



Phunware, Inc.

Q3 weak. New CEO and CFO as company pivots to new AI growth areas. Lowering P/T to \$13.

COMPANY UPDATE

Rating: BUY

Ticker: PHUN

Price: \$5.60

Target: \$13
(from \$20)

Q3 weak: Phunware recently (on November 7) reported its fiscal Q3 2024 (ending September) results. Revenue was \$0.7 million (-76% y-o-y), compared to our estimates of \$1.4 million and consensus of \$1.3 million. EPS was \$(0.25), compared to our estimates of \$(0.25) and consensus of \$(0.26). There was no Q3 guidance.

Q3 software weakness: Software revenue was \$0.7 million (-47% y-o-y), showing weakness in its business.

No guidance: The company did not provide any forward guidance.

Adjusting estimates: We are adjusting our 2024 estimates for revenue to \$3.4 million, from \$6.0 million, and for EPS to \$(0.74) from \$(1.14). We are adjusting our 2025 estimates for revenue to \$5.0 million, from \$9.0 million, and for EPS to \$(0.22) from \$(0.80).

Focused on mobile and AI applications: Phunware's software platform enables companies and brands to engage, manage, and monetize their mobile applications. It offers enterprise mobile software, including content management, location-based services, marketing automation, business intelligence and analytics, alerts, notifications and messaging, audience engagement, and audience monetization, as well as vertical solutions, iOS and Android-based mobile application portfolios, solutions, and services.

New CEO and CFO: In October 2024, the company announced that Mike Snavelly has retired and has named Stephen Chen as Interim CEO. In November 2024, the company announced that Troy Reisner will step down as CFO by the end of November. The company is currently searching for a new CEO and CFO.

New strong focus on AI: Phunware's future direction is centered on innovation that empowers both enterprises and public sector entities to navigate the complexities of the digital age with confidence and security. Phunware's expanded focus includes developing and delivering AI-driven platforms that make realtime, on-demand coordination and engagement accessible to organizations of all sizes, allowing them to scale their efforts and achieve targeted outcomes efficiently. This approach reflects its dedication to being a trusted ally across corporate and federal landscapes, enabling sectors from healthcare and finance to national security to leverage advanced capabilities that meet the highest standards of security and compliance.

Solid balance sheet: In the current Q4, the company has raised money using its ATM and currently has ~\$110 million in cash.

Large market potential: The demand for its services continues to grow fueled by its participation in four rapidly growing and evolving markets: AI, mobile cloud software, media, big data, and cryptonetworking.

Still early but risk/reward favorable: The company expects 2025 to improve significantly y-o-y due to easier comps going forward and as it focuses on its key business strengths. We believe the billion dollars market potentials presents high rewards for the risks.

Valuation attractive: We are maintaining our BUY rating, but lowering our 12-month price target to \$13 from \$20, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities.

Company Description

Based in Austin, TX, Phunware is a software company providing an enterprise cloud platform for mobile devices worldwide.

United States
Technology

November 10, 2024

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(561) 327-9435
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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$2.85 – 24.50
Shares Outstanding (million):	20
Market cap (\$million):	\$112
EV (\$million):	\$2
Debt (\$million):	\$0
Cash (\$million):	~\$110
Avg. Daily Trading Vol. (\$million):	\$38
Float (million shares):	11
Short Interest (million shares):	1
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	0.9A		0.9E	1.3E
Q2 Jun	1.0A		1.1E	1.5E
Q3 Sep	0.7A	1.4E	1.1E	2.2E
Q4 Dec	<u>0.8E</u>	<u>2.6E</u>	<u>1.9E</u>	<u>4.0E</u>
Total	3.4E	6.0E	5.0E	9.0E
EV/Revs	0.6x		0.4x	

Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	(0.33)A		(0.08)E	(0.24)E
Q2 Jun	(0.32)A		(0.07)E	(0.21)E
Q3 Sep	(0.25)A	(0.25)E	(0.03)E	(0.13)E
Q4 Dec	<u>(0.04)E</u>	<u>(0.27)E</u>	<u>(0.05)E</u>	<u>(0.21)E</u>
Total	(0.74)E	(1.14)E	(0.22)E	(0.80)E
P/E	N/A		N/A	

*Reflects a 1:50 reverse stock split in February 2024.

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 12.

OVERVIEW

- Phunware recently (on November 7) reported its fiscal Q3 2024 (ending September) results.
- In Q4 2023, the company shut down its Lyte Technology's business so it is now included as discontinued operations for current and historical financials. We have not adjusted our historical financials so comparability with the company's historical results may be difficult.
- Revenue was \$0.7 million (-76% y-o-y), compared to our estimates of \$1.4 million and consensus of \$1.3 million.
- EPS was \$(0.25), compared to our estimates of \$(0.25) and consensus of \$(0.26).
- There was no Q3 guidance.
- The company did not provide any forward guidance.
- We are adjusting our 2024 estimates for revenue to \$3.4 million, from \$6.0 million, and for EPS to \$(0.74) from \$(1.14).
- We are adjusting our 2025 estimates for revenue to \$5.0 million, from \$9.0 million, and for EPS to \$(0.22) from \$(0.80).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$0.3 million, compared with our estimate of \$0.8 million.
- Gross margin for the quarter was 48%, versus our expectation of 55% and 7% last year.
- Operating expenses were \$4 million, versus our expectation of \$4 million.
- Operating loss was \$3.2 million, versus our expectation of a loss of \$2.8 million.
- Net loss was \$2.8 million, versus our expectation of a loss of \$2.8 million.

