

Phunware, Inc.

Q1 about inline but outlook improving. New CEO, positive execution, and customer wins should drive a rebound to growth. Lowering P/T to \$22.

COMPANY UPDATE

Rating: BUY

Ticker: PHUN

Price: \$7.08

Target: \$22
(from \$25)

Q1 about inline: Phunware recently (on May 9) reported its fiscal Q1 2024 (ending March) results. Revenue was \$0.9 million (-81% y-o-y), compared to our estimates of \$1.1 million and consensus of \$1.2 million. EPS was \$(0.33), compared to our estimates of \$(0.33) and consensus of \$(0.45). There was no Q1 guidance.

Q1 software weakness: Software revenue was \$0.9 million (-31% y-o-y), but did exceed the company's internal plans by 5%. However, with the new CEO, we believe software sales and contract wins are expected to improve significantly in 2024.

2024 guidance: The company provided initial 2024 guidance (internal company target) for revenue of \$6 – 8 million.

Adjusting estimates: We are maintaining our 2024 revenue estimates of \$6.0 million, but adjusting it for EPS to \$(1.39) from \$(1.17).

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 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.

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

Solid balance sheet: In Q1, the company had \$22 million in cash and no debt. In Q1, the company raised ~\$23 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 \$22 from \$25, 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

May 13, 2024

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$3.50 – 33.50
Shares Outstanding (million):	8
Market cap (\$million):	\$57
EV (\$million):	\$35
Debt (\$million):	\$0
Cash (\$million):	\$22
Avg. Daily Trading Vol. (\$million):	\$20
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	0.9A	1.1E	1.3E	1.6E
Q2 Jun	1.0E	1.3E	1.5E	1.9E
Q3 Sep	1.4E	1.8E	2.2E	2.6E
Q4 Dec	<u>2.6E</u>	<u>1.8E</u>	<u>4.0E</u>	<u>2.9E</u>
Total	6.0E		9.0E	
EV/Revs	6x		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	(0.33)E	(0.32)E	(0.25)E
Q2 Jun	(0.37)E	(0.30)E	(0.28)E	(0.22)E
Q3 Sep	(0.33)E	(0.26)E	(0.18)E	(0.19)E
Q4 Dec	<u>(0.36)E</u>	<u>(0.27)E</u>	<u>(0.28)E</u>	<u>(0.17)E</u>
Total	(1.39)E	(1.17)E	(1.06)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 May 9) reported its fiscal Q1 2024 (ending March) 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 (-81% y-o-y), compared to our estimates of \$1.1 million and consensus of \$1.2 million.
- EPS was \$(0.33), compared to our estimates of \$(0.33) and consensus of \$(0.45).
- There was no Q1 guidance.
- The company provided initial 2024 guidance (internal company target) for revenue of \$6 – 8 million.
- We are maintaining our 2024 revenue estimates of \$6.0 million, but adjusting it for EPS to \$(1.39) from \$(1.17).
- We are maintaining our 2025 revenue estimates of \$9.0 million, but adjusting it for EPS to \$(1.06) from \$(0.82).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$0.5 million, compared with our estimate of \$0.6 million.
- Gross margin for the quarter was 57%, versus our expectation of 50% and 8% last year.
- Operating expenses were \$3 million, versus our expectation of \$3 million.
- Operating loss was \$2.9 million, versus our expectation of a loss of \$2.5 million.
- Net loss was \$2.3 million, versus our expectation of a loss of \$2.6 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.

The company's balance sheet had \$22 million in cash and no debt, compared with \$4 million in cash and \$5 million in debt at the end of December. In Q1, the company raised ~\$23 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*

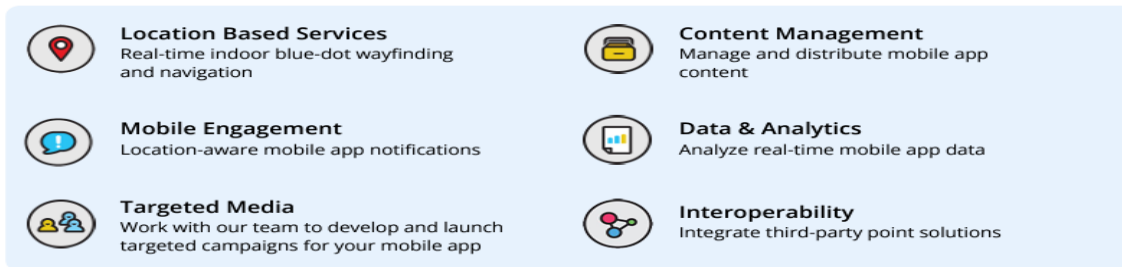
Lyte by Phunware builds, markets and distributes high performance computing platforms for demanding consumers and professionals, but leverages Phunware's strategic supplier relationships to minimize manufacturing risk.

