RealNetworks Stock a Legacy Reemergence Play

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February 5, 2021 4 min read

This story originally appeared on MarketBeat

Legacy media and entertainment platform **RealNetworks (NASDAQ: RNWK)** stock has reversed its multi-year downtrend. The year 2021 has seen a resurgence of legacy momentum stocks and former high fliers rise from the ashes fueled by **social media-driven short-squeezes**. Stocks like **Blackberry (NYSE: BB**), which was formerly Research In Motion trading, used to trade at over $300 per share over two decades ago during the first-day trading mania. Long before streaming services like **Netflix (NASDAQ: NFLX)**, **Disney+ (NYSE: DIS)** and platforms like **Roku, Inc. (NASDAQ: ROKU)**, RealNetworks paved the way as a leading pioneer of video streaming technology with shares trading north of $100 almost two decades ago. Fast forward to 2021, RealNetworks is reemerging as mobile gaming and a biometric facial recognition play with its SAFR Computer Vision platform to enhance **cybersecurity** and physical identity authentication needs for commercial clients. Zero trust **security protocols** can be greatly enhanced with biometrics in light of the **SolarWinds (NYSE: SWI)** hacking disaster. Prudent investors seeking a relatively cheap entry into a legacy turnaround play in this space can monitor shares for opportunistic pullback levels to gain speculative exposure.

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On Nov. 3, 2020, RealNetworks released its fiscal third-quarter 2020 results for the quarter ending September 2020.

The Company reported an earnings-per-share (EPS) loss of (-$0.08) on revenues of $16.6 million versus $17.7 million in the year ago period. The Company ended the quarter with $13.2 million in cash and cash equivalents. The Company signed a definitive agreement to sell Napster to MelodyVR for a total transaction value of $70 million. MelodyVR will assume approximately $44 million of Napster's liabilities.

Conference Call Takeaways

RealNetworks CEO Rob Glaser provided color on the strategy consisting of the SAFR Computer Vision product and free-to-play casual mobile games. The Company is in the process of selling Napster. GameHouse mobile games division grew 60% YoY driven by success of Delicious World and Delicious Bed & Breakfast. Glaser remains confident that, "free-to-play games will continue to be our primary growth engine for our game business."

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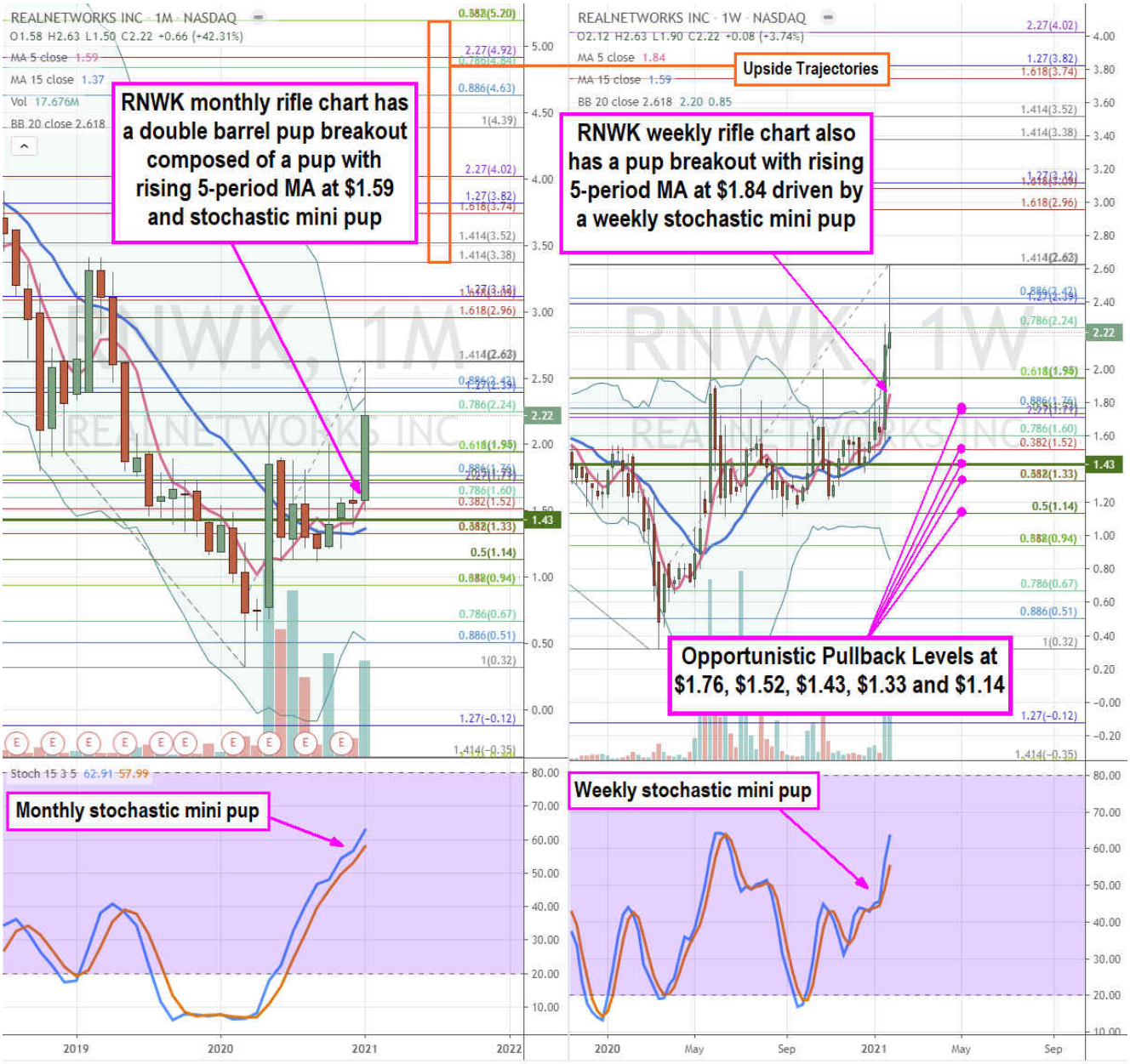
SAFR

