



Phunware, Inc.

Q4 weak but outlook improving. New CEO, positive execution, and customer wins should drive a rebound to growth. Lowering P/T to \$25.

COMPANY UPDATE

Rating: BUY

Ticker: PHUN

Price: \$8.96

Target: \$25
(from \$75)

Q4 weak: Revenue was \$0.9 million (-80% y-o-y), compared to our estimates of \$1.5 million and consensus of \$2.1 million. EPS was \$(7.80), compared to our estimates of \$(1.10) and consensus of \$(2.00). There was no Q4 guidance.

Q4 software weakness: Software revenue was \$0.9 million (~18% y-o-y). However, with the new CEO, we believe software sales and contract wins are expected to improve significantly in 2024.

No 2024 guidance: The company did not provide 2024 financial guidance.

Adjusting estimates: We are adjusting our 2024 estimates for revenue to \$6.0 million, from \$8.0 million, and for EPS to \$(1.17) from \$(2.62).

Focused on mobile 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.

Lyte closure: In October 2021, the company closed the acquisition of privately-held Lyte Technology, a fast-growing provider of high performance computer systems, for ~\$11 million. In November 2023, the company announced the wind down (closure) of its Lyte Technology's computer hardware business.

New CEO: In October 2022, the company announced that its CEO Alan Knitowski will step down in December 2022. In November 2022, the company announced Russ Buyse as its new CEO. In October 2023, the company's Chief Revenue Officer, Mike Snavely, was named as new CEO replacing Russ Buyse. Mr. Snavely 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.

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

Capital raise: In the current Q1, the company raised ~\$22 million selling stock (at \$4.00, \$5.00, \$12.50 per share).

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

Still early but risk/reward favorable: The company expects 2024 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 \$25 from \$75, 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

March 31, 2024

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$3.50 – 38.44
Shares Outstanding (million):	8
Market cap (\$million):	\$72
EV (\$million):	\$59
Debt (\$million):	\$5
Cash (\$million):	\$18
Avg. Daily Trading Vol. (\$million):	\$36
Float (million shares):	8
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	1.1E	1.7E	1.6E	
Q2 Jun	1.3E	2.0E	1.9E	
Q3 Sep	1.8E	2.1E	2.6E	
Q4 Dec	<u>1.8E</u>	<u>2.2E</u>	<u>2.9E</u>	
Total	6.0E	8.0E	9.0E	
EV/Revs	10x		7x	

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)E	(0.66)E	(0.25)E	
Q2 Jun	(0.30)E	(0.63)E	(0.22)E	
Q3 Sep	(0.26)E	(0.64)E	(0.19)E	
Q4 Dec	<u>(0.27)E</u>	<u>(0.69)E</u>	<u>(0.17)E</u>	
Total	(1.17)E	(2.62)E	(0.82)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 March 12) reported its fiscal Q4 2023 (ending December) 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 \$0.9 million (-80% y-o-y), compared to our estimates of \$1.5 million and consensus of \$2.1 million.
- EPS was \$(7.80), compared to our estimates of \$(1.10) and consensus of \$(2.00).
- There was no Q4 guidance.
- The company did not provide 2024 financial guidance.
- We are adjusting our 2024 estimates for revenue to \$6.0 million, from \$8.0 million, and for EPS to \$(1.17) from \$(2.62).
- We are initiating our 2025 estimates for revenue of \$9.0 million, and for EPS of \$(0.82).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$0.4 million, compared with our estimate of \$0.4 million.
- Gross margin for the quarter was 47%, versus our expectation of 30% and 21% last year.
- Operating expenses were \$12 million, versus our expectation of \$4 million.
- Operating loss was \$12 million, versus our expectation of a loss of \$3.9 million.
- Net loss was \$23.0 million, versus our expectation of a loss of \$4.0 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 Snavely, was named as new CEO replacing Russ Buyse. Mr. Snavely 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.

The company's balance sheet had \$4 million in cash and \$5 million in debt, compared with \$3 million in cash and \$6 million in debt at the end of September. In the current Q1, the company raised ~\$22 million selling stock (at \$4.00, \$5.00, \$12.50 per share).