Source: Company reports.

Exhibit 2: Phunware Product Overview

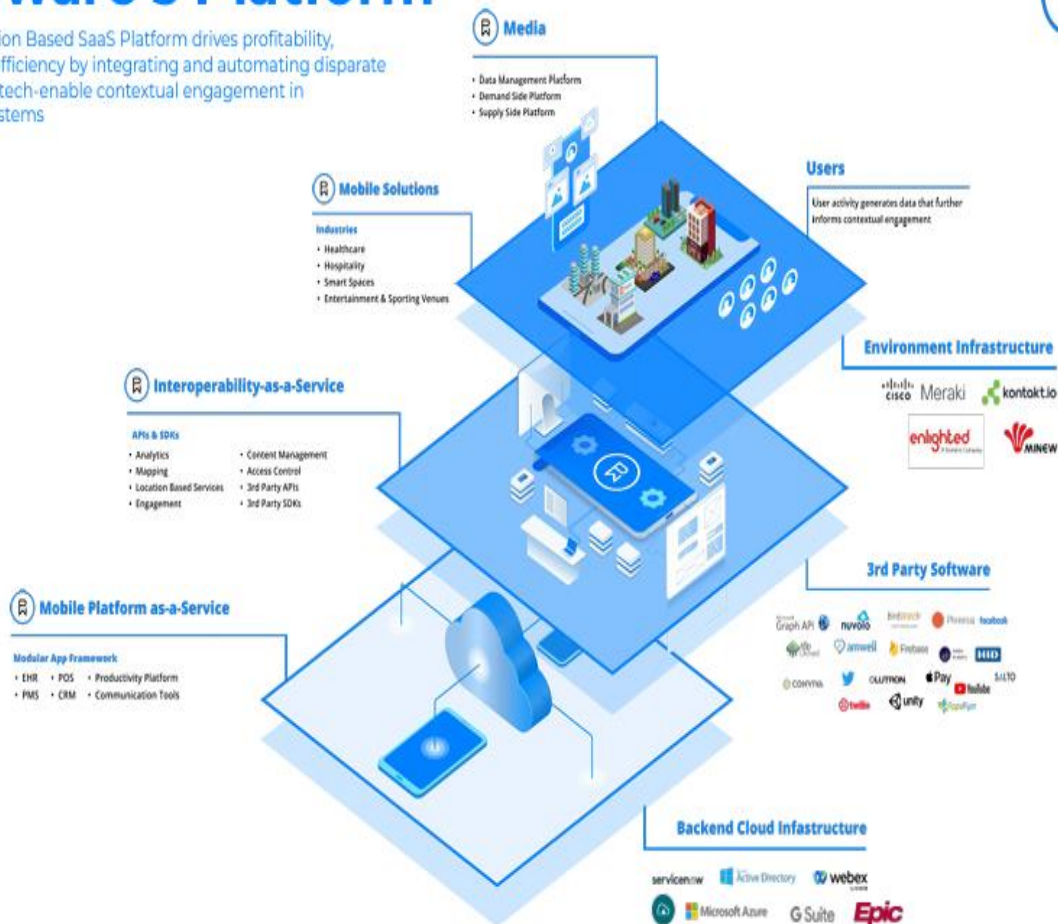
Phunware's Value Proposition

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



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
Baptist Health South Florida Mount Sinai Cedars Sinai NYU Langone Health	Norfolk Southern Intel PwC US Coast Guard
MD Anderson Cancer Center YAVAPAI REGIONAL MEDICAL CENTER VHC HEALTH	ATLANTIS NORWEGIAN CRUISE LINE Wynn LAS VEGAS WAILEA BEACH RESORT MARRIOTT
MIAMI CHILDREN'S HOSPITAL MAYO CLINIC GBMC HEALTHCARE Dignity Health	GAYLORD HOTELS RYMAN
CookChildren's Health Care System Wake Forest Baptist Health Children's of Alabama PHOENIX CHILDREN'S	LOWE'S Caruso KOHL'S RESERVE BRICKELL CITY CENTRE
KAISER PERMANENTE PARKVIEW HEALTH SENTARA Nicklaus Children's Health System	ONE BUFFALO HEIGHTS MIAMI ECHO HUSE REGENT SQUARE PETER COOPER VILLAGE Jade Residences