In October 2022, the company announced that its CEO Alan Knitowski will step down when his contract expires on December 26, 2022. In November 2022, the company announced Russ Buyse as its new CEO. Prior to joining Phunware, Mr. Buyse spent the past two decades in both product and services companies, from startups to enterprises, leading teams to create innovative solutions.

In June 2023, the company announced Troy Reisner as its new CFO replacing Matt Aune. Mr. Reisner's prior experience includes over twenty years with the public accounting firm of Deloitte & Touche LLP until his retirement as partner in June 2019.

In July 2023, the company announced a strategic cost optimization effort, which includes a reduction in force of ~33% of Phunware's workforce across all departments. This is expected to realize annual run-rate cost savings upwards of \$5 million.

In October 2023, the company's Chief Revenue Officer, Mike Snavelly, was named as new CEO replacing Russ Buyse. Mr. Snavelly brings 20+ years of leadership experience at technology companies, having previously led the Software business at Phunware and several other technology companies such as Sonic Foundry, Mutual Mobile and Bazaarvoice.

In November 2023, the company announced the wind down (closure) of its Lyte Technology's computer hardware business.

In February 2024, the company effected a 1-for-50 reverse stock split.

In October, the company announced that Mike Snavelly has retired and has named Stephen Chen as Interim CEO. In November, the company announced that Troy Reisner will step down as CFO by the end of November. The company is currently searching for a new CEO and CFO.

The company's balance sheet had \$36 million in cash and no debt at the end of Q3, compared with \$20 million in cash and no debt at the end of June. In the current Q4, the company has raised money using its ATM and currently has ~\$110 million in cash.

Exhibit 1: Phunware Company Overview (as of April 2023)

About Phunware

Phunware is the pioneer of the Location Based SaaS Platform — the only fully integrated enterprise cloud platform for mobile that enables brands to **engage**, **manage** and **monetize** their anytime / anywhere users worldwide.

- **Publicly Traded** (NASDAQ: PHUN)
- **Over 110M sq ft** of wayfinding coverage deployed
- **5K+ branded applications** launched
- **Tens of millions** of application downloads
- **Hundreds of millions** of videos served
- Tested and scalable to **25 million concurrent users**



FOUNDED
February 2009

STRUCTURE
Delaware "C" Corporation

HEADQUARTERS
Austin, TX

OFFICES
San Diego, CA
Miami, FL

WEBSITE
phunware.com



SaaS Platform
> *Engage, Manage & Monetize*

Phunware's Location Based SaaS Platform is a fully-integrated enterprise cloud platform for mobile that provides industry solutions, data, and services for brands to engage, manage, and monetize their anytime, anywhere users worldwide.

Source: Company reports.