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



Phunware Business Units



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.



Lyte by Phunware
> Enable & Empower

Lyte by Phunware builds, markets and distributes high performance computing platforms for demanding consumers and professionals, but leverages Phunware's strategic supplier relationships to minimize manufacturing risk.

Source: Company reports.

Exhibit 2: Phunware Product Overview

Phunware's Value Proposition

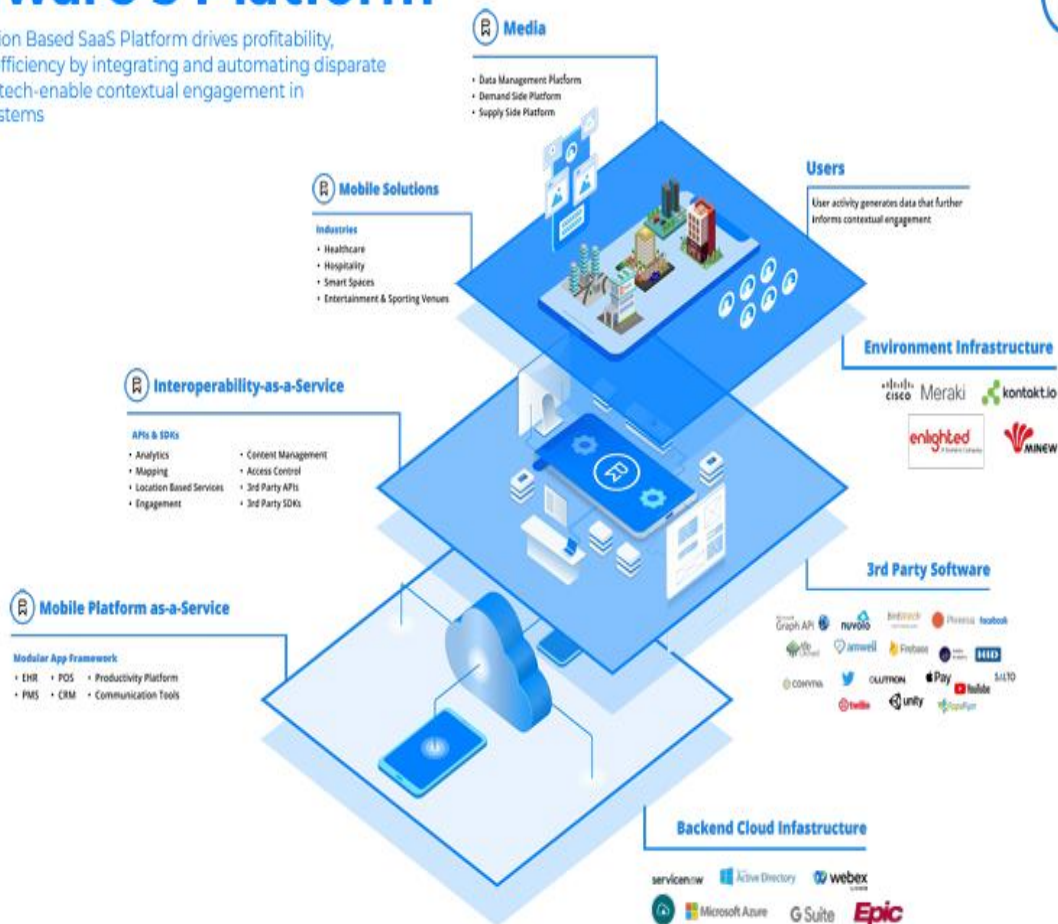


Our modules help customers better understand their users, and provide the tools to engage them at the right time in the right context.

