

Friday, July 23, 2021

## VALUATION

<b>Current Price</b>	<b>\$1.49</b>
52 Week Range	\$0.30 – 1.91
Market Cap (\$-Mn)	95
Ent. Value (\$-Mn)	97
Shares Out. (Mn)	64
Short Int (% Flt)	0%
Daily Vol	67K
P/Book	NM
EV/ Sales	NM
EV/EBITDA	NM
P/E (CY20)	NM

## FUNDAMENTALS

Sales (CY20)	\$0
EBITDA (CY20)	(\$10.0M)
FCF (CY20)	(\$4.8M)
Insider Owner	13%
Inst. Owners	10%
Retail Owners	77%
ROIC	NM
Net Debt (\$-Mn)	\$2

## RELATIVE PERFORMANCE



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## ParkerVision, Inc. (PRKR)

## Markman Order in Intel Case Bolsters Infringement Claim

## Strong Markman Record = High Win Probability for PRKR

## Key Takeaways:

- Markman ruling in case against INTC continues momentum that has been building for ParkerVision.
  - The ruling builds on PRKR's strong track record at Markman hearings (89% success rate) and validates our thesis that the company has a high probability of winning the IP infringement cases that it is currently pursuing against multiple defendants.
  - The ruling will encourage other defendants to consider settling with PRKR – as Buffalo did recently – to avoid escalating legal bills which increase significantly as pre-trial steps take place.
  - PRKR stock is trading at \$1.49/share vs. our probability adjusted SOTP estimate of \$11.35/share.
  - Next Markman Hearing in other ParkerVision cases scheduled for October.
- **Markman Hearings – a quick primer.** A Markman hearing is a pretrial hearing in a U.S. District Court during which a judge examines evidence from all parties on the appropriate meanings of relevant key words used in a patent claim, when patent infringement is alleged by a plaintiff. It is also known as a "Claim Construction Hearing". These hearings are important because the court determines patent infringement cases by the interpretation of claims. The Claims Construction process allows both parties to weigh in with their proposed definitions of the terms that will be adjudicated at trial. Patent holders try to persuade the court to accept their definitions to boost their chances of success. Defendants, on the other hand, typically attempt to have terms construed to invalidate the patents or undermine the plaintiff's argument that there has been infringement. A Markman hearing may encourage settlement, because the judge's claim construction finding can indicate a likely outcome for the patent infringement case as a whole. As a result, Markman's are generally considered a strong indicator of who will win the jury trial.
  - **Given the above context, we believe yesterday's Markman ruling in PRKR's case against INTC is very encouraging for ParkerVision.** Of the 24 terms under review, the court adopted PRKR's language for 19 and INTC's for 5. Importantly, of the 45 asserted patent claims in this case, 39 of the claims contain only the terms where ParkerVision's proposals were adopted and use none of the terms where the defendant's proposals were adopted. This bodes well for ultimately proving validity and infringement at trial in February 2022.
  - **The ruling builds on PRKR's strong track at Markman hearings (89% success rate; see table below) and validates our thesis that the company has a high probability of success in the IP infringement cases that it is currently pursuing against multiple defendants.** While the associated Markman hearings for the cases against TCL, Hisense, Buffalo, and Zyxel are not scheduled until October, many of the patents at issue in those cases are also part of this week's Markman hearing in the INTC case. As a result, we believe that this Markman ruling will encourage other defendants to consider settling with PRKR – in line with the amicable settlement and a patent license achieved by PRKR in the case against Buffalo, Inc. – to avoid escalating their legal bills which increase significantly as pre-trial steps take place.

