



Phunware, Inc.

Q3 weak. New CEO, positive execution, and customer wins should drive a rebound to growth. Lowering P/T to \$1.50.

COMPANY UPDATE

Rating: BUY

Ticker: PHUN

Price: \$0.09
(intraday)

Target: \$1.50
(from \$3.75)

Q3 weak: Phunware recently (on November 9) reported its fiscal Q3 2023 (ending September) results. Revenue was \$2.8 million (-41% y-o-y), compared to our and consensus estimates of \$3.7 million. EPS was \$(0.16), compared to our and consensus estimates of \$(0.06). There was no Q3 guidance.

Q3 revenue weakness: Software revenue was \$1.3 million (~0% y-o-y), but hardware was \$1.5 million (-56% y-o-y).

Major cost cuts: In July 2023, the company announced a strategic cost optimization effort, which includes a reduction in force of ~33% of its workforce across all departments. This is expected to realize annual run-rate cost savings upwards of \$5 million. In addition, the company just announced the closure of its Lyte business.

No 2023 guidance: The company did not provide 2023 financial guidance.

Lowering estimates: We are lowering our 2023 estimates for revenue to \$13 million, from \$17 million, and for EPS to \$(0.27) from \$(0.23).

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.

Another 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 Snively, was named as new CEO replacing Russ Buyse. Mr. Snively 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.

New CFO: 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.

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 \$1.50 from \$3.75, 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

December 8, 2023

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$0.09 – 1.15
Shares Outstanding (million):	181
Market cap (\$million):	\$16
EV (\$million):	\$19
Debt (\$million):	\$6
Cash (\$million):	\$3
Avg. Daily Trading Vol. (\$million):	\$0.4
Float (million shares):	131
Short Interest (million shares):	11
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	5A		2E	6E
Q2 Jun	4A		2E	4E
Q3 Sep	3A	4E	2E	4E
Q4 Dec	<u>2E</u>	<u>5E</u>	<u>2E</u>	<u>6E</u>
Total	13E	17E	8E	20E
EV/Revs	1.5x		2.4x	

Earnings per Share (pro forma)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>
Q1 Mar	(0.04)A		(0.01)E	(0.04)E
Q2 Jun	(0.06)A		(0.01)E	(0.03)E
Q3 Sep	(0.16)A	(0.06)E	(0.01)E	(0.03)E
Q4 Dec	<u>(0.02)E</u>	<u>(0.06)E</u>	<u>(0.01)E</u>	<u>(0.04)E</u>
Total	(0.27)E	(0.23)E	(0.05)E	(0.15)E
P/E	N/A		N/A	

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 9) reported its fiscal Q3 2023 (ending September) results.
- Revenue was \$2.8 million (-41% y-o-y), compared to our and consensus estimates of \$3.7 million.
- EPS was \$(0.16), compared to our and consensus estimates of \$(0.06).
- There was no Q3 guidance.
- The company did not provide 2023 financial guidance.
- We are lowering our 2023 estimates for revenue to \$13 million, from \$17 million, and for EPS to \$(0.27) from \$(0.23).
- We are adjusting our 2024 estimates for revenue to \$8 million, from \$20 million, and for EPS to \$(0.05) from \$(0.15).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$0.2 million, compared with our estimate of \$0.6 million.
- Gross margin for the quarter was 7%, versus our expectation of 15% and 17% last year.
- Operating expenses were \$19 million (including \$13 million in goodwill impairment), versus our expectation of \$7 million.
- Operating loss was \$18.5 million, versus our expectation of a loss of \$6.3 million.
- Net loss was \$19.0 million, versus our expectation of a loss of \$6.4 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.

The company's balance sheet had \$3 million in cash and \$6 million in debt, compared with \$1 million in cash and \$6 million in debt at the end of June. The company is currently in process of raising ~\$2.8 million selling stock.