<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



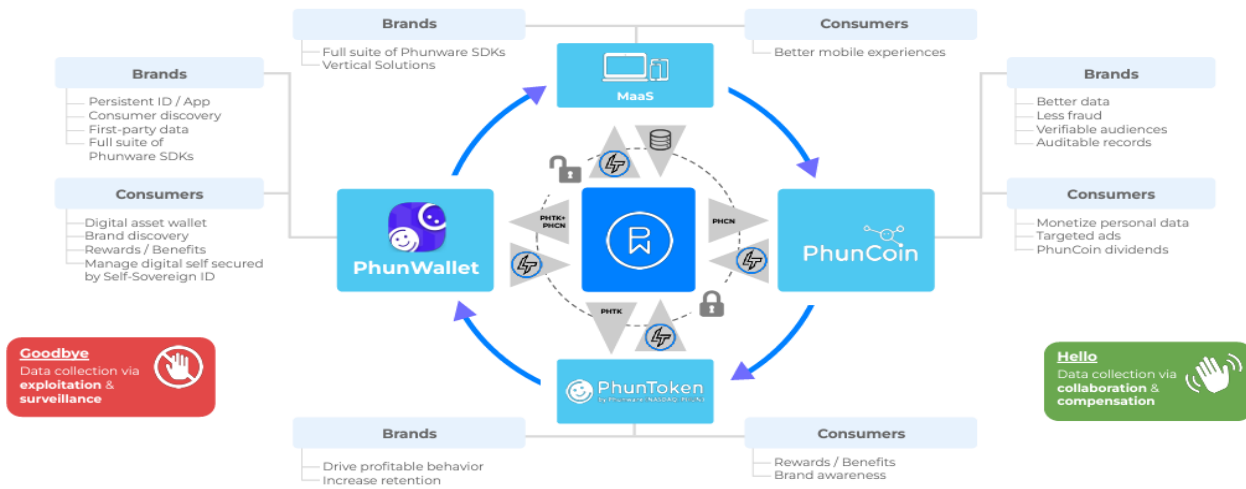
Phunware’s blockchain-enabled data exchange and mobile loyalty ecosystem are powered by two unique digital assets that help eliminate untrustworthy intermediaries and directly connect brands with consumer audiences of interest that have voluntarily opted in with their personal data and information in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



Phunware’s Phlywheel



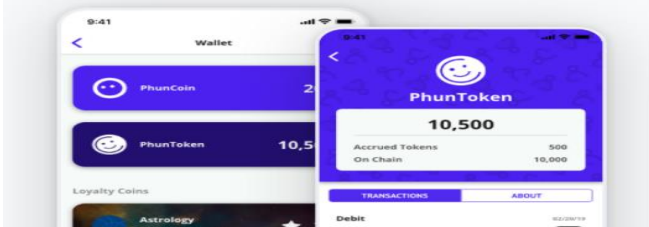
MISSION: Deploy a self-sustaining, virtuous ecosystem that reimagines mobile engagement by decentralizing data and empowering consumers.



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 Q4 2023 and Recent Highlights

Full Year 2023 Financial Results

- Net revenues from continuing operations for the year totaled \$4.8 million
- Impairment of remaining goodwill of \$25.8 million
- Lyte Technologies business was classified as a discontinued operation in 2023
- Net loss from continuing operations was \$(41.9) million, excluding the goodwill impairment it would have been \$(16.1) million.
- Net loss was \$(52.8) million
- Net loss from continuing operations per share was \$(17.62)
- Net loss from discontinued operations per share was \$(4.56)
- 1:50 reverse stock split effectuated February 26, 2024, received retroactive treatment in the 2023 and prior financial statements, which is reflected in the loss per share numbers above
- Non-GAAP Adjusted EBITDA loss was \$(15.5) million

Recent Business Highlights and Notable Corporate Developments

- On March 12, 2024, Nasdaq notified Phunware that it has demonstrated compliance with the requirements to remain listed on The Nasdaq Capital Market
- [Appointed Jeremy Kidd as Senior Vice President of Sales and Marketing](#)
- [Appointed Elliot Han to its Board of Directors](#)
- [Announced and executed a Reverse Stock Split](#)
- [Expanded Hospitality Portfolio via a Multi-Year Partnership with Escapades Memphrémagog and PAL+](#)