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



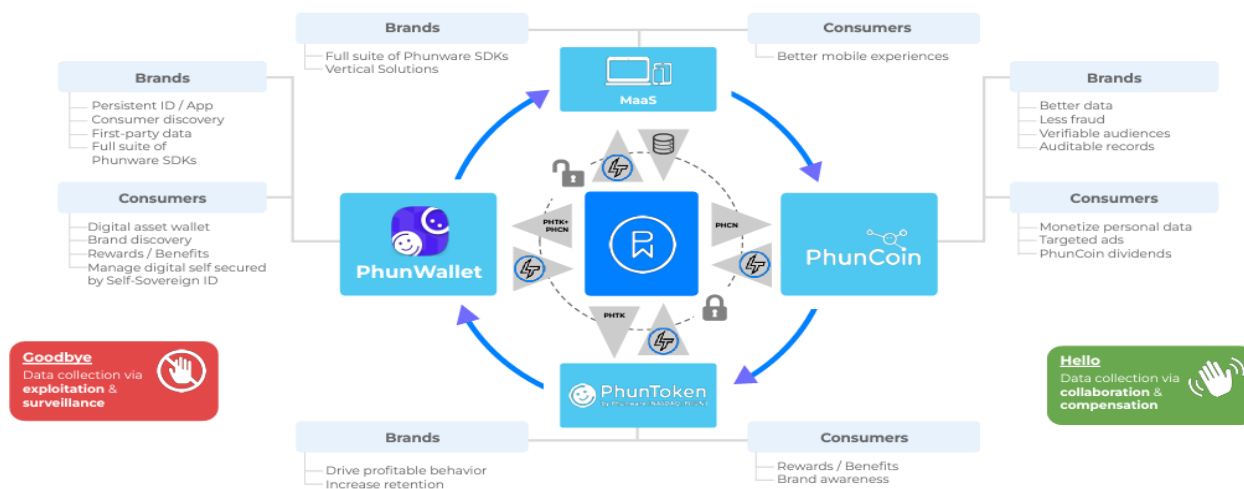
Phunware's blockchain-enabled data exchange and mobile loyalty ecosystem are powered by two unique digital assets that help eliminate untrustworthy intermediaries and directly connect brands with consumer audiences of interest that have voluntarily opted in with their personal data and information in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



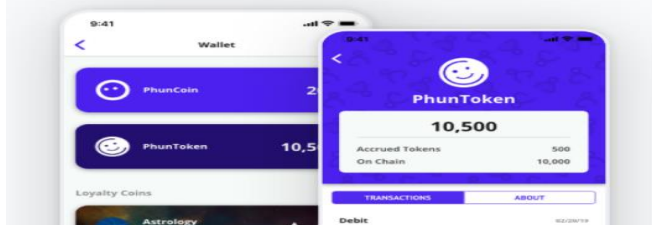
Phunware's Phlywheel



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.

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Source: Company reports.

Exhibit 5: Phunware Q1 2024 and Recent Highlights

Phunware Reports Significant Improvement in First Quarter 2024 Financial Results

AUSTIN, Texas, May 09, 2024 (GLOBE NEWSWIRE) -- [Phunware, Inc. \(NASDAQ: PHUN\)](#) (“Phunware” or the “Company”), the leading provider of patented wayfinding and mobile engagement solutions that enables brands to engage, manage and monetize anyone anywhere, today announced financial results for the quarter ended March 31, 2024.

“We’ve had a strong start to our year,” said Mike Snavelly, CEO of Phunware. “New logo sales, gross margins and improvement in the strategic financial position of the company are the bright spots. We have the product, the team, and the pipeline to continue to make a global difference in mobile.”