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



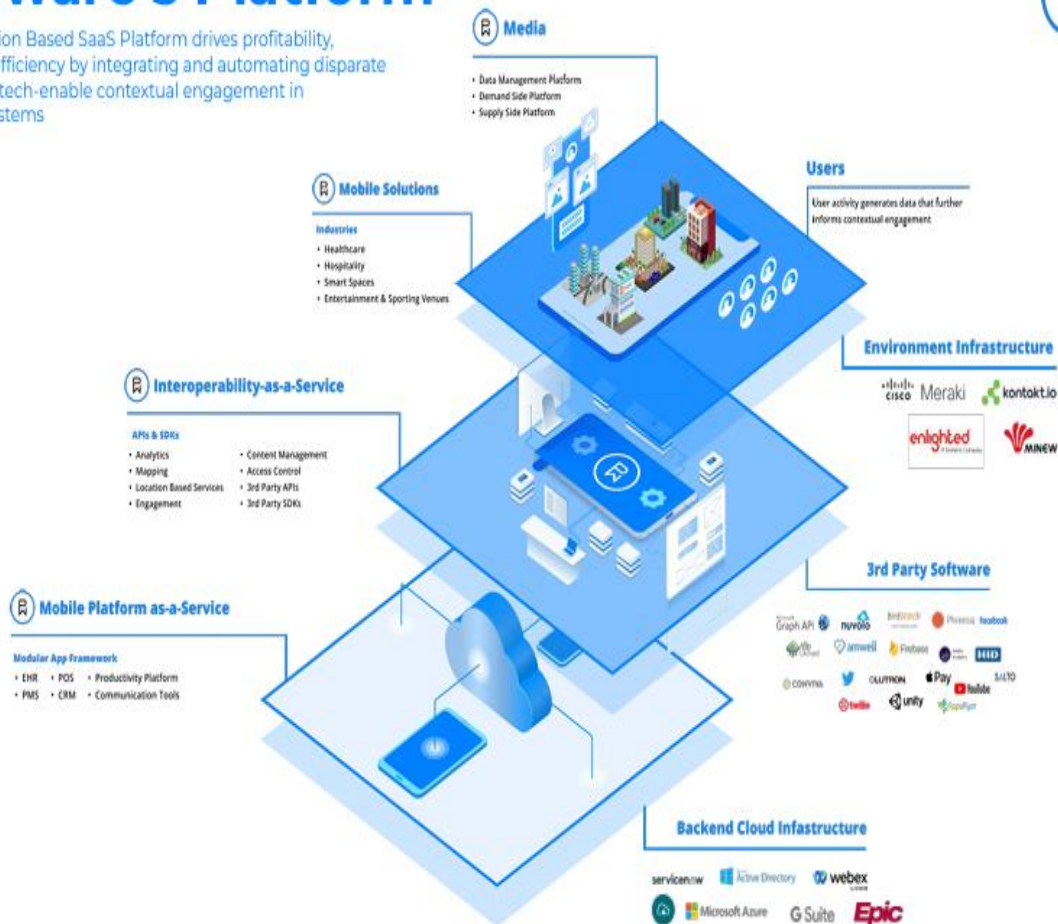
Our modules help customers better understand their users, and provide the tools to engage them at the right time in the right context.