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 March 12, 2024)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$4.7A	\$1.4E	Q1 Mar	\$(0.04)A	\$(0.02)E
Q2 Jun	\$3.5A		Q2 Jun	\$(0.06)A	
Q3 Sep	\$2.8A		Q3 Sep	\$(0.16)A	
Q4 Dec	\$2.1E		Q4 Dec	\$(0.04)E	
Total	\$13.1E	\$9.1E	Total	\$(0.30)E	\$(0.10)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	Q1E	Q2E	Q3E	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	1.1	1.3	1.8	1.8	6.0	1.6	1.9	2.6	2.9	9.0
Cost of Revenues	5.0	4.0	4.0	3.8	16.7	4.4	3.0	2.6	0.5	10.5	0.6	0.6	0.8	0.8	2.8	0.6	0.7	0.9	0.9	3.1
Gross Profit	1.8	1.5	0.8	1.0	5.1	0.4	0.5	0.2	0.4	1.5	0.6	0.6	1.0	1.0	3.2	1.0	1.3	1.7	2.0	5.9
Sales and marketing	1.5	1.9	1.8	1.6	6.8	1.1	1.5	1.0	(0.3)	3.3	0.6	1.0	0.9	0.9	3.4	0.6	0.7	0.9	1.0	3.2
General and administrative	4.3	5.3	5.2	4.8	19.6	4.7	4.8	3.5	0.8	13.8	2.3	1.7	1.8	1.8	7.5	2.0	1.9	1.7	1.7	7.4
Research and development	1.0	1.9	1.7	1.6	6.1	1.8	1.2	1.0	0.4	4.4	0.3	0.3	0.4	0.4	1.4	0.4	0.4	0.6	0.7	2.1
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	3.1	3.0	3.0	3.1	12.3	2.9	3.0	3.2	3.4	12.6
Operating income (loss)	(5.0)	(7.5)	(7.9)	(9.1)	(29.5)	(7.3)	(8.2)	(18.5)	(11.9)	(45.9)	(2.5)	(2.4)	(2.1)	(2.1)	(9.1)	(2.0)	(1.8)	(1.5)	(1.4)	(6.7)
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)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Other income (expense)	(9.5)	(9.3)	0.9	(1.1)	(19.0)	3.5	2.2	(0.2)	(10.7)	(5.1)	0.0	0.0	0.0	0.0	0.0	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)	(2.6)	(2.5)	(2.2)	(2.2)	(9.5)	(2.1)	(1.9)	(1.6)	(1.5)	(7.1)
Income taxes				0.0	0.0				0.0	0.0	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)	(2.6)	(2.5)	(2.2)	(2.2)	(9.5)	(2.1)	(1.9)	(1.6)	(1.5)	(7.1)
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)	(2.6)	(2.5)	(2.2)	(2.2)	(9.5)	(2.1)	(1.9)	(1.6)	(1.5)	(7.1)
EBITDA	(4.2)	(6.6)	(6.7)	(5.9)	(23.5)	(5.6)	(5.2)	(4.3)	(0.4)	(15.5)	(2.1)	(2.0)	(1.7)	(1.7)	(7.5)	(1.6)	(1.4)	(1.1)	(1.0)	(5.0)
Shares, Basic	1.9	2.0	2.0	2.1	2.0	2.1	2.1	2.4	3.0	2.4	8.0	8.1	8.2	8.3	8.2	8.4	8.5	8.6	8.7	8.6
Shares, Diluted	1.9	2.0	2.0	2.1	2.0	2.1	2.1	2.4	3.0	2.4	8.0	8.1	8.2	8.3	8.2	8.4	8.5	8.6	8.7	8.6
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)	(\$0.30)	(\$0.26)	(\$0.27)	(\$1.17)	(\$0.25)	(\$0.22)	(\$0.19)	(\$0.17)	(\$0.82)
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)	(\$0.30)	(\$0.26)	(\$0.27)	(\$1.17)	(\$0.25)	(\$0.22)	(\$0.19)	(\$0.17)	(\$0.82)
Margins																				
Gross margin	26%	28%	17%	21%	23%	8%	13%	7%	47%	12%	50%	50%	55%	55%	53%	60%	65%	65%	70%	66%
Sales and marketing	22%	35%	38%	33%	31%	24%	42%	37%	-32%	28%	50%	80%	50%	50%	56%	35%	35%	35%	35%	35%
General and administrative	64%	96%	109%	101%	90%	99%	137%	125%	88%	115%	200%	130%	100%	100%	126%	125%	100%	65%	60%	82%
Research and development	15%	34%	35%	34%	28%	37%	35%	37%	45%	37%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%
Operating margin	-74%	-137%	-166%	-190%	-135%	-153%	-235%	-664%	-1271%	-384%	-223%	-183%	-118%	-118%	-152%	-123%	-93%	-58%	-48%	-74%
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%	-232%	-191%	-124%	-123%	-159%	-129%	-98%	-62%	-51%	-78%
YY % change																				
Total Revenue	312%	282%	120%	-12%	105%	-30%	-36%	-41%	-80%	-45%	-76%	-63%	-37%	93%	-50%	40%	49%	50%	57%	50%
Gross margin	86%	387%	-30%	-18%	40%	-80%	-70%	-75%	-55%	-71%	58%	42%	395%	124%	118%	68%	94%	77%	100%	86%
Sales and marketing	167%	202%	154%	42%	125%	-24%	-24%	-44%	-119%	-51%	-49%	-30%	-15%	-404%	2%	-2%	-35%	5%	10%	-7%
General and administrative	56%	74%	57%	15%	48%	9%	-9%	-33%	-83%	-30%	-51%	-65%	-50%	120%	-45%	-13%	15%	-3%	-6%	-2%
Research and development	-5%	122%	44%	43%	47%	77%	-35%	-37%	-74%	-28%	-85%	-75%	-61%	-1%	-69%	40%	49%	50%	57%	50%
Operating income (loss)	47%	80%	95%	74%	75%	44%	9%	135%	32%	56%	-65%	-71%	-89%	-82%	-80%	-23%	-24%	-26%	-36%	-27%
Net income (loss)	21%	106%	-2255%	-67%	-5%	-71%	-62%	137%	111%	4%	-38%	-62%	-89%	-90%	-82%	-22%	-23%	-25%	-34%	-26%
EPS Diluted (pro forma)	-78%	-35%	-1722%	-71%	-57%	-2%	-18%	95%	47%	45%	-84%	-90%	-97%	-97%	-95%	-26%	-27%	-29%	-37%	-29%

