

Tuesday, November 02, 2021

## ParkerVision, Inc. (PRKR)

### Receives Favorable Markman Ruling Against Hisense and TCL

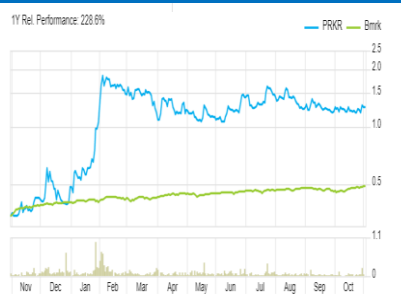
#### VALUATION

<b>Current Price</b>	<b>\$1.26</b>
52 Week Range	\$0.32 – 1.91
Market Cap (\$-Mn)	93
Ent. Value (\$-Mn)	130
Shares Out. (Mn)	74
Short Int (% Ft)	0%
Daily Vol	40K
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



#### CONTACT

**Tony Bowers**  
Intro-act  
914-414-0136  
[tony@intro-act.com](mailto:tony@intro-act.com)

Please refer to disclaimer at the end of this report for more information about Intro-act and this report.

### Ruling Implies Improved Outlook for Future Jury Trials and Settlements

#### Key Takeaways:

- Another favorable Markman ruling, this time against Hisense and TCL, suggests that PRKR has a strong chance of winning in upcoming jury trials.
  - The ruling boosts PRKR's success rate in Markman hearings from an average of 89% to 91%.
  - While the Markman record bodes well for future trials, PRKR remains open to quick and fair settlements to resolve its IP infringement cases.
  - PRKR is currently trading at \$1.26/share vs. our probability adjusted SOTP estimate of \$11.34/share.
- **Another favorable Markman ruling, this time against Hisense and TCL, suggests that PRKR has a strong chance of winning in upcoming jury trials.** On October 27, the Western District of Texas held a combined Markman hearing for the Hisense and TCL (and its subsidiaries) actions and ruled in favor of PRKR. Of the 23 terms under review, the court adopted 20 terms from PRKR's proposed constructions and three terms with slight modifications. This equates to a 100% winning rate for PRKR, which is better than past Markman orders, and boosts PRKR's success rate in Markman rulings from an average of 89% to 91% (see table on Page 2 for PRKR's Markman track record).
    - The ruling is PRKR's third Markman hearing in the Western District of Texas this year after two favorable Markman decisions being reached earlier in 2021 in the company's patent infringement actions against Intel.
    - Since Markman's are generally considered a strong indicator of who will win the jury trial, this bodes well for PRKR to ultimately prove its validity and infringement at trial estimated to take place in December 2022.
  - **PRKR remains open to quick and fair settlement to resolve its IP infringement cases.** Many of the contested claim language in the Hisense and TCL lawsuits were identical to those defined by the court in the Intel actions. Moreover, the patents asserted by Hisense and TCL are the same as those asserted by Buffalo and Zyxel. As a result, we believe that this Markman ruling will encourage the defendants to consider settling with PRKR to avoid escalating legal bills which increase significantly as pre-trial steps take place. As a result, defendants may follow the path of patent licensing and settlement agreements adopted by Buffalo and Zyxel earlier this year.
    - Such settlements, if achieved, will boost PRKR's cash position, and allow it to fund future trials more effectively as well boost the percentage of potential payout that will accrue to shareholders (by buying legal firms' share.)
  - **PRKR is currently trading at \$1.26/share vs. our probability adjusted SOTP estimate of \$11.34/share.** (See table on Page 3 for Probability-Adjusted SOTP Valuation.)

**Chart 1: PRKR – Success Rate in Markman Rulings Now Stands at 91%, up from 89% Earlier**

Date	Defendant(s)	Court	Claim Construction
Feb 20, 2013	Qualcomm	Orlando, FL	<p><b><u>44 Terms Construed:</u></b></p> <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	<p><b><u>6 Terms Construed:</u></b></p> <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	<p><b><u>10 Terms Construed:</u></b></p> <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	<p><b><u>26 Terms Construed:</u></b></p> <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	<p><b><u>24 Terms Construed:</u></b></p> <ul style="list-style-type: none"> <li>• <b>19 Adopted ParkerVision Construction</b></li> <li>• 5 Adopted Intel Construction</li> </ul>
October 27, 2021	Hisense & TCL	Western District of Texas	<p><b><u>23 Terms Construed:</u></b></p> <ul style="list-style-type: none"> <li>• <b>20 Adopted ParkerVision Construction</b></li> <li>• 3 Slightly Modified ParkerVision Constructions</li> </ul>
Total			<p><b><u>133 Terms Construed:</u></b></p> <ul style="list-style-type: none"> <li>• 109 ParkerVision Constructions – 82%</li> <li>• 12 ParkerVision Slightly Modified Constructions – 9%</li> <li>• 1 ParkerVision + Defendant Combined Construction – 1%</li> <li>• 9 Defendant Constructions (all P&amp;O) – 7%</li> <li>• 2 Court Constructions – 2%</li> </ul> <p><b>91% were ParkerVision Constructions + ParkerVision slightly Modified Constructions</b></p>

**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.	TBD	\$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	\$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 – 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/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.	December 2022	\$10-20Mn	60%	20%	\$2Mn
<b>Hisense WDT</b>	Note that damages are a placeholder until more information is released.	December 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.

## General Disclaimer and Copyright

---

This report has been issued by Intro-act, Inc., in consideration of a fee payable. Fees are paid upfront in cash and/or equity without recourse. Intro-act, Inc. may seek additional fees for the assistance with investor targeting, access, and further investor preparation services, but does not get remunerated for any investment banking services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources who are believed to be reliable. However, we do not guarantee the accuracy or completeness of this report, and have not sought for this information to be independently verified. Opinions contained in this report represent those of the Intro-act analysts at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, and estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Intro-act, Inc. shall not be liable for any direct, indirect, or consequential losses, loss of profits, damages, or costs or expenses incurred or suffered by you arising out or in connection with the access to, use of, or reliance on any information contained in this note.

**No personalized advice:** The information that we provide should not be construed in any manner whatsoever as personalized advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Intro-act's solicitation to affect, or attempt to affect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Intro-act has a restrictive policy relating to personal dealing and conflicts of interest. Intro-act, Inc. does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees, and contractors of Intro-act may have a position in any or related securities mentioned in this report, subject to Intro-act's policies on personal dealing and conflicts of interest.

**Copyright:** Copyright 2021 Intro-act, Inc. (Intro-act).

**Intro-act is not registered as an investment adviser with the Securities and Exchange Commission.** Intro-act relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a) (11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Intro-act does not offer or provide personal advice, and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell, or hold that or any security, or that any particular security, portfolio of securities, transaction, or investment strategy is suitable for any specific person.