

Wednesday May 19, 2021

ParkerVision, Inc. (PRKR)

PRKR Scores A Victory With Favorable Licensing Deal

VALUATION

Current Price	\$1.10
52 Week Range	\$0.29 – 1.91
Market Cap (\$-Mn)	106
Ent. Value (\$-Mn)	106
Shares Out. (Mn)	95
Short Int (% Flt)	0%
Daily Vol	70K
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)	\$1

RELATIVE PERFORMANCE



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PRKR and Buffalo Reach an Amicable Patent License Agreement

Key Takeaways:

- PRKR's license deal with Buffalo begins a new era of revenue generation from infringers of its wifi and Bluetooth patents. In due course royalties from these patents could make the Company cash flow positive.
- The recently closed financing of \$4.2 million will help settle law firm contingency payment and boost shareholder payout from the QCOM case award, if any, by 10%.
- Judge Byron's dismissal of QCOM's request to stall the pre-trial process while awaiting rescheduling signals that PRKR will get its day in court.
- PRKR's license deal with Buffalo sets the Company on a new path to earn royalties from infringers of its IP around Wifi and Bluetooth.** PRKR has resolved its first patent infringement action in the Western District of Texas against Buffalo, Inc. of Japan. The company has resolved its dispute with Buffalo, Inc on mutually agreeable and confidential terms including a license of select patents to Buffalo and its affiliates and distributors. The license agreement with Buffalo is among the first of many potential deals with myriad of PRKR's IP infringers. We believe the very favorable [Markman ruling](#) in January will incline infringers to obtain a license rather than face the risk and expense of litigation. Consequently, PRKR's additional patent infringement actions against Intel, ZyXel, Hisense, and TCL in the West Texas Court may get resolved in the near term. Moreover, the deal is a huge win for PRKR's shareholders given that it has been pursuing infringers for over ten years without success until now. PRKR will use the initial royalty proceeds generated from licensed commercial sales to satisfy legal fees and an estimated \$10 million of contingent rights obligations first. The company believes there are billions of connected devices; smart TVs, routers, printers, game consoles, and drones, that incorporate its patented WiFi and Bluetooth applications, and expect that all parties in these supply chains should be licensed. We believe the per unit royalties that may accrue from the WiFi patents will not be as high as the damages asserted against the mobile handset infringers (QCOM, AAPL, and LG), but they could easily make the company cash flow positive in due course.
- The recently closed financing of \$4.2 million will settle law firm contingency payment and boost shareholder payout from QCOM case award, if any, by 10%.** On March 29, PRKR completed the sale of its stock and warrants at a unit price of \$1.29 per common share for aggregate proceeds of ~\$4.2 million. The warrants, which were issued at a ratio of one warrant for every two shares of common stock, have a five-year life and an exercise price of \$1.75 per share. Majority of these proceeds will be used to satisfy outstanding obligations to Mintz, Levin, Cohn, Ferris, Glovsky and Popeo PC, a law firm that represented PRKR in cases against QCOM, AAPL, and LG. The raise is value accretive as it boosts the shareholder portion of any damages awarded on these cases. We believe the 3% equity dilution is a good investment, that depending on the amount recovered results in up to 10% additional net positive to shareholders. Apart from clearing law firm dues, proceeds from the raise will also be used for working capital purposes. The raise is also indicative of the strong investor base that PRKR enjoys.

- **Judge Byron’s dismissal of QCOM’s request to stall the pre-trial process while awaiting rescheduling signals that PRKR will get its day in court.** The road to Orlando is getting re-paved. Although Judge Byron has floated the July 6 trial date for the case against QCOM, we do not believe that he has lost interest in the case. His elaborate and thorough treatment of the Markman ruling and his dismissal of QCOM’s recent request to stall all preparations for the trial pending a new trial date seems reassuring that this long overdue trial will get back on the schedule.

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