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
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	10.8	2.7	8.5	2.0	0.7	1.1	2.9	3.9	17.9	16.3	15.9	14.3	12.0	11.4	12.3	11.9
Short term investments									0.0	0.0	0.0	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	0.4	0.4	0.6	0.6	0.6	0.7	0.9	1.0
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	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
Digital currencies	24.2	12.6	12.6	10.1	2.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Prepaid expenses and other	1.3	1.2	0.8	1.0	0.8	0.6	0.6	0.4	0.2	0.2	0.3	0.3	0.3	0.3	0.5	0.5
Total current assets	42.3	20.8	26.9	16.9	7.9	4.8	5.5	5.0	18.6	17.1	16.9	15.3	12.9	12.5	13.8	13.5
Property and equipment, net	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
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	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	0.0	0.0	0.0
Restricted cash									0.0	0.0	0.0	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	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total assets	81.4	61.2	68.5	56.8	45.5	40.8	27.8	6.7	20.4	18.9	18.7	17.1	14.7	14.3	15.6	15.3
Liabilities and stockholders' equity																
Accounts payable	6.8	7.5	7.5	7.7	7.8	8.4	8.0	7.8	2.3	2.6	3.5	3.6	3.2	3.9	5.3	5.7
Accrued expenses	7.5	7.6	6.5	3.8	3.5	2.5	2.0	1.3	1.7	1.9	2.6	2.7	2.4	2.9	3.9	4.3
Deferred revenue	3.3	1.7	1.7	2.9	1.5	1.1	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
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	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	0.0	0.0	0.0
Factored receivables payable									0.0	0.0	0.0	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	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Total current liabilities	26.1	21.2	29.9	25.6	19.6	19.2	18.2	16.5	11.4	11.9	13.5	13.7	13.0	14.1	16.6	17.4
Deferred income taxes	1.3	1.3	1.3	2.0					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities									0.0	0.0	0.0	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	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Deferred revenue	1.0	0.9	1.2	1.3	1.1	1.1	0.7	0.7	0.7	0.7	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	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	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Preferred stock																
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.8	1.2	1.6	2.0	2.5	2.9	3.3
Additional paid-in capital	266.6	267.5	272.7	275.6	276.8	279.3	287.0	292.0	292.0	292.0	292.0	292.0	292.0	292.0	292.0	292.0
Retained earnings	(214.2)	(231.3)	(239.3)	(250.2)	(254.5)	(261.0)	(280.0)	(303.0)	(305.7)	(308.1)	(310.3)	(312.5)	(314.6)	(316.5)	(318.1)	(319.6)
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									21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
Total stockholders' equity	52.0	35.7	32.8	24.9	21.9	17.9	6.6	(11.5)	7.3	5.2	3.5	1.7	(0.0)	(1.5)	(2.7)	(3.8)
Total stockholders' equity and liabilities	81.4	61.2	68.5	56.8	45.5	40.8	27.8	6.7	20.4	18.9	18.7	17.1	14.7	14.3	15.6	15.3