<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



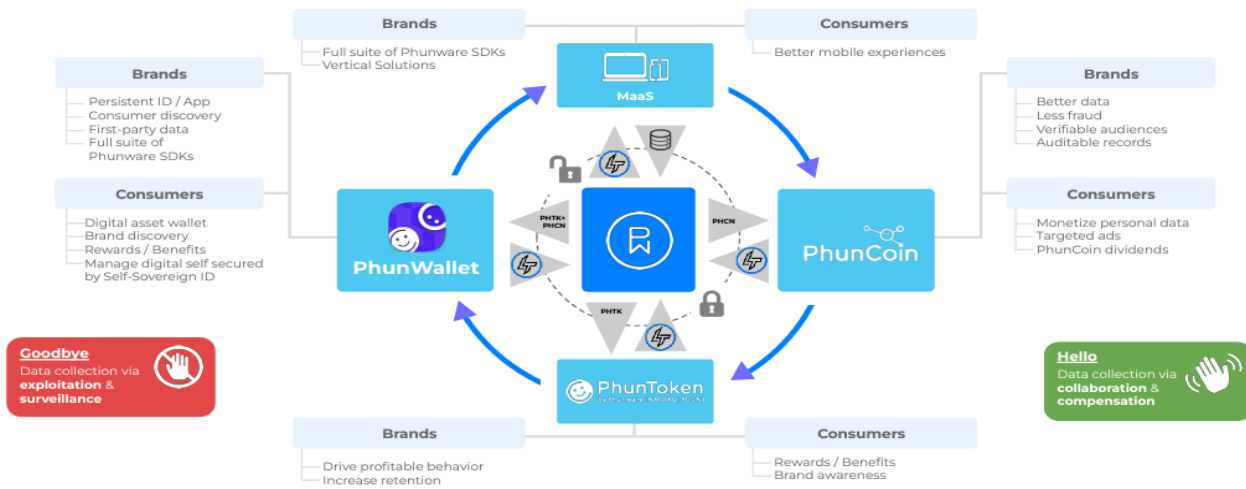
Phunware’s blockchain-enabled data exchange and mobile loyalty ecosystem are powered by two unique digital assets that help eliminate untrustworthy intermediaries and directly connect brands with consumer audiences of interest that have voluntarily opted in with their personal data and information in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



Phunware’s Phlywheel



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



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 2023 and Recent Highlights

Third Quarter 2023 Financial Results

- Net revenues for the quarter totaled \$2.8 million
- Platform revenues were \$1.3 million
- Hardware revenues were \$1.5 million
- Net loss was \$(19.0) million
- Net loss per share was \$(0.16)
- Non-GAAP Adjusted EBITDA loss was \$(4.3) million

Recent Business Highlights

- Notable Corporate and Product Developments:
 - Announced Purchase Agreement for up to \$30 Million with Lincoln Park Capital Fund
 - Provided Corporate Update Naming Mike Snavely as CEO
 - Announced Wind Down of Lyte Technology's Operations to Reinforce Core Mission
- Notable Customer and Partner Wins:
 - VHC Health Signs Multi-Year Renewal of Digital Front Door Application with Phunware
 - Partnered with Wailea Beach Resort – Marriott, Maui for its Enhanced Smart Hospitality Solution

Source: Company reports.

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



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

Exhibit 7: Consensus Expectations (as of November 9, 2023)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$5A		Q1 Mar	\$(0.04)A	
Q2 Jun	\$4A		Q2 Jun	\$(0.06)A	
Q3 Sep	\$4E		Q3 Sep	\$(0.06)E	
Q4 Dec	\$5E		Q4 Dec	\$(0.05)E	
Total	\$17E	\$20E	Total	\$(0.21)E	\$(0.16)E

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

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

FINANCIAL MODEL

Phunware, Inc.