Exhibit 2: Phunware Product Overview

Phunware's Value Proposition

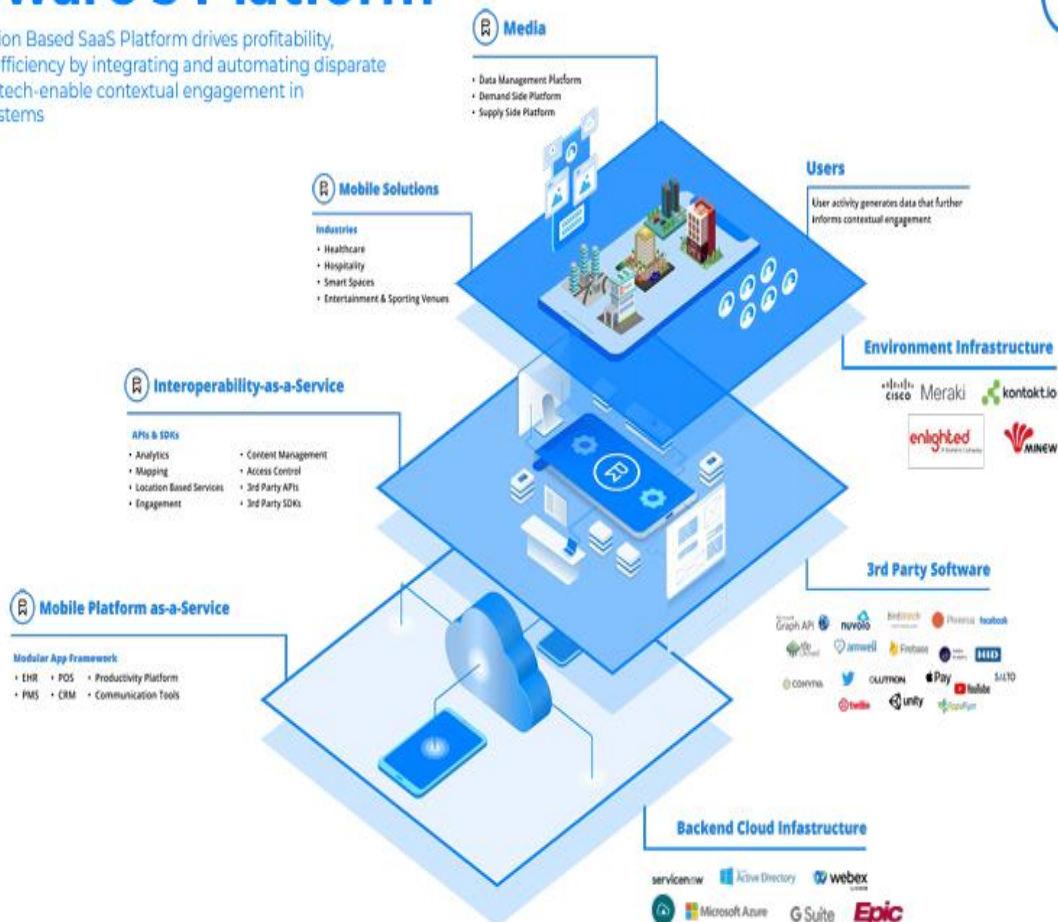


Our modules help customers better understand their users, and provide the tools to engage them at the right time in the right context.

<p>Location Based Services Real-time indoor blue-dot wayfinding and navigation</p>	<p>Content Management Manage and distribute mobile app content</p>
<p>Mobile Engagement Location-aware mobile app notifications</p>	<p>Data & Analytics Analyze real-time mobile app data</p>
<p>Targeted Media Work with our team to develop and launch targeted campaigns for your mobile app</p>	<p>Interoperability Integrate third-party point solutions</p>

Phunware's Platform

Phunware's Location Based SaaS Platform drives profitability, productivity and efficiency by integrating and automating disparate point solutions to tech-enable contextual engagement in mobile-first ecosystems



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Source: Company reports.

Exhibit 3: Phunware Customers and Deals

Notable Customers



Healthcare	Smart City, Smart Campus, Smart Workplace	
	<th>Hospitality</th>	Hospitality
	<th>Retail & Residential</th>	Retail & Residential

Typical SaaS Software Deal Structure

	Brands without Mobile Application Portfolios	Brands with Mobile Application Portfolios
MaaS Licenses	\$300K - \$600K	\$800K - \$1,000K
MaaS Services	\$50K - \$150K	\$100K - \$500K
MaaS Deal Range	1 - 5 Years	1 - 5 Years
Average Deal Size	\$350K - \$750K	\$900K - \$1,500K

Source: Company reports.

Exhibit 4: PhunToken and PhunCoin

PhunCoin + Phun



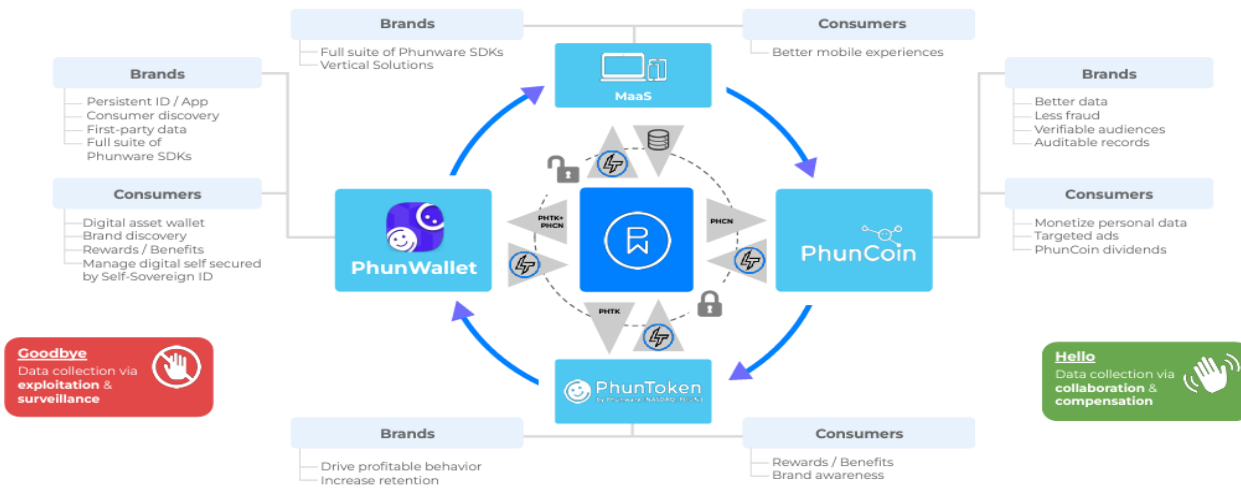
Phunware’s blockchain-enabled data exchange and mobile loyalty ecosystem are powered by two unique digital assets that help eliminate untrustworthy intermediaries and directly connect brands with consumer audiences of interest that have voluntarily opted in with their personal data and information in exchange for a benefit.



Phunware’s Phlywheel



MISSION: Deploy a self-sustaining, virtuous ecosystem that reimagines mobile engagement by decentralizing data and empowering consumers.



Goodbye
Data collection via exploitation & surveillance

Hello
Data collection via collaboration & compensation

940M monthly active devices worldwide
5B transactions processed daily
5TB of data generated daily
\$120M+ in private financing
62 employees
3 office locations

CONSUMERS receive PhunToken in return for profitable behavior such as completing surveys, watching videos or checking into specific locations to participate in marketing campaigns.