First Quarter 2024 Financial Results - A Foundation to Build Upon

Statement of Income (Loss)

- Net revenues for the quarter totaled \$0.9 million, exceeding the Company's internal Q1 2024 plan by 5%
- Gross margin was 56.9% up from 5.4% in Q1 2023
- Net loss decreased to \$(2.3) million from \$(4.3) million in Q1 2023
- Net loss per share was \$(0.33) versus \$(2.07) in Q1 2023
- Non-GAAP Adjusted EBITDA loss was \$(2.0) million versus \$(5.2) million in Q1 2023 or a 61.1% improvement

Balance Sheet

- \$21.6 million of cash
- Eliminated remaining debt of \$5.0 million
- Settled existing lawsuit by paying past due accounts payable, thus incurring no additional expense for the settlement
- Preserved full shelf availability

Recent Business Highlights

- Notable Corporate and Product Developments:
 - Regained compliance with requirements to remain listed on The Nasdaq Capital Market
 - [Announced and executed a Reverse Stock Split](#)
 - [Appointed Elliot Han to its Board of Directors](#)
- Notable Customer and Partner Wins:
 - [Announced Multi-Year Renewals of Mobile Solutions with Major Hospitality and Healthcare Customers](#)
 - [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 May 9, 2024)

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	\$1.2E		Q1 Mar	\$(0.45)E	
Q2 Jun	\$1.3E		Q2 Jun	\$(0.37)E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$5.6E	\$8.6E	Total	\$(1.54)E	\$(1.34)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	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	0.9	1.0	1.4	2.6	6.0	1.3	1.5	2.2	4.0	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	0.4	0.5	0.6	1.2	2.7	0.5	0.5	0.8	1.2	3.0
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	0.8	1.4	3.3	0.8	1.0	1.4	2.8	6.0
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	1.2	1.4	1.3	4.4	0.6	0.8	1.1	2.0	4.5
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	2.1	1.8	2.6	8.9	2.6	2.3	1.4	2.4	8.7
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	0.2	0.3	0.6	1.7	0.3	0.4	0.5	0.9	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	3.4	3.6	3.6	4.5	15.0	3.5	3.4	3.0	5.3	15.3
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)	(3.0)	(2.8)	(3.1)	(11.8)	(2.7)	(2.4)	(1.6)	(2.5)	(9.3)
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)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.7	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)	(3.0)	(2.8)	(3.1)	(11.2)	(2.7)	(2.4)	(1.6)	(2.5)	(9.3)
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
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)	(3.0)	(2.8)	(3.1)	(11.2)	(2.7)	(2.4)	(1.6)	(2.5)	(9.3)
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)	(3.0)	(2.8)	(3.1)	(11.2)	(2.7)	(2.4)	(1.6)	(2.5)	(9.3)
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)	(2.2)	(2.4)	(9.0)	(2.1)	(1.8)	(0.9)	(1.9)	(6.8)
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	8.4	8.5	8.0	8.6	8.7	8.8	8.9	8.8
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	8.4	8.5	8.0	8.6	8.7	8.8	8.9	8.8
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)	(\$0.37)	(\$0.33)	(\$0.36)	(\$1.39)	(\$0.32)	(\$0.28)	(\$0.18)	(\$0.28)	(\$1.06)
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)	(\$0.37)	(\$0.33)	(\$0.36)	(\$1.39)	(\$0.32)	(\$0.28)	(\$0.18)	(\$0.28)	(\$1.06)
Margins																				
Gross margin	26%	28%	17%	21%	23%	8%	13%	7%	47%	12%	57%	50%	55%	55%	54%	60%	65%	65%	70%	67%
Sales and marketing	22%	35%	38%	33%	31%	24%	42%	37%	-32%	28%	48%	120%	100%	50%	74%	50%	50%	50%	50%	50%
General and administrative	64%	96%	109%	101%	90%	99%	137%	125%	88%	115%	268%	200%	125%	100%	149%	200%	150%	65%	60%	97%
Research and development	15%	34%	35%	34%	28%	37%	35%	37%	45%	37%	53%	23%	23%	23%	28%	23%	23%	23%	23%	23%
Operating margin	-74%	-137%	-166%	-190%	-135%	-153%	-235%	-664%	-1271%	-384%	-312%	-293%	-193%	-118%	-196%	-213%	-158%	-73%	-63%	-103%
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%	-293%	-193%	-118%	-186%	-213%	-158%	-73%	-63%	-103%
Y/Y % change																				
Total Revenue	312%	282%	120%	-12%	105%	-30%	-36%	-41%	-80%	-45%	-81%	-70%	-48%	177%	-50%	40%	49%	50%	54%	50%
Gross margin	86%	387%	-30%	-18%	40%	-80%	-70%	-75%	-55%	-71%	45%	14%	306%	221%	124%	48%	94%	77%	96%	83%
Sales and marketing	167%	202%	154%	42%	125%	-24%	-24%	-44%	-119%	-51%	-61%	-16%	40%	-536%	33%	46%	-38%	-25%	54%	2%
General and administrative	56%	74%	57%	15%	48%	9%	-9%	-33%	-83%	-30%	-48%	-57%	-48%	216%	-35%	4%	12%	-22%	-8%	-3%
Research and development	-5%	122%	44%	43%	47%	77%	-35%	-37%	-74%	-28%	-73%	-80%	-68%	41%	-63%	-39%	49%	50%	54%	25%
Operating income (loss)	47%	80%	95%	74%	75%	44%	9%	135%	32%	56%	-60%	-63%	-85%	-74%	-74%	-4%	-20%	-43%	-18%	-21%
Net income (loss)	21%	106%	-2255%	-67%	-5%	-71%	-62%	137%	111%	4%	-46%	-53%	-85%	-87%	-79%	20%	-20%	-43%	-18%	-17%
EPS Diluted (pro forma)	-78%	-35%	-1722%	-71%	-57%	-2%	-18%	95%	47%	45%	-84%	-88%	-96%	-95%	-94%	-4%	-23%	-46%	-21%	-24%