Income Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	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
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	1.6	1.4	2.2	5.4	10.6	6.8	5.5	4.8	4.8	21.8	4.7	3.5	2.8	1.5	12.5	1.7	2.0	2.1	2.2	8.0
<u>Cost of Revenues</u>	0.7	1.1	1.0	4.2	7.0	5.0	4.0	4.0	3.8	16.7	4.4	3.0	2.6	1.0	11.1	0.9	1.0	1.0	1.1	4.0
Gross Profit	1.0	0.3	1.1	1.2	3.6	1.8	1.5	0.8	1.0	5.1	0.4	0.5	0.2	0.4	1.5	0.9	1.0	1.0	1.1	4.0
Sales and marketing	0.6	0.6	0.7	1.1	3.0	1.5	1.9	1.8	1.6	6.8	1.1	1.5	1.0	0.4	4.1	0.6	0.7	0.7	0.8	2.8
General and administrative	2.8	3.0	3.3	4.2	13.3	4.3	5.3	5.2	4.8	19.6	4.7	4.8	3.5	3.0	15.9	2.1	2.0	2.1	2.2	8.4
Research and development	1.1	0.8	1.2	1.1	4.2	1.0	1.9	1.7	1.6	6.1	1.8	1.2	1.0	0.9	4.9	0.4	0.5	0.5	0.5	1.8
<u>Restructuring and other</u>					0.0				2.1	2.1		1.2	13.2		14.4					0.0
Total operating expenses	4.4	4.5	5.2	6.4	20.5	6.8	9.1	8.7	10.1	34.6	7.6	8.7	18.7	4.3	39.3	3.1	3.2	3.3	3.5	13.1
Operating income (loss)	(3.4)	(4.2)	(4.0)	(5.2)	(16.8)	(5.0)	(7.5)	(7.9)	(9.1)	(29.5)	(7.3)	(8.2)	(18.5)	(3.9)	(37.8)	(2.3)	(2.2)	(2.2)	(2.4)	(9.1)
Interest income (expense)	(2.2)	(1.8)	0.0	(0.4)	(4.5)	(0.4)	(0.3)	(1.0)	(0.8)	(2.4)	(0.5)	(0.6)	(0.3)	(0.1)	(1.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
<u>Other income (expense)</u>	(6.7)	(2.3)	4.4	(28.0)	(32.6)	(9.5)	(9.3)	0.9	(1.1)	(19.0)	3.5	2.2	(0.2)	0.0	5.6	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(12.4)	(8.3)	0.4	(33.7)	(53.9)	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(4.0)	(33.7)	(2.4)	(2.3)	(2.3)	(2.5)	(9.5)
<u>Income taxes</u>				(0.4)	(0.4)				0.0	0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(12.4)	(8.3)	0.4	(33.2)	(53.5)	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(4.0)	(33.7)	(2.4)	(2.3)	(2.3)	(2.5)	(9.5)
<u>Nonrecurring/noncash adjustments</u>					0.0	10.8	9.7			20.6					0.0					0.0
Net income (pro forma)	(12.4)	(8.3)	0.4	(33.2)	(53.5)	(4.1)	(7.4)	(8.0)	(10.9)	(30.3)	(4.3)	(6.5)	(19.0)	(4.0)	(33.7)	(2.4)	(2.3)	(2.3)	(2.5)	(9.5)
EBITDA	(2.4)	(2.7)	(2.5)	(4.0)	(11.7)	(4.2)	(6.6)	(6.7)	(5.9)	(23.5)	(5.6)	(5.2)	(4.3)	(3.0)	(18.1)	(1.4)	(1.3)	(1.4)	(1.6)	(5.7)
Shares, Basic	64.6	71.6	74.3	91.0	75.4	96.8	97.7	98.8	102.6	99.0	103.2	105.1	120.0	181.0	127.3	181.3	181.6	181.9	182.2	181.8