BRANDS can customize user interfaces to rebrand PhunToken within their existing mobile applications to avoid changing consumer behavior and maintain brand awareness. Brands also receive direct, real-time access to deterministic and intent-based data for their target consumers and can reward the right consumers for their engagement.

BRANDED MARKETPLACES will give consumers the ability to spend PhunToken on valuable goods, services and offers.

CONSUMERS will be encouraged to hold PhunToken as brands unlock more valuable tiers of rewards for consumers with an auditable record of engaging in profitable behavior.

© 2009-PRESENT PHUNWARE, INC. (NASDAQ: PHUN)

Source: Company reports.

Exhibit 5: Phunware Q3 2024 and Recent Highlights

Phunware Reports Third Quarter 2024 Financial Results

AUSTIN, Texas, Nov. 07, 2024 (GLOBE NEWSWIRE) -- Phunware, Inc. ("Phunware" or the "Company") (NASDAQ: PHUN), a leader in enterprise cloud solutions for mobile applications, announces its financial results for the quarter ended September 30, 2024.

Financial Highlights

- Steady progress in reducing net loss; Net loss from continuing operations was \$2.8 million, or (\$0.25) per share, for Q3 2024, as compared to a net loss of \$13.7 million, or (\$5.72) per share, for Q3 2023¹
- Net cash used in operating activities from continued operations was \$10.4 million for Q3 2024, as compared to \$14.6 million for Q3 2023
- Year-to-date software and subscription bookings up 300% over prior year
- Cash and cash equivalents as of September 30, 2024 was \$35.5 million
- Subsequent to the end the third quarter and based on proceeds from the Company's use of the at-the-market (ATM) financing facility, the Company's cash and cash equivalents as of November 6, 2024 was approximately \$110 million.

¹ Based on 11.1 million weighted average shares outstanding as of September 30, 2024 and 2.4 million weighted shares outstanding as of September 30, 2023. Basic and diluted shares outstanding are the same and all figures reflect the effectuation of a 50:1 reverse stock split in February 2024

Recent Business Highlights

- Issued a [Letter to Stockholders](#)
- Appointed Stephen Chen as Interim CEO following the retirement of former CEO Mike Snavelly
- Appointed global technology and AI leader Rahul Mewawalla as Chairman of the Board
- Signed a term sheet to acquire a controlling interest in MyCanvass, LLC, which is currently indirectly majority owned and controlled by Campaign Nucleus, a SaaS platform company founded by Brad Parscale

Source: Company reports.

Exhibit 6: Phunware, Inc. Stock Price (5-years)



*Reflects a 1:50 reverse stock split in February 2024

Source: <https://bigcharts.marketwatch.com/>

Exhibit 7: Consensus Expectations (as of November 7, 2024)

	Revenue (mils)			EPS	
	<u>2024E</u>	<u>2025E</u>		<u>2024E</u>	<u>2025E</u>
Q1 Mar	\$0.9A		Q1 Mar	\$(0.33)A	
Q2 Jun	\$1.0A		Q2 Jun	\$(0.32)A	
Q3 Sep	\$1.3E		Q3 Sep	\$(0.26)E	
Q4 Dec	\$2.0E		Q4 Dec	\$(0.25)E	
Total	\$5.2E	\$8.9E	Total	\$(1.13)E	\$(0.82)E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

*Reflects a 1:50 reverse stock split in February 2024

Source: Company report, LSEG, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Phunware, Inc.