RealNetworks AI-powered biometric facial recognition platform SAFR works in real-time able to verify identities regardless of face masks and during live video. The computer vision platform is touted as 99.9% accurate in performing multiple facial recognition in the time it takes competitors to complete one. **Remark Holdings (NASDAQ: MARK)** is one such competitor. SAFR applications range from authentication, digital and physical security, healthcare to industrial uses. CEO Glaser updated new opportunities for its SAFR product, "For instance, the Tijuana International Airport Cross Border Xpress or CBX recently chose SAFR to track mask compliance and gather critical operations data within the terminal to optimize operations and improve passenger flow." The Company continues to execute on two SBIR contracts awarded in Q2 by

the U.S. Air Force.

Completion of Napster Sale

On Jan. 5, 2021, RealNetworks announced the completion of the sale of Rhapsody International Inc. (aka Napster) to MelodyVR Group PLC. The value of the deal is $70.6 million comprised of $15 million in cash, $11.6 million in MelodyVR restricted stock and assumption of Napster liabilities of $44 million. CEO Rob Glaser stated, “The proceeds of the sale strengthen Real’s balance sheet and enable us to focus on even more deeply on our primary growth initiatives which consist of two machine-learning-based businesses, SAFR and Kontxt, and our GameHouse casual gaming business.



RNWK Opportunistic Pullback Levels

Using **the rifle charts** on the monthly and weekly time frames enables a broader view of the playing field for RNWK stock. The monthly rifle chart has a double-barrel pup breakout comprised of the moving average (MA) pup breakout with a rising 5-period MA near the $1.60 **Fibonacci (fib) level** and a monthly stochastic mini pup. The mini pup targets the upper Bollinger Bands (BBs) at $2.36. The weekly rifle chart also has a double-barrel pup breakout triggered by the **market structure low (MSL)** above $1.43 with a rising 5-period MA at $1.84 driven by the weekly stochastic mini pup with upper BBs at $2.20. Since the BBs have been hit, prudent investors can

look for **opportunistic pullback levels at the $1.76 fib, $1.52 fib, $1.43 weekly MSL trigger, $1.33 fib, and the $1.14 fib.**The upside trajectories range from the $3.38 up to the $5.20 fib levels.

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