Shares, Diluted	64.6	71.6	74.3	91.0	75.4	96.8	97.7	98.8	102.6	99.0	103.2	105.1	120.0	181.0	127.3	181.3	181.6	181.9	182.2	181.8
EPS Basic (pro forma)	(\$0.19)	(\$0.12)	\$0.01	(\$0.37)	(\$0.71)	(\$0.04)	(\$0.08)	(\$0.08)	(\$0.11)	(\$0.31)	(\$0.04)	(\$0.06)	(\$0.16)	(\$0.02)	(\$0.27)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.05)
EPS Diluted (pro forma)	(\$0.19)	(\$0.12)	\$0.01	(\$0.37)	(\$0.71)	(\$0.04)	(\$0.08)	(\$0.08)	(\$0.11)	(\$0.31)	(\$0.04)	(\$0.06)	(\$0.16)	(\$0.02)	(\$0.27)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.05)
Margins																				
Gross margin	58%	22%	53%	22%	34%	26%	28%	17%	21%	23%	8%	13%	7%	30%	12%	50%	50%	50%	50%	50%
Sales and marketing	34%	44%	33%	21%	28%	22%	35%	38%	33%	31%	24%	42%	37%	30%	33%	35%	35%	35%	35%	35%
General and administrative	168%	210%	153%	77%	125%	64%	96%	109%	101%	90%	99%	137%	125%	200%	127%	125%	100%	100%	100%	105%
Research and development	64%	59%	54%	21%	39%	15%	34%	35%	34%	28%	37%	35%	37%	60%	39%	23%	23%	23%	23%	23%
Operating margin	-207%	-292%	-187%	-96%	-158%	-74%	-137%	-166%	-190%	-135%	-153%	-235%	-664%	-260%	-303%	-133%	-108%	-108%	-108%	-113%
Tax rate, GAAP	0%	0%	0%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-751%	-578%	17%	-615%	-503%	-220%	-311%	-169%	-228%	-234%	-90%	-187%	-680%	-267%	-270%	-140%	-114%	-113%	-113%	-119%
YYY % change																				
Total Revenue	-38%	-35%	-31%	168%	6%	312%	282%	120%	-12%	105%	-30%	-36%	-41%	-69%	-43%	-64%	-42%	-26%	50%	-36%
Gross margin	-38%	-78%	-49%	-14%	-46%	86%	387%	-30%	-18%	40%	-80%	-70%	-75%	-55%	-71%	137%	120%	430%	150%	175%
Sales and marketing	-8%	131%	87%	187%	83%	167%	202%	154%	42%	125%	-24%	-24%	-44%	-72%	-40%	-47%	-52%	-30%	75%	-31%
General and administrative	-30%	-20%	-23%	24%	-14%	56%	74%	57%	15%	48%	9%	-9%	-33%	-38%	-19%	-55%	-58%	-41%	-25%	-47%
Research and development	22%	124%	103%	37%	59%	-5%	122%	44%	43%	47%	77%	-35%	-37%	-45%	-20%	-78%	-62%	-54%	-43%	-63%
Operating income (loss)	-12%	41%	-46%	64%	-4%	47%	80%	95%	74%	75%	44%	9%	135%	-57%	28%	-69%	-74%	-88%	-38%	-76%
Net income (loss)	212%	136%	-104%	440%	141%	21%	106%	-2255%	-67%	-5%	-71%	-62%	137%	-64%	-34%	-44%	-65%	-88%	-37%	-72%
EPS Diluted (pro forma)	98%	38%	-105%	202%	77%	-78%	-35%	-1722%	-71%	-57%	-2%	-18%	95%	-79%	-14%	-68%	-80%	-92%	-37%	-80%