Income Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	6.8	5.5	4.8	4.8	21.8	4.7	3.5	2.8	0.9	12.0	0.9	1.0	0.7	0.8	3.4	0.9	1.1	1.1	1.9	5.0
Cost of Revenues	5.0	4.0	4.0	3.8	16.7	4.4	3.0	2.6	0.5	10.5	0.4	0.5	0.3	0.4	1.6	0.4	0.4	0.4	0.6	1.7
Gross Profit	1.8	1.5	0.8	1.0	5.1	0.4	0.5	0.2	0.4	1.5	0.5	0.5	0.3	0.4	1.8	0.6	0.7	0.7	1.3	3.3
Sales and marketing	1.5	1.9	1.8	1.6	6.8	1.1	1.5	1.0	(0.3)	3.3	0.4	0.6	0.6	0.4	2.1	0.5	0.5	0.6	1.0	2.5
General and administrative	4.3	5.3	5.2	4.8	19.6	4.7	4.8	3.5	0.8	13.8	2.5	2.3	2.3	0.8	7.8	1.8	1.6	0.7	1.1	5.3
Research and development	1.0	1.9	1.7	1.6	6.1	1.8	1.2	1.0	0.4	4.4	0.5	0.5	0.6	0.2	1.8	0.2	0.2	0.3	0.4	1.2
Restructuring and other				2.1	2.1		1.2	13.2	11.4	25.8					0.0					0.0
Total operating expenses	6.8	9.1	8.7	10.1	34.6	7.6	8.7	18.7	12.4	47.4	3.4	3.4	3.5	1.4	11.7	2.5	2.4	1.5	2.5	9.0
Operating income (loss)	(5.0)	(7.5)	(7.9)	(9.1)	(29.5)	(7.3)	(8.2)	(18.5)	(11.9)	(45.9)	(2.9)	(2.9)	(3.2)	(0.9)	(9.9)	(2.0)	(1.7)	(0.8)	(1.2)	(5.7)
Interest income (expense)	(0.4)	(0.3)	(1.0)	(0.8)	(2.4)	(0.5)	(0.6)	(0.3)	(0.4)	(1.7)	(0.1)	0.2	0.4	0.1	0.6	0.3	0.3	0.3	0.3	1.1
Other income (expense)	(9.5)	(9.3)	0.9	(1.1)	(19.0)	3.5	2.2	(0.2)	(10.7)	(5.1)	0.7	0.1	0.1	0.0	0.8	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(23.0)	(52.8)	(2.3)	(2.6)	(2.8)	(0.9)	(8.5)	(1.7)	(1.4)	(0.5)	(0.9)	(4.5)
Income taxes				0.0	0.0				0.0	0.0					0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(23.0)	(52.8)	(2.3)	(2.6)	(2.8)	(0.9)	(8.5)	(1.7)	(1.4)	(0.5)	(0.9)	(4.5)
Nonrecurring/noncash adjustments	10.8	9.7			20.6					0.0					0.0					0.0
Net income (pro forma)	(4.1)	(7.4)	(8.0)	(10.9)	(30.3)	(4.3)	(6.5)	(19.0)	(23.0)	(52.8)	(2.3)	(2.6)	(2.8)	(0.9)	(8.5)	(1.7)	(1.4)	(0.5)	(0.9)	(4.5)
EBITDA	(4.2)	(6.6)	(6.7)	(5.9)	(23.5)	(5.6)	(5.2)	(4.3)	(0.4)	(15.5)	(2.0)	(2.4)	(2.9)	(0.7)	(8.0)	(1.7)	(1.4)	(0.6)	(1.0)	(4.7)
Shares, Basic	1.9	2.0	2.0	2.1	2.0	2.1	2.1	2.4	3.0	2.4	6.9	8.3	11.1	20.0	11.6	20.1	20.2	20.3	20.4	20.3
Shares, Diluted	1.9	2.0	2.0	2.1	2.0	2.1	2.1	2.4	3.0	2.4	6.9	8.3	11.1	20.0	11.6	20.1	20.2	20.3	20.4	20.3
EPS Basic (pro forma)	(\$2.10)	(\$3.76)	(\$4.06)	(\$5.31)	(\$15.32)	(\$2.07)	(\$3.10)	(\$7.91)	(\$7.80)	(\$22.18)	(\$0.33)	(\$0.32)	(\$0.25)	(\$0.04)	(\$0.74)	(\$0.08)	(\$0.07)	(\$0.03)	(\$0.05)	(\$0.22)
EPS Diluted (pro forma)	(\$2.10)	(\$3.76)	(\$4.06)	(\$5.31)	(\$15.32)	(\$2.07)	(\$3.10)	(\$7.91)	(\$7.80)	(\$22.18)	(\$0.33)	(\$0.32)	(\$0.25)	(\$0.04)	(\$0.74)	(\$0.08)	(\$0.07)	(\$0.03)	(\$0.05)	(\$0.22)
Margins																				
Gross margin	26%	28%	17%	21%	23%	8%	13%	7%	47%	12%	57%	46%	48%	55%	52%	60%	65%	65%	70%	66%
Sales and marketing	22%	35%	38%	33%	31%	24%	42%	37%	-32%	28%	48%	60%	93%	50%	61%	50%	50%	50%	50%	50%
General and administrative	64%	96%	109%	101%	90%	99%	137%	125%	88%	115%	268%	227%	343%	100%	231%	200%	150%	65%	60%	106%
Research and development	15%	34%	35%	34%	28%	37%	35%	37%	45%	37%	53%	49%	92%	23%	52%	23%	23%	23%	23%	23%
Operating margin	-74%	-137%	-166%	-190%	-135%	-153%	-235%	-664%	-1271%	-384%	-312%	-290%	-480%	-118%	-293%	-213%	-158%	-73%	-63%	-113%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-220%	-311%	-169%	-228%	-234%	-90%	-187%	-680%	-2451%	-441%	-249%	-260%	-415%	-107%	-251%	-183%	-132%	-48%	-48%	-91%
YY % change																				
Total Revenue	312%	282%	120%	-12%	105%	-30%	-36%	-41%	-80%	-45%	-81%	-71%	-76%	-15%	-72%	0%	5%	66%	140%	47%
Gross margin	86%	387%	-30%	-18%	40%	-80%	-70%	-75%	-55%	-71%	45%	3%	65%	-1%	20%	5%	47%	123%	205%	88%
Sales and marketing	167%	202%	154%	42%	125%	-24%	-24%	-44%	-119%	-51%	-61%	-59%	-40%	-234%	-38%	4%	-13%	-11%	140%	21%
General and administrative	56%	74%	57%	15%	48%	9%	-9%	-33%	-83%	-30%	-48%	-52%	-34%	-3%	-43%	-25%	-31%	-69%	44%	-32%
Research and development	-5%	122%	44%	43%	47%	77%	-35%	-37%	-74%	-28%	-73%	-59%	-41%	-57%	-60%	-56%	-51%	-59%	140%	-35%
Operating income (loss)	47%	80%	95%	74%	75%	44%	9%	135%	32%	56%	-60%	-64%	-83%	-92%	-78%	-32%	-43%	-75%	28%	-43%
Net income (loss)	21%	106%	-2255%	-67%	-5%	-71%	-62%	137%	111%	4%	-46%	-60%	-85%	-96%	-84%	-26%	-47%	-81%	9%	-47%
EPS Diluted (pro forma)	-78%	-35%	-1722%	-71%	-57%	-2%	-18%	95%	47%	45%	-84%	-90%	-97%	-99%	-97%	-75%	-78%	-90%	7%	-70%

Source: Company reports and Ascendant Capital Markets estimates.

