price hikes in 2021 for an HQ version. SPOT continues to expand into new markets and also with new products, recently acquiring Locker Room for a new live audio experience. SPOT has a lot of opportunities to push into new areas with upside potential from Podcasts, Advertising, Live Events and even Commerce. Analysts have an average target of \$325 and short interest is low at 3.7% of the float. Goldman was out on 2/22 after the “Stream On” event raising its target to \$450 from \$360 revising estimates higher and sees SPOT well-positioned to benefit from the growing online audio category given its scale, expanding distribution ecosystem, content and technology. It sees value despite uncertainty associated with growing competition, investment costs, and gross margin dynamics remaining an issue for investors. BAML out positive on 4/6 seeing SPOT attractive into Q1 results raising its revenue and margin forecasts. Hedge Fund ownership jumped 5% in Q4 filings.

Options Activity:

| Date | Description | Volume | Open Int | Price | Delta | Impl Vo | Prob ITN | Premium Paid | Symbol | Current Price | Current OI | Price Change | OI Differential |
|-----------|-----------------------------|--------|----------|----------|--------|---------|----------|--------------|-----------------|---------------|------------|--------------|-----------------|
| 4/1/2021 | SPOT 100 15 OCT 21 220 PUT | 909 | 169 | \$13.20 | -0.21 | 45.25% | 31.27% | \$1,199,880 | .SPOT211015P220 | \$9.70 | 895 | -26.52% | -16.98% |
| 3/30/2021 | SPOT 100 21 MAY 21 210 PUT | 2,005 | 2,358 | \$4.30 | -0.15 | 53.51% | 20.54% | \$982,450 | .SPOT210521P210 | \$1.16 | 4312 | -73.02% | -1.17% |
| 3/26/2021 | SPOT 100 20 JAN 23 240 PUT | 400 | 41 | \$46.50 | -0.33 | 43.00% | 56.00% | \$1,860,000 | .SPOT230120P240 | \$50.70 | 442 | 9.03% | .23% |
| 3/25/2021 | SPOT 100 21 MAY 21 240 PUT | 403 | 25 | \$12.90 | -0.36 | 50.21% | 43.46% | \$519,870 | .SPOT210521P240 | \$4.32 | 682 | -66.51% | 59.35% |
| 3/25/2021 | SPOT 100 21 MAY 21 210 PUT | 2,021 | 317 | \$4.40 | -0.15 | 54.61% | 20.62% | \$1,091,340 | .SPOT210521P210 | \$1.16 | 4312 | -73.64% | 84.43% |
| 3/25/2021 | SPOT 100 16 JUL 21 250 PUT | 433 | 317 | \$23.29 | -0.42 | 46.74% | 52.33% | \$1,069,510 | .SPOT210716P250 | \$12.60 | 627 | -45.90% | -16.40% |
| 3/19/2021 | SPOT 100 20 JAN 23 260 PUT | 200 | 6 | \$63.00 | -0.34 | 49.07% | 60.43% | \$1,326,000 | .SPOT230120P260 | \$63.00 | 206 | 0.00% | .00% |
| 3/16/2021 | SPOT 100 20 JAN 23 280 PUT | 300 | 155 | \$69.50 | -0.35 | 49.40% | 62.21% | \$2,085,000 | .SPOT230120P280 | \$63.33 | 508 | -8.88% | 11.65% |
| 3/15/2021 | SPOT 100 21 JAN 22 360 PUT | 1,000 | 12 | \$104.30 | -0.61 | 47.66% | 77.22% | \$10,430,000 | .SPOT220121P360 | \$97.90 | 1016 | -6.14% | .40% |
| 3/15/2021 | SPOT 100 21 JAN 22 250 PUT | 1,077 | 471 | \$35.30 | -0.3 | 51.92% | 48.57% | \$4,049,520 | .SPOT220121P250 | \$26.70 | 1540 | -24.36% | -.52% |
| 3/11/2021 | SPOT 100 16 JUL 21 220 PUT | 405 | 71 | \$12.00 | -0.2 | 56.06% | 30.20% | \$522,450 | .SPOT210716P220 | \$5.10 | 644 | -57.50% | 35.29% |
| 3/9/2021 | SPOT 100 17 SEP 21 270 CALL | 225 | 72 | \$44.67 | 0.59 | 54.10% | 43.03% | \$1,005,075 | .SPOT210917C270 | \$40.28 | 230 | -9.83% | -22.56% |
| 3/4/2021 | SPOT 100 21 JAN 22 280 PUT | 208 | 110 | \$51.10 | -0.38 | 53.59% | 58.59% | \$1,062,880 | .SPOT220121P280 | \$41.10 | 374 | -19.57% | 17.61% |
| 3/3/2021 | SPOT 100 20 JAN 23 300 PUT | 300 | 162 | \$78.70 | -0.36 | 51.17% | 63.68% | \$2,361,000 | .SPOT230120P300 | \$84.04 | 457 | 6.79% | -1.08% |
| 2/25/2021 | SPOT 100 16 APR 21 310 PUT | 835 | 276 | \$18.90 | -0.39 | 53.49% | 46.56% | \$1,578,150 | .SPOT210416P310 | \$33.95 | 630 | 79.63% | -43.29% |
| 2/23/2021 | SPOT 100 21 JAN 22 410 CALL | 400 | 53 | \$42.00 | 0.43 | 53.82% | 24.11% | \$1,680,000 | .SPOT220121C410 | \$9.51 | 443 | -77.36% | -2.21% |
| 2/23/2021 | SPOT 100 20 JAN 23 320 PUT | 250 | 17 | \$80.90 | -0.34 | 50.06% | 61.73% | \$2,022,500 | .SPOT230120P320 | \$100.50 | 368 | 24.23% | 37.83% |
| 2/8/2021 | SPOT 100 20 JAN 23 290 PUT | 200 | 4 | \$64.00 | -0.3 | 48.36% | 56.81% | \$1,280,000 | .SPOT230120P290 | \$77.53 | 217 | 21.14% | 6.37% |
| 1/29/2021 | SPOT 100 16 APR 21 300 PUT | 857 | 421 | \$25.27 | -0.376 | 59.34% | 48.37% | \$2,165,639 | .SPOT210416P300 | \$25.00 | 1188 | -1.07% | -7.04% |
| 1/26/2021 | SPOT 100 16 JUL 21 260 PUT | 200 | 79 | \$15.20 | -0.19 | 53.89% | 29.98% | \$304,000 | .SPOT210716P260 | \$16.80 | 419 | 10.53% | 50.18% |

Potential Catalysts: Earnings 4/28

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.

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