Source: Company reports and Ascendant Capital Markets estimates.

Phunware, Inc.

Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	23.5	2.7	0.9	23.1	10.8	2.7	8.5	2.0	0.7	1.1	2.9	3.1	(0.7)	(1.3)	(2.6)	(3.8)
Short term investments												0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	0.9	0.7	1.2	1.0	1.2	0.8	1.7	1.0	1.2	0.9	1.1	0.5	0.6	0.7	0.7	0.8
Inventory				2.6	4.7	3.5	3.2	2.8	2.7	2.2	0.9	0.9	0.9	0.9	0.9	0.9
Deferred income taxes												0.0	0.0	0.0	0.0	0.0
Digital currencies	1.1	0.8	0.8	32.6	24.2	12.6	12.6	10.1	2.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Prepaid expenses and other	0.8	1.6	0.7	0.7	1.3	1.2	0.8	1.0	0.8	0.6	0.6	0.3	0.3	0.4	0.4	0.4
Total current assets	26.3	5.7	3.6	60.0	42.3	20.8	26.9	16.9	7.9	4.8	5.5	4.9	1.1	0.7	(0.6)	(1.7)
Property and equipment, net	0.0				0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Intangibles, net	26.0	26.0	25.9	36.5	36.3	36.0	35.7	33.6	33.5	32.1	18.8	18.8	18.8	18.8	18.8	18.8
Deferred income tax	0.5	0.5	0.5	1.3	1.3	1.3	1.3	2.0				0.0	0.0	0.0	0.0	0.0
Restricted cash	0.1	0.1	0.1									0.0	0.0	0.0	0.0	0.0
Other	2.0	1.9	1.8	1.5	1.5	3.0	4.3	4.1	3.9	3.6	3.4	3.4	3.4	3.4	3.4	3.4
Total assets	54.9	34.2	32.0	99.3	81.4	61.2	68.5	56.8	45.5	40.8	27.8	27.2	23.5	23.1	21.8	20.7
Liabilities and stockholders' equity																
Accounts payable	7.8	7.0	7.1	6.6	6.8	7.5	7.5	7.7	7.8	8.4	8.0	5.9	3.4	4.0	4.1	4.5
Accrued expenses	6.7	4.0	2.9	10.0	7.5	7.6	6.5	3.8	3.5	2.5	2.0	2.2	2.6	3.0	3.1	3.3
Deferred revenue	2.2	2.0	1.8	4.0	3.3	1.7	1.7	2.9	1.5	1.1	1.5	2.8	2.8	2.8	2.8	2.8
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	2.5	1.8	1.8	3.6	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	10.0	0.1	0.1	4.9	3.5	2.0	12.7	9.7	5.7	6.1	5.6	5.6	5.6	5.6	5.6	5.6
Total current liabilities	30.4	16.2	14.9	30.3	26.1	21.2	29.9	25.6	19.6	19.2	18.2	17.7	15.5	16.6	16.8	17.4
Deferred income taxes	0.5	0.5	0.5	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	1.4	1.3	1.2	1.1	1.0	2.2	3.3	3.1	2.8	2.6	2.3	2.3	2.3	2.3	2.3	2.3
Deferred revenue	2.1	1.8	1.3	1.3	1.0	0.9	1.2	1.3	1.1	1.1	0.7	0.7	0.7	0.7	0.7	0.7
Long term debt	3.9	3.9	1.0									0.0	0.0	0.0	0.0	0.0
Total other liabilities	8.0	7.6	4.1	3.7	3.3	4.4	5.8	6.3	3.9	3.6	3.1	3.1	3.1	3.1	3.1	3.1
Preferred stock																
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.7	2.5	3.4	4.2
Additional paid-in capital	175.0	177.3	180.9	264.9	266.6	267.5	272.7	275.6	276.8	279.3	287.0	287.0	287.0	287.0	287.0	287.0
Retained earnings	(158.2)	(166.5)	(167.5)	(199.3)	(214.2)	(231.3)	(239.3)	(250.2)	(254.5)	(261.0)	(280.0)	(284.0)	(286.3)	(288.6)	(291.0)	(293.5)
Accumulated other comprehensive in	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.5)	(0.6)	(0.5)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Non-controlling interest												3.0	3.0	3.0	3.0	3.0
Total stockholders' equity	16.6	10.5	13.0	65.3	52.0	35.7	32.8	24.9	21.9	17.9	6.6	6.4	4.9	3.4	1.9	0.3
Total stockholders' equity and liabil	54.9	34.2	32.0	99.3	81.4	61.2	68.5	56.8	45.5	40.8	27.8	27.2	23.5	23.1	21.8	20.7

Balance Sheet Drivers

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	48%	110%	34%	13%	19%	22%	17%	22%	17%	18%	21%	21%	18%	18%	18%	18%
Accounts payable as % of total rev	473%	490%	328%	122%	100%	137%	158%	161%	164%	239%	285%	400%	200%	200%	200%	200%
Accrued expenses as % of total rev	408%	278%	134%	186%	111%	138%	138%	81%	73%	72%	70%	150%	150%	150%	150%	150%
Activity Ratios																
A/R Days Sales Outstanding	51	41	51	16	16	13	32	18	23	22	34	31	31	31	31	31
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$0.26	\$0.15	\$0.18	\$0.72	\$0.54	\$0.37	\$0.33	\$0.24	\$0.21	\$0.17	\$0.05	\$0.04	\$0.03	\$0.02	\$0.01	\$0.00
Cash per Share (diluted)	\$0.36	\$0.04	\$0.01	\$0.25	\$0.11	\$0.03	\$0.09	\$0.02	\$0.01	\$0.01	\$0.02	\$0.02	\$0.00	-\$0.01	-\$0.01	-\$0.02
Net cash per Share (diluted)	\$0.15	-\$0.02	\$0.00	\$0.20	\$0.08	\$0.01	-\$0.04	-\$0.08	-\$0.05	-\$0.05	-\$0.02	-\$0.01	-\$0.03	-\$0.04	-\$0.05	-\$0.05

Source: Company reports and Ascendant Capital Markets estimates

Phunware, Inc.