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	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	19%	22%	17%	22%	17%	18%	21%	43%	18%	18%	18%	18%	18%	18%	18%	18%
Accounts payable as % of total rev	100%	137%	158%	161%	164%	239%	285%	835%	200%	200%	200%	200%	200%	200%	200%	200%
Accrued expenses as % of total rev	111%	138%	138%	81%	73%	72%	70%	135%	150%	150%	150%	150%	150%	150%	150%	150%
Activity Ratios																
A/R Days Sales Outstanding	16	13	32	18	23	22	34	53	31	31	31	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	\$0.91	\$0.65	\$0.42	\$0.20	\$0.00	-\$0.17	-\$0.31	-\$0.43
Cash per Share (diluted)	\$5.58	\$1.38	\$4.32	\$0.95	\$0.34	\$0.53	\$1.19	\$1.33	\$2.24	\$2.02	\$1.94	\$1.72	\$1.43	\$1.35	\$1.43	\$1.37
Net cash per Share (diluted)	\$3.78	\$0.34	-\$2.10	-\$3.76	-\$2.42	-\$2.37	-\$1.13	-\$0.34	\$1.63	\$1.41	\$1.34	\$1.12	\$0.84	\$0.77	\$0.86	\$0.80

Source: Company reports and Ascendant Capital Markets estimates

Phunware, Inc.

