

Tuesday, September 07, 2021

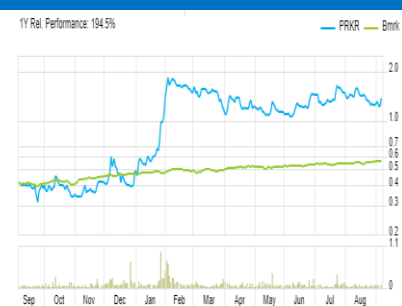
## VALUATION

<b>Current Price</b>	<b>\$1.22</b>
52 Week Range	\$0.31 – 1.91
Market Cap (\$-Mn)	88
Ent. Value (\$-Mn)	90
Shares Out. (Mn)	72
Short Int (% Flt)	0%
Daily Vol	60K
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	6%
Retail Owners	80%
ROIC	NM
Net Debt (\$-Mn)	\$2

## RELATIVE PERFORMANCE



## CONTACT

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## ParkerVision, Inc. (PRKR)

### PRKR Continues to Monetize its IP

#### Secures Patent Licensing Agreement With Zyxel

##### Key Takeaways:

- Patent licensing agreement with Zyxel Communications is yet another win for PRKR in monetizing its IP.
- Expansion of INTC case a positive for PRKR. Well positioned in upcoming Markman hearings against Hisense and TCL.
- We believe more legal proceedings and settlements are on the way.
- PRKR is currently trading at \$1.22/share vs. our probability adjusted SOTP estimate of \$11.34/share.

- Patent licensing agreement with Zyxel is yet another win for PRKR in monetizing its IP.** Earlier today, PRKR announced that it has successfully resolved its patent infringement litigation against Taiwanese Zyxel Communications on mutually agreeable and confidential terms, including a patent license. The deal comes months after PRKR reached a patent licensing deal with Buffalo and provides a significant boost to the company and its shareholders. This is the second settlement agreement resulting from infringement lawsuits filed in October 2020 in the Western District of Texas, where there are ongoing actions against Hisense, TCL, Intel (INTC), and LG. The patent infringement lawsuit against Zyxel was based on Zyxel's usage of WiFi chips in its products, and will be dropped as a result of the mutually-agreed licensing deal, proceeds of which will be used to cover PRKR's legal expenses.

- Expansion of INTC case a positive for PRKR. Well positioned in upcoming Markman hearings against Hisense and TCL.** As part of its 2Q21 earnings update, PRKR announced that it amended its complaints in both pending cases against Intel to add Intel Wi-Fi products to the cellular products cited in the initial complaints. As a result of adding Wi-Fi products to the complaints, the first Intel trial date is scheduled for June 2022 with a second trial expected a few months following the first. We believe this a positive tradeoff for PRKR since the expansion of the scope of the INTC case can result in a higher damages award for PRKR, if it wins the case. Other cases are progressing well, too with the Markman hearing in the cases against Hisense and TCL scheduled for October 2021. Given PRKR's strong track record at previous Markman hearings (89% success rate), we expect these hearings to be favorable for the company and its stock.

- We believe more legal proceedings and settlements are on the way.** PRKR believes that there are numerous additional infringers of its IP and is preparing for more legal actions. The company estimates that there are billions of connected devices, including smart TVs, routers, printers, gaming consoles, and drones, that incorporate its patented WiFi, Bluetooth and GPS applications, and expects that many parties in these supply chains will be licensed. While PRKR would prefer to settle these actions expeditiously with an appropriate license agreement, it is prepared to go to trial, if necessary. Trials are expensive and time consuming. As a result, we expect more companies to follow Zyxel and Buffalo and sign licensing agreements with PRKR.

- PRKR is currently trading at \$1.22/share vs. our probability adjusted SOTP estimate of \$11.34/share.** (See table on next page for Probability-Adjusted SOTP Valuation.)

**Chart 1: 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.	TBD	\$1.3Bn	60%	62%	\$520Mn (\$6.45/shr)
<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	\$400Mn (incremental)	60%	62%	\$160Mn (\$1.98/shr)
<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/shr)
<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 – June 2022 Second Case – Set after First Case	\$300-500Mn (Estimate based on publicly available info of shipments during the infringing period)	60%	60% (favorable Markman next catalyst)	\$144Mn (\$1.92/shr)
<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>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>Zyxel WDT</b>	PRKR settled the case against Zyxel by a patent license and settlement agreement announced 9/7/21.					
<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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