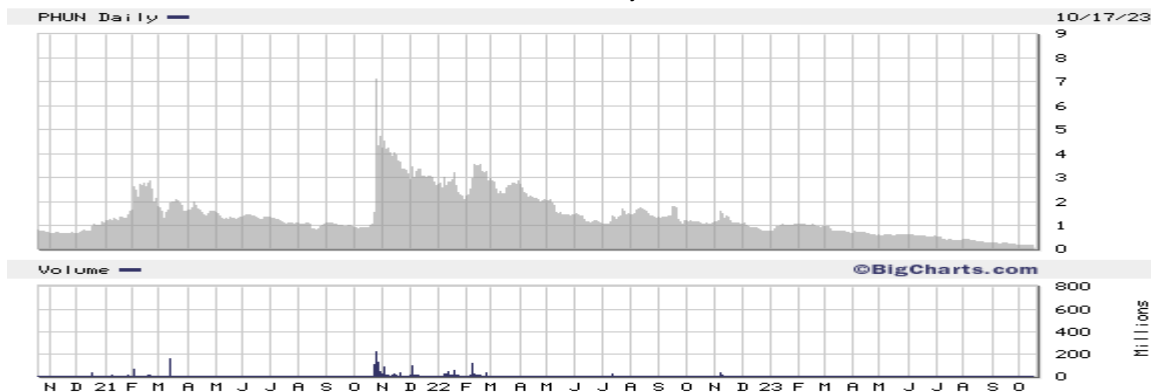
Cash Flow Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(12.4)	(8.3)	(1.1)	(31.8)	(53.5)	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(4.0)	(33.7)	(2.4)	(2.3)	(2.3)	(2.5)	(9.5)	
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	0.1	(0.1)	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	1.6	1.1	0.2	2.9	2.9	0.2	0.1	0.4	0.3	1.0	0.3	0.4	0.1	0.8	0.8	0.0	0.0	0.0	0.0	0.0	
Stock comp	1.1	1.4	1.5	1.0	4.9	0.6	0.7	0.9	0.8	3.0	1.4	1.5	0.8	0.8	4.5	0.8	0.8	0.8	0.8	3.4	
Deferred rent					0.0					0.0					0.0					0.0	
A/R reserves	(0.2)	0.2	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	
Change in fair value of warrant l	0.9	(0.7)	(0.1)	18.0	18.1	0.2	(2.7)	(0.8)	(0.1)	(3.3)	(0.3)	0.3	(0.3)	(0.3)	(0.3)	0.0	0.0	0.0	0.0	0.0	
Writedowns and impairments	0.1	0.7	(0.8)	(0.8)	0.0	9.4	12.2		1.4	22.9	0.1	1.2	13.2		14.4					0.0	
Other gains/losses	5.8	2.2	(2.9)	9.4	14.5				2.1	2.1	(3.2)	(2.4)	0.5	(5.1)						0.0	
Other		0.1	0.2	(0.8)	(0.5)	(0.1)	0.4	0.7	0.5	1.5	0.4	0.8	0.8		1.9					0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	(0.0)	0.3	(0.5)	0.3	(0.0)	(0.2)	0.4	(0.9)	0.7	0.0	(0.2)	0.3	(0.2)	0.5	0.4	(0.1)	(0.1)	(0.0)	(0.1)	(0.3)	
Inventory				(0.9)	(0.9)	(2.1)	1.2	0.2	0.3	(0.4)	0.2	0.2	1.1		1.5					0.0	
Prepaid expenses & other curre	(0.5)	0.1	0.1	(0.0)	(0.4)	(0.7)	0.1	0.4	(0.2)	(0.5)	0.3	0.2	0.1	0.3	0.9	0.0	(0.1)	(0.0)	(0.0)	(0.1)	
Income tax					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	
Accounts payable	(0.7)	(0.6)	0.0	(0.3)	(1.6)	0.2	0.7	0.0	0.2	1.1	0.1	0.6	(0.4)	(2.0)	(1.8)	(2.5)	0.6	0.1	0.3	(1.5)	
Accrued expenses	(2.3)	(2.5)	1.9	(1.2)	(4.1)	(1.5)	1.1	(0.7)	(0.1)	(1.3)	(0.1)	(0.9)	0.1	0.3	(0.6)	0.3	0.4	0.1	0.2	1.1	
Deferred revenue	(0.8)	(0.4)	(0.7)	0.8	(1.2)	(1.0)	(1.7)	0.2	1.3	(1.1)	(1.6)	(0.4)	0.1	(1.9)						0.0	
Other liabilities	0.1	(0.5)	(3.2)	2.9	(0.8)	(0.2)	(0.2)	(0.3)	(0.3)	(0.9)	(0.3)	(0.3)	(0.3)	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	
Net cash (used in) provided by	(7.3)	(7.1)	(4.7)	(3.4)	(22.5)	(10.2)	(4.8)	(7.9)	(4.0)	(26.8)	(7.4)	(5.2)	(3.3)	(4.1)	(19.9)	(3.8)	(0.6)	(1.3)	(1.2)	(6.9)	