Reflects a 1:50 reverse stock split in February 2024

Phunware, Inc.

Balance Sheet (\$ mils)	Mar-22 Jun-22 Sep-22 Dec-22				Mar-23 Jun-23 Sep-23 Dec-23				Mar-24 Jun-24 Sep-24 Dec-24				Mar-25 Jun-25 Sep-25 Dec-25			
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Fiscal Year End: December 31																
Assets																
Cash and cash equivalents	10.8	2.7	8.5	2.0	0.7	1.1	2.9	3.9	21.6	20.4	35.5	109.8	112.3	111.6	111.4	113.1
Short term investments												0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	1.2	0.8	1.7	1.0	1.2	0.9	1.1	0.6	0.6	1.0	1.1	0.3	0.3	0.4	0.4	0.7
Inventory	4.7	3.5	3.2	2.8	2.7	2.2	0.9					0.0	0.0	0.0	0.0	0.0
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Digital currencies	24.2	12.6	12.6	10.1	2.5	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	1.3	1.2	0.8	1.0	0.8	0.6	0.6	0.4	0.4	0.3	3.1	3.8	0.2	0.2	0.2	0.3
Total current assets	42.3	20.8	26.9	16.9	7.9	4.8	5.5	5.0	22.6	21.7	39.8	113.8	112.8	112.2	112.0	114.2
Property and equipment, net	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles, net	36.3	36.0	35.7	33.6	33.5	32.1	18.8					0.0	0.0	0.0	0.0	0.0
Deferred income tax	1.3	1.3	1.3	2.0								0.0	0.0	0.0	0.0	0.0
Restricted cash												0.0	0.0	0.0	0.0	0.0
Other	1.5	3.0	4.3	4.1	3.9	3.6	3.4	1.7	1.6	1.4	1.2	1.2	1.2	1.2	1.2	1.2
Total assets	81.4	61.2	68.5	56.8	45.5	40.8	27.8	6.7	24.3	23.1	41.0	115.1	114.1	113.4	113.3	115.4
Liabilities and stockholders' equity																
Accounts payable	6.8	7.5	7.5	7.7	7.8	8.4	8.0	7.8	5.1	4.8	4.8	1.6	1.8	2.1	2.2	3.8
Accrued expenses	7.5	7.6	6.5	3.8	3.5	2.5	2.0	1.3	0.9	0.7	3.3	1.2	1.4	1.6	1.7	2.9
Deferred revenue	3.3	1.7	1.7	2.9	1.5	1.1	1.5	1.3	1.0	1.0	1.2	1.2	1.2	1.2	1.2	1.2
PhunCoin deposits	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Deferred income tax												0.0	0.0	0.0	0.0	0.0
Warrant liabilities	3.8	1.1	0.3	0.3	0.0							0.0	0.0	0.0	0.0	0.0
Factored receivables payable												0.0	0.0	0.0	0.0	0.0
Short term debt	3.5	2.0	12.7	9.7	5.7	6.1	5.6	4.9				0.0	0.0	0.0	0.0	0.0
Total current liabilities	26.1	21.2	29.9	25.6	19.6	19.2	18.2	16.5	8.2	7.7	10.5	5.1	5.6	6.1	6.2	9.1
Deferred income taxes	1.3	1.3	1.3	2.0								0.0	0.0	0.0	0.0	0.0
Warrant liabilities												0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.0	2.2	3.3	3.1	2.8	2.6	2.3	1.0	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Deferred revenue	1.0	0.9	1.2	1.3	1.1	1.1	0.7	0.7	0.6	0.5	0.7	0.7	0.7	0.7	0.7	0.7
Long term debt												0.0	0.0	0.0	0.0	0.0
Total other liabilities	3.3	4.4	5.8	6.3	3.9	3.6	3.1	1.7	1.5	1.3	1.4	1.4	1.4	1.4	1.4	1.4
Preferred stock												0.2	0.5	0.7	1.0	1.2
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.5	0.7	1.0	1.2
Additional paid-in capital	266.6	267.5	272.7	275.6	276.8	279.3	287.0	292.0	320.3	322.4	340.2	340.2	340.2	340.2	340.2	340.2
Retained earnings	(214.2)	(231.3)	(239.3)	(250.2)	(254.5)	(261.0)	(280.0)	(303.0)	(305.3)	(307.9)	(310.7)	(311.5)	(313.2)	(314.6)	(315.2)	(316.1)
Accumulated other comprehensive income	(0.4)	(0.5)	(0.6)	(0.5)	(0.4)	(0.4)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Non-controlling interest												80.0	80.0	80.0	80.0	80.0
Total stockholders' equity	52.0	35.7	32.8	24.9	21.9	17.9	6.6	(11.5)	14.6	14.1	29.1	108.5	107.1	105.9	105.6	104.9
Total stockholders' equity and liabilities	81.4	61.2	68.5	56.8	45.5	40.8	27.8	6.7	24.3	23.1	41.0	115.1	114.1	113.4	113.3	115.4