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	Q1A	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	21.6	16.5	15.2	15.3	11.4	10.3	11.2	14.7
Short term investments										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	0.6	0.4	0.5	0.9	0.4	0.5	0.7	1.4
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
Deferred income taxes										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	0.0	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	0.5	0.6	1.2	0.2	0.3	0.4	0.7
Total current assets	42.3	20.8	26.9	16.9	7.9	4.8	5.5	5.0	22.6	17.3	16.4	17.4	12.0	11.1	12.3	16.9
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	0.1	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
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
Restricted cash										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	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Total assets	81.4	61.2	68.5	56.8	45.5	40.8	27.8	6.7	24.3	19.0	18.0	19.0	13.7	12.8	14.0	18.6
Liabilities and stockholders' equity																
Accounts payable	6.8	7.5	7.5	7.7	7.8	8.4	8.0	7.8	5.1	2.1	2.9	5.2	2.6	3.1	4.3	8.0
Accrued expenses	7.5	7.6	6.5	3.8	3.5	2.5	2.0	1.3	0.9	1.0	1.4	2.5	1.9	2.3	3.2	6.0
Deferred revenue	3.3	1.7	1.7	2.9	1.5	1.1	1.5	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
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
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
Factored receivables payable										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		0.0	0.0	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	5.3	6.5	9.9	6.7	7.6	9.8	16.2
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
Warrant liabilities										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	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Deferred revenue	1.0	0.9	1.2	1.3	1.1	1.1	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Long term debt										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	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Preferred stock																
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	1.3	1.9	2.5	3.2	3.8	4.4
Additional paid-in capital	266.6	267.5	272.7	275.6	276.8	279.3	287.0	292.0	320.3	320.3	320.3	320.3	320.3	320.3	320.3	320.3
Retained earnings	(214.2)	(231.3)	(239.3)	(250.2)	(254.5)	(261.0)	(280.0)	(303.0)	(305.3)	(308.3)	(311.1)	(314.2)	(316.9)	(319.4)	(320.9)	(323.5)
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										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	52.0	35.7	32.8	24.9	21.9	17.9	6.6	(11.5)	14.6	12.2	10.1	7.6	5.5	3.7	2.8	0.9
Total stockholders' equity and liabilities	81.4	61.2	68.5	56.8	45.5	40.8	27.8	6.7	24.3	19.0	18.0	19.0	13.7	12.8	14.0	18.6

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	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	19%	22%	17%	22%	17%	18%	21%	43%	45%	45%	45%	45%	18%	18%	18%	18%
Accounts payable as % of total rev	100%	137%	158%	161%	164%	239%	285%	835%	550%	200%	200%	200%	200%	200%	200%	200%
Accrued expenses as % of total rev	111%	138%	138%	81%	73%	72%	70%	135%	97%	97%	97%	97%	150%	150%	150%	150%
Activity Ratios																
A/R Days Sales Outstanding	16	13	32	18	23	22	34	53	62	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	\$2.13	\$1.47	\$1.20	\$0.90	\$0.64	\$0.43	\$0.31	\$0.10
Cash per Share (diluted)	\$5.58	\$1.38	\$4.32	\$0.95	\$0.34	\$0.53	\$1.19	\$1.33	\$3.14	\$1.99	\$1.81	\$1.80	\$1.32	\$1.18	\$1.27	\$1.66
Net cash per Share (diluted)	\$3.78	\$0.34	-\$2.10	-\$3.76	-\$2.42	-\$2.37	-\$1.13	-\$0.34	\$3.14	\$1.99	\$1.81	\$1.80	\$1.32	\$1.18	\$1.27	\$1.66

Source: Company reports and Ascendant Capital Markets estimates

Phunware, Inc.