Cash flow from investing activities																					
Purchases of property and equipment					0.0	(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)	
Purchases of short-term investments				(41.3)	(41.3)	(0.5)	(0.4)		1.3	0.4	10.8	4.6	0.0		15.4					0.0	
Acquisitions	(1.1)	(0.4)		(3.6)	(5.1)		(1.1)		(1.3)	(2.4)					0.0					0.0	
Other					0.0					0.0					0.0					0.0	
Net cash used in investing activ	(1.1)	(0.4)	0.0	(44.9)	(46.4)	(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)	
Cash flow from financing activities																					
Issuance of debt	10.0		(0.0)	4.7	14.7			11.8		11.8				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Repayment of debt	(11.8)	(13.3)	(0.0)	(1.1)	(26.2)	(1.6)	(1.6)	(1.6)	(3.4)	(8.1)	(4.3)		(0.8)	(5.1)						0.0	
Issuance of stock	29.7	(0.0)	2.9	62.1	94.7			3.7	0.6	4.3	(0.5)	1.0	6.4	6.9	0.0	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exe	0.1	0.0	0.0	4.7	4.8	0.0			0.0	0.0	0.1		(0.5)	0.7	0.3					0.0	
Other					0.0					0.0				0.6	0.6					0.0	
Dividends and distributions					0.0					0.0				3.0	3.0					0.0	
Cash provided by (used in) fina	27.9	(13.3)	2.9	70.5	88.0	(1.6)	(1.6)	13.9	(2.7)	8.1	(4.7)	1.0	5.1	4.3	5.7	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash	0.0	0.0	(0.0)	0.0	(0.0)	(0.0)	(0.1)	(0.1)	0.1	(0.1)	0.0	0.0	(0.0)		0.0					0.0	
Net increase (decrease) in cash	19.5	(20.8)	(1.8)	22.2	19.1	(12.3)	(8.1)	5.8	(6.6)	(21.2)	(1.3)	0.4	1.8	0.2	1.1	(3.8)	(0.6)	(1.3)	(1.2)	(6.9)	
Beginning cash and equivalents	4.0	23.6	2.8	1.0	4.0	23.1	10.8	2.7	8.5	23.1	2.0	0.7	1.1	2.9	2.0	3.1	(0.7)	(1.3)	(2.6)	3.1	
Ending cash and equivalents	23.6	2.8	1.0	23.1	23.1	10.8	2.7	8.5	2.0	2.0	0.7	1.1	2.9	3.1	3.1	(0.7)	(1.3)	(2.6)	(3.8)	(3.8)	

Source: Company reports and Ascendant Capital Markets estimates

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Phunware, Inc.



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

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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	52	100%	19	37%

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