Balance Sheet Drivers

	Mar-22 Jun-22 Sep-22 Dec-22				Mar-23 Jun-23 Sep-23 Dec-23				Mar-24 Jun-24 Sep-24 Dec-24				Mar-25 Jun-25 Sep-25 Dec-25			
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	19%	22%	17%	22%	17%	18%	21%	43%	45%	29%	471%	471%	18%	18%	18%	18%
Accounts payable as % of total rev	100%	137%	158%	161%	164%	239%	285%	835%	550%	473%	718%	200%	200%	200%	200%	200%
Accrued expenses as % of total rev	111%	138%	138%	81%	73%	72%	70%	135%	97%	71%	503%	150%	150%	150%	150%	150%
Activity Ratios																
A/R Days Sales Outstanding	16	13	32	18	23	22	34	53	62	87	146	31	31	31	31	31
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$26.84	\$18.26	\$16.59	\$12.13	\$10.61	\$8.52	\$2.73	-\$3.88	\$2.13	\$1.70	\$2.62	\$5.43	\$5.33	\$5.24	\$5.20	\$5.14
Cash per Share (diluted)	\$5.58	\$1.38	\$4.32	\$0.95	\$0.34	\$0.53	\$1.19	\$1.33	\$3.14	\$2.45	\$3.20	\$5.49	\$5.59	\$5.52	\$5.49	\$5.55
Net cash per Share (diluted)	\$3.78	\$0.34	-\$2.10	-\$3.76	-\$2.42	-\$2.37	-\$1.13	-\$0.34	\$3.14	\$2.45	\$3.20	\$5.49	\$5.59	\$5.52	\$5.49	\$5.55

Source: Company reports and Ascendant Capital Markets estimates

Phunware, Inc.