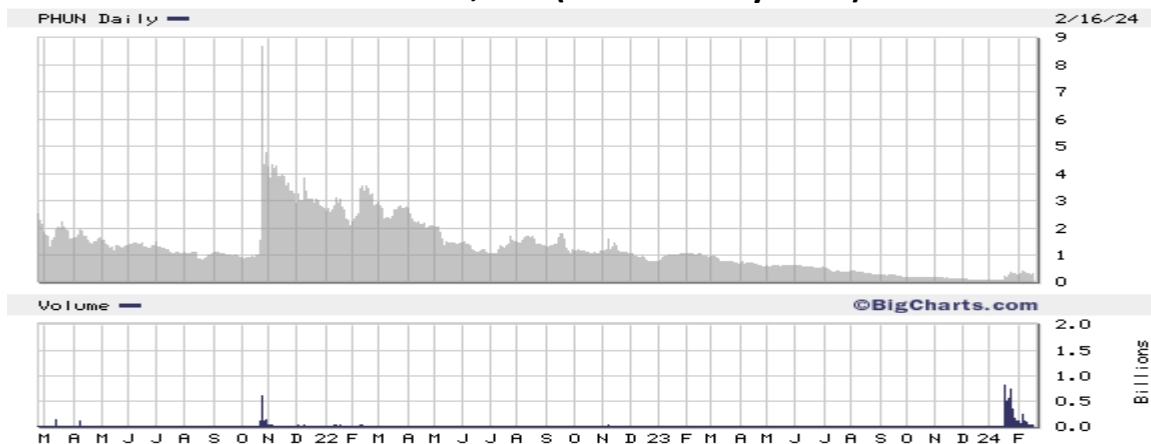
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(23.0)	(52.8)	(2.6)	(2.5)	(2.2)	(2.2)	(9.5)	(2.1)	(1.9)	(1.6)	(1.5)	(7.1)	
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	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	1.1	1.1	1.1	1.1	4.4	0.4	0.4	0.4	0.4	1.6	
Stock comp	0.6	0.7	0.9	0.8	3.0	1.4	1.5	0.8	0.4	4.1	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.6	
Deferred rent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
A/R reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in fair value of warrant I	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	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other gains/losses				2.1	2.1	(3.2)	(2.4)	0.5	(0.2)	(5.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other	(0.1)	0.4	0.7	0.5	1.5	0.4	0.8	0.8	8.9	10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.2	(0.1)	(0.2)	(0.0)	(0.1)	0.1	(0.1)	(0.2)	(0.1)	(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	0.0	0.0	0.0	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	0.2	(0.0)	(0.1)	(0.0)	0.1	0.0	(0.1)	(0.1)	(0.0)	(0.2)	
Income tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	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	(5.5)	0.3	0.9	0.1	(4.2)	(0.4)	0.7	1.4	0.4	2.1	
Accrued expenses	(1.5)	1.1	(0.7)	(0.1)	(1.3)	(0.1)	(0.9)	0.1	(0.3)	(1.2)	0.4	0.2	0.7	0.1	1.4	(0.3)	0.5	1.1	0.3	1.6	
Deferred revenue	(1.0)	(1.7)	0.2	1.3	(1.1)	(1.6)	(0.4)	0.1	1.0	(0.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	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)	0.0	0.0	0.0	0.0	0.0	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)	(7.0)	(1.6)	(0.4)	(1.7)	(10.6)	(2.3)	(0.5)	0.9	(0.4)	(2.3)	
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)	(0.0)	(0.0)	(0.1)	
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Acquisitions		(1.1)		(1.3)	(2.4)					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other					0.0					0.0	0.0	0.0	0.0	0.0	0.0	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)	(0.1)	
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	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	
Issuance of stock			3.7	0.6	4.3	(0.5)	1.0	6.4	3.6	10.5	0.0	0.0	0.0	0.0	0.0	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	
Other					0.0					0.0	21.0				21.0					0.0	
<u>Dividends and distributions</u>					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	21.0	0.0	0.0	0.0	21.0	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	
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	14.0	(1.6)	(0.4)	(1.7)	10.3	(2.3)	(0.5)	0.9	(0.4)	(2.4)	
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	17.9	16.3	15.9	3.9	14.3	12.0	11.4	12.3	14.3	
Ending cash and equivalents	10.8	2.7	8.5	2.0	2.0	0.7	1.1	2.9	3.9	3.9	17.9	16.3	15.9	14.3	14.3	12.0	11.4	12.3	11.9	11.9	

Source: Company reports and Ascendant Capital Markets estimates

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Phunware, Inc. (as of January 2024)



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

	Report Date		Price
Report	Date	Rating	Target
1	6/16/2020	Buy	4.00
2	8/17/2020	Buy	4.25
3	11/10/2020	Buy	4.50
4	4/4/2021	Buy	4.75
5	5/19/2021	Buy	5.00
6	8/23/2021	Buy	4.50
7	12/5/2021	Buy	6.00
8	3/27/2022	Buy	6.25
9	6/4/2022	Buy	6.00
10	8/23/2022	Buy	5.75
11	11/12/2022	Buy	5.00
12	3/27/2023	Buy	4.50
13	5/28/2023	Buy	4.25
14	8/13/2023	Buy	3.75
15	12/8/2023	Buy	1.50

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

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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.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 15, 2024)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	20	38%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	20	38%

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