**Chart 1: PRKR – Strong Markman Track Record With 89% Success Rate**

Date	Defendant(s)	Court	Claim Construction
Feb 20, 2013	Qualcomm	Orlando, FL	<b><u>44 Terms Construed:</u></b> <ul style="list-style-type: none"> <li>• <b>41 Adopted ParkerVision Constructions</b></li> <li>• 1 Combined Construction</li> <li>• 2 Court’s Own Constructions</li> </ul>
July 15, 2019	Qualcomm & Apple	Jacksonville, FL	<b><u>6 Terms Construed:</u></b> <ul style="list-style-type: none"> <li>• <b>2 Adopted ParkerVision Constructions</b></li> <li>• 4 Defendant Constructions (all 4 were “plain &amp; ordinary meaning”)</li> </ul>
April 30, 2020	Qualcomm & HTC	Orlando, FL	<b><u>10 Terms Construed:</u></b> <ul style="list-style-type: none"> <li>• <b>7 Adopted ParkerVision Constructions</b></li> <li>• 3 Slightly Modified ParkerVision Constructions</li> </ul>
January 27, 2021	Intel	Western District of Texas	<b><u>26 Terms Construed:</u></b> <ul style="list-style-type: none"> <li>• <b>20 Adopted ParkerVision Constructions</b></li> <li>• 6 Slightly Modified ParkerVision Constructions</li> </ul>
July 22, 2021	Intel	Western District of Texas	<b><u>24 Terms Construed:</u></b> <ul style="list-style-type: none"> <li>• <b>19 Adopted ParkerVision Construction</b></li> <li>• 5 Adopted Intel Construction</li> </ul>
Total			<b><u>110 Terms Construed:</u></b> <ul style="list-style-type: none"> <li>• 89 ParkerVision Constructions – 81%+</li> <li>• 9 ParkerVision Slightly Modified Constructions – 8%+</li> <li>• 1 ParkerVision + Defendant Combined Construction – 1%</li> <li>• 9 Defendant Constructions (all P&amp;O) – 8%</li> <li>• 2 Court Constructions – 2%</li> </ul> <p><b>89% were ParkerVision Constructions + ParkerVision slightly Modified Constructions</b></p>

- **PRKR is currently trading at \$1.49/share vs. our probability adjusted SOTP estimate of \$11.35/share.** (See table on next page for Case Updates and Probability-Adjusted SOTP Valuation.)

**Chart 2: PRKR – Case Updates and Probability-Adjusted SOTP Valuation**

Case	Update	Trial Timing	Potential Damages*	% PRKR Shareholders (Net Legal Fees)	Probability of Success	Value/PRKR Share
<b>Qualcomm Orlando</b>	Damages are filed for \$1.3Bn, which we believe represents a bare bones damages claim, as it doesn't include past interest, legal fees and most importantly willfulness, which would be a multiplier on the damages.	May 3, 2021	\$1.3Bn	60%	62%	\$520Mn (\$6.45/share)
<b>Qualcomm Jacksonville</b>	Infringement period is approximately 1/3rd of Orlando infringement period. Also includes Apple as an infringer. Until more visibility on damages will assume 1/3rd damages compared to Orlando. Note that different patents are used in this case, which we view as a hedge.	Set after Orlando trial (est. year-end CY21)	\$400Mn (incremental)	60%	62%	\$160Mn (\$1.98/share)
<b>LG New Jersey</b>	This is the same case in most respects as the Jacksonville, case, but having to follow LG to their place of business as they have no FL operations. This case covers handsets that are not covered by the Qualcomm case.	<i>Same date as Jacksonville</i>	\$50Mn (Incremental)	60%	62%	\$20Mn (\$0.25/share)

<b>Intel WDT</b>	January 2021 Markman ruling favorable for PRKR. Judge Albright thinks 9 patents are too much for 1 case, requested break into 2 cases.	First Case – Feb 7, 2022  Second Case – April 2022	\$300-500Mn  (Estimate based on publicly available info of shipments during the infringing period)	60%	60% (favorable Markman next catalyst)	\$144Mn (\$1.92/share)
<b>Intel WDT (2)</b>	This case has some overlap with the first case but has different patent claims, and more importantly different technologies including transmitter technologies, which similar to Jacksonville provides PRKR shareholders with a hedge.	Summer 2022				
<b>TCL WDT</b>	Moved to TX, which is a more favorable jurisdiction for PRKR shareholders. Note that damages are a placeholder until more information is released.	March - June 2022	\$10-20Mn	60%	20%	\$2Mn
<b>Hisense WDT</b>	Note that damages are a placeholder until more information is released.	March - June 2022	\$10-20Mn	60%	20%	\$2Mn
<b>Zyxel WDT</b>	This is a new case recently launched, note that damages are a placeholder until more information is released.	May - Aug 2022	\$3-5Mn	60%	20%	\$0.5Mn
<b>LG WDT</b>	This is a new case launched 5/24. Damages are a placeholder until more information is released.	TBD	>\$20Mn	60%	20%	\$2.5Mn
<b>Buffalo WDT</b>	PRKR settled the case against Buffalo by a patent license and settlement agreement announced 5/19/21.					

Source: Intro-act, Company. Assumes 75Mn shares outstanding at time of trial and 40% of net paid to legal expense, 60% net to shareholders. (\*) Damages are entirely based on publicly available information. \*While the settlement details are confidential we note that the Company guides that proceeds from this settlement will be used for legal expenses and will not accrue to Company cash flow.

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