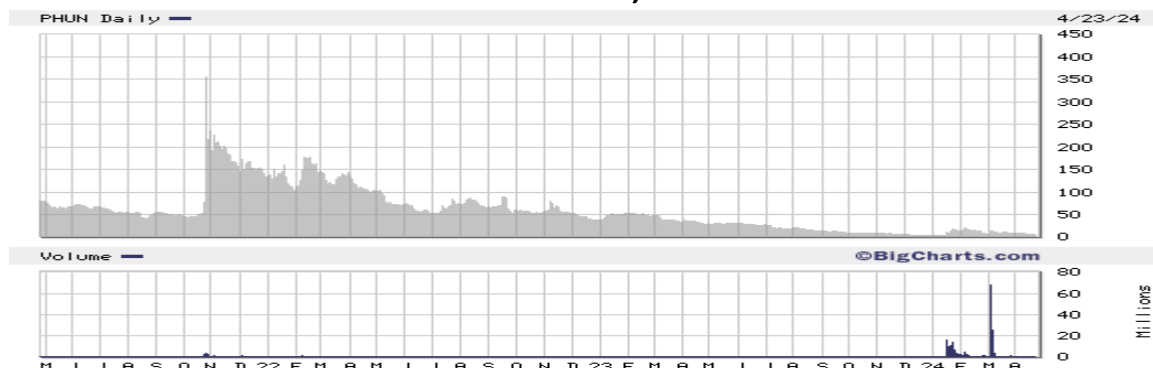
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(14.9)	(17.1)	(8.0)	(10.9)	(50.9)	(4.3)	(6.5)	(19.0)	(23.0)	(52.8)	(2.3)	(3.0)	(2.8)	(3.1)	(11.2)	(2.7)	(2.4)	(1.6)	(2.5)	(9.3)
Depreciation					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
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
Stock comp	0.6	0.7	0.9	0.8	3.0	1.4	1.5	0.8	0.4	4.1	0.6	0.6	0.6	0.6	2.5	0.6	0.6	0.6	0.6	2.5
Deferred rent					0.0					0.0					0.0					0.0
A/R reserves					0.0					0.0					0.0					0.0
Deferred income taxes					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
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
Other gains/losses				2.1	2.1	(3.2)	(2.4)	0.5	(0.2)	(5.3)	(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				0.3					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)	(0.4)	(0.3)	0.5	(0.1)	(0.2)	(0.6)	(0.5)
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
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)	(0.2)	(0.5)	(0.8)	0.9	(0.0)	(0.1)	(0.3)	0.4
Income tax					0.0					0.0					0.0					0.0
Other assets					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)	(3.0)	0.8	2.3	(2.8)	(2.6)	0.5	1.2	3.7	2.8
Accrued expenses	(1.5)	1.1	(0.7)	(0.1)	(1.3)	(0.1)	(0.9)	0.1	(0.3)	(1.2)		0.1	0.4	1.1	1.6	(0.6)	0.4	0.9	2.8	3.5
Deferred revenue	(1.0)	(1.7)	0.2	1.3	(1.1)	(1.6)	(0.4)	0.1	1.0	(0.9)	(0.3)				(0.3)					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)	0.0	0.0	0.0	(0.4)	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)	(5.5)	(5.1)	(1.3)	0.1	(11.8)	(3.9)	(1.1)	0.9	3.6	(0.5)
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)
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
Acquisitions		(1.1)		(1.3)	(2.4)					0.0					0.0					0.0
Other					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	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	23.2	0.0	0.0	0.0	23.2	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
Other					0.0					0.0					0.0					0.0
Dividends and distributions					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	0.0	0.0	0.0	23.2	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
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	(5.1)	(1.3)	0.1	11.4	(4.0)	(1.1)	0.9	3.6	(0.6)
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	16.5	15.2	3.9	15.3	11.4	10.3	11.2	15.3
Ending cash and equivalents	10.8	2.7	8.5	2.0	2.0	0.7	1.1	2.9	3.9	3.9	21.6	16.5	15.2	15.3	15.3	11.4	10.3	11.2	14.7	14.7

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	Date	Rating	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

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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	56	100%	18	32%

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