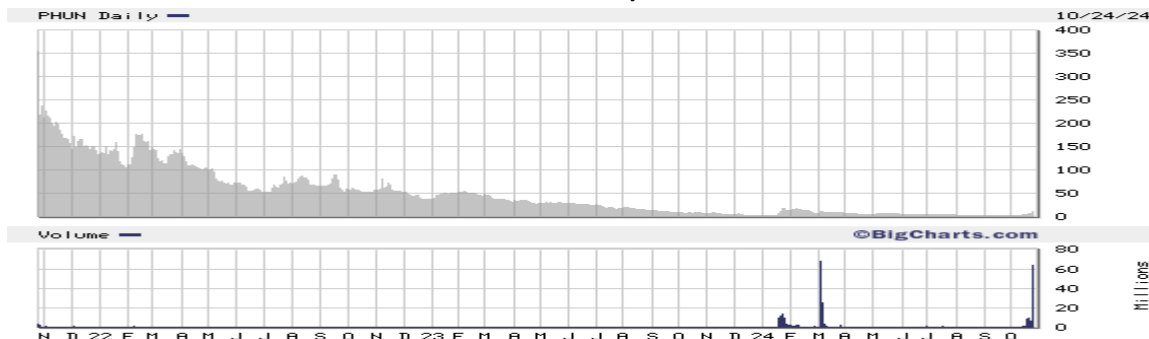
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(23.0)	(52.8)	(2.3)	(2.6)	(2.8)	(0.9)	(8.5)	(1.7)	(1.4)	(0.5)	(0.9)	(4.5)	
Depreciation					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Amortization					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Debt related amortization expen	0.2	0.1	0.4	0.3	1.0	0.3	0.4	0.1	0.3	1.1				0.0	0.0					0.0	
Stock comp	0.6	0.7	0.9	0.8	3.0	1.4	1.5	0.8	0.4	4.1	0.6	0.7	0.2	0.2	1.8	0.2	0.2	0.2	0.2	1.0	
Deferred rent					0.0					0.0				0.0	0.0					0.0	
A/R reserves					0.0					0.0				0.0	0.0					0.0	
Deferred income taxes					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in fair value of warrant l	0.2	(2.7)	(0.8)	(0.1)	(3.3)	(0.3)	0.3	(0.3)		(0.3)				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Writedowns and impairments	9.4	12.2		1.4	22.9	0.1	1.2	13.2	11.4	25.9				0.0	0.0					0.0	
Other gains/losses				2.1	2.1	(3.2)	(2.4)	0.5	(0.2)	(5.3)	(0.5)			(0.5)	(0.5)					0.0	
Other	(0.1)	0.4	0.7	0.5	1.5	0.4	0.8	0.8	8.9	10.8	0.3	0.1	0.2	0.7						0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	(0.2)	0.4	(0.9)	0.7	0.0	(0.2)	0.3	(0.2)	0.4	0.2	(0.1)	(0.3)	(0.1)	0.8	0.2	(0.0)	(0.0)	(0.0)	(0.3)	(0.4)	
Inventory	(2.1)	1.2	0.2	0.3	(0.4)	0.2	0.2	1.1	(1.5)	0.0				0.0	0.0					0.0	
Prepaid expenses & other curre	(0.7)	0.1	0.4	(0.2)	(0.5)	0.3	0.2	0.1	(0.3)	0.3	(0.0)	0.1	(2.8)	(0.6)	(3.4)	3.6	(0.0)	(0.0)	(0.1)	3.4	
Income tax					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other assets					0.0					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts payable	0.2	0.7	0.0	0.2	1.1	0.1	0.6	(0.4)	0.3	0.6	(2.9)	(0.3)	2.7	(3.2)	(3.6)	0.2	0.3	0.1	1.6	2.2	
Accrued expenses	(1.5)	1.1	(0.7)	(0.1)	(1.3)	(0.1)	(0.9)	0.1	(0.3)	(1.2)				(2.1)	(2.1)	0.2	0.2	0.1	1.2	1.7	
Deferred revenue	(1.0)	(1.7)	0.2	1.3	(1.1)	(1.6)	(0.4)	0.1	1.0	(0.9)	(0.3)	(0.1)	0.4		(0.0)					0.0	
Other liabilities	(0.2)	(0.2)	(0.2)	(0.3)	(0.9)	(0.3)	(0.3)	(0.3)	0.0	(1.0)	(0.4)	(0.2)	(0.2)	0.0	(0.7)	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	(10.2)	(4.8)	(7.9)	(4.0)	(26.8)	(7.4)	(5.2)	(3.3)	(2.6)	(18.4)	(5.530)	(2.675)	(2.385)	(5.8)	(16.4)	2.5	(0.7)	(0.2)	1.7	3.4	
Cash flow from investing activities																					
Purchases of property and equi	(0.1)	(0.1)	(0.1)	(0.0)	(0.3)	(0.0)	(0.0)	0.0	(0.0)	(0.0)				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Purchases of short-term investr	(0.5)	(0.4)		1.3	0.4	10.8	4.6	0.0		15.4				0.0	0.0					0.0	
Acquisitions		(1.1)		(1.3)	(2.4)					0.0				0.0	0.0					0.0	
Other					0.0					0.0				0.0	0.0					0.0	
Net cash used in investing activ	(0.6)	(1.6)	(0.1)	(0.0)	(2.3)	10.8	4.6	0.0	(0.0)	15.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Cash flow from financing activities																					
Issuance of debt			11.8		11.8					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Repayment of debt	(1.6)	(1.6)	(1.6)	(3.4)	(8.1)	(4.3)		(0.8)	(0.0)	(5.1)				0.0	0.0					0.0	
Issuance of stock			3.7	0.6	4.3	(0.5)	1.0	6.4	3.6	10.5	23.2	1.4	17.6	0.0	42.2	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exe	0.0			0.0	0.0	0.1		(0.5)	0.0	(0.4)				0.0	0.0					0.0	
Other					0.0					0.0				80.0	80.0					0.0	
<u>Dividends and distributions</u>					0.0					0.0				0.0	0.0					0.0	
Cash provided by (used in) fina	(1.6)	(1.6)	13.9	(2.7)	8.1	(4.7)	1.0	5.1	3.6	4.975	23.2	1.4	17.6	80.0	122.2	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash	(0.0)	(0.1)	(0.1)	0.1	(0.1)	0.0	0.0	(0.0)	0.0	0.1	(0.0)	0.0	0.0	0.0	0.0					0.0	
Net increase (decrease) in cash	(12.3)	(8.1)	5.8	(6.6)	(21.2)	(1.3)	0.4	1.8	1.1	2.0	17.6	(1.2)	15.2	74.2	105.8	2.5	(0.7)	(0.2)	1.7	3.4	
Beginning cash and equivalents	23.1	10.8	2.7	8.5	23.1	2.0	0.7	1.1	2.9	2.0	3.9	21.6	20.4	35.5	3.9	109.8	112.3	111.6	111.4	109.8	
Ending cash and equivalents	10.8	2.7	8.5	2.0	2.0	0.7	1.1	2.9	3.9	3.9	21.6	20.4	35.5	109.8	109.8	112.3	111.6	111.4	113.1	113.1	

Source: Company reports and Ascendant Capital Markets estimates

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Phunware, Inc.



*Reflects a 1:50 reverse stock split in February 2024
 Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
1	6/16/2020	Buy	200.00
2	8/17/2020	Buy	212.50
3	11/10/2020	Buy	225.00
4	4/4/2021	Buy	237.50
5	5/19/2021	Buy	250.00
6	8/23/2021	Buy	225.00
7	12/5/2021	Buy	300.00
8	3/27/2022	Buy	312.50
9	6/4/2022	Buy	300.00
10	8/23/2022	Buy	287.50
11	11/12/2022	Buy	250.00
12	3/27/2023	Buy	225.00
13	5/28/2023	Buy	212.50
14	8/13/2023	Buy	187.50
15	12/8/2023	Buy	75.00
16	3/31/2024	Buy	25.00
17	5/13/2024	Buy	22.00
18	8/31/2024	Buy	20.00

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SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	25	42%

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