



Phunware, Inc.

Ticker: (Nasdaq: PHUN)

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Updated Corporate Profile

as of September 21, 2020

Sector: Technology
Industry: Software - Application
Website: www.phunware.com

BACKGROUND AND HISTORY

Phunware, Inc. (NASDAQ: PHUN), founded in 2009, incorporated in Delaware, and headquartered in Austin, Texas, is a fully-integrated enterprise cloud platform that provides the products, solutions, data and services any brand needs to succeed on mobile. Phunware, together with its subsidiaries, provide cloud-based software applications for mobile devices and the mobile device application developers.

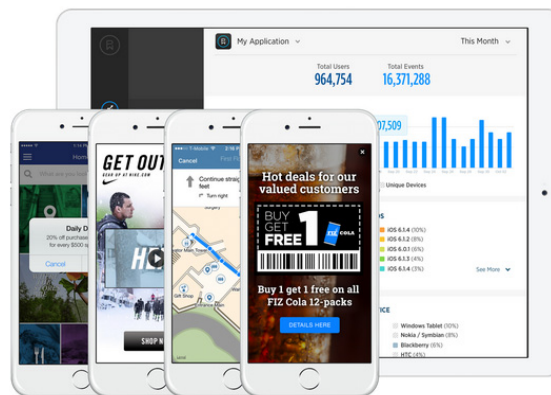
The Company offers a Multiscreen-as-a-Service (MaaS) enterprise cloud platform for mobile devices. Phunware's MaaS platform currently reaches over one billion unique devices per month and processes an average of over four billion events per day globally for many Fortune 500 brands. The platform enables various brands to engage, provide content management, mobile engagement, and analytics, alerts, notifications and messaging, location-based services, audience engagement and monetization. Phunware also offers Software-as-a-Service, Data-as-a-Service and application transactions media. For brands with a smaller budget or a desire to move faster, Phunware offers vertical solutions, for both iOS and Android-based devices, that function like mobile application templates with proven functionality already built-in.

Co-founders Alan Knitowski and Luan Dang realized early on that industries were headed towards a digital transformation and with the use of the cloud innovations, industries soon would be seeing mobile devices becoming the new way for data consumption and Software / Data-as-a-Service models. By addressing the biggest need of most users and finding ways to drive and monetize engagement, Phunware has positioned itself for future growth.

Phunware's platform delivers what brands need to keep users not only engaged on mobile, but also engaged in profitable behavior. Phunware offers solutions for many specific industries, so that the mobile environment is specifically created for the end-users industry. Phunware's solutions include industries such as health care, retail, aviation, media and entertainment, sports, hospitality, multi-family residential, corporate campus and more. Phunware is one of the few enterprise software companies that can create, build, secure, and scale large custom applications due to their deep expertise in advanced mobile application development programs.

Phunware commenced trading on the NASDAQ on December 27, 2018 after merging with a Special Purpose Acquisition Corp. called Stellar Acquisition III, Inc.. The Company currently employs 56 people with offices in Austin TX, Newport Beach CA, San Diego CA, and Miami FL.

The Complete Mobile Ecosystem in one Partner



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Key Statistics

Price 9/21/2020	0.88
52 Week High	3.00
52 Week Low	0.54
Avg. Vol (10 day)M	0.93
Market Cap (Interday)M	38.39
Price/Sales (TTM)	2.89
Common Shares Outstanding (M)	43.62
Float(M)	36.17
EPS(TTM)	-0.34
Beta	1.28

Source: Yahoo Finance / Nasdaq

Recent 2020 Highlights

- September 17, 2020 - The Company launched an enhanced mobile application framework for its Multiscreen-as-a-Service (MaaS) customers worldwide. The improvements to the platform will make it easier for the Company's channel partners to sell and manage MaaS offerings, while also giving customers access to new features and capabilities.
- September 9, 2020 - The Company announced that it has closed a platform licensing win with one of nation's leading pediatric hospitals. The customer plans to enhance patient and customer experience, improve financial performance, and optimize resources for better clinical outcomes.
- August 25, 2020 - The Company announced that it has added a "Big Four" customer for its mobile corporate campus solution. This new international customer intends to leverage MaaS to improve and extend services in its facilities via mobile integration and activation.
- August 14, 2020 - The Company announced results for its second quarter ended June 30, 2020. Net revenues for the quarter totaled \$2.2 million. Gross margin was 65.3%, net loss was (\$3.5) million and net loss per share was (\$0.08).
- July 15, 2020 - The Company announced it has entered into a refinancing transaction on terms more favorable to the Company for the issuance of senior convertible notes of the Company in the initial principal amount of \$4.32 million (the "Notes") with a maturity date of December 31, 2021. Upon closing of the sale of the Notes, the Company received gross cash proceeds of \$1.75 million, after paying off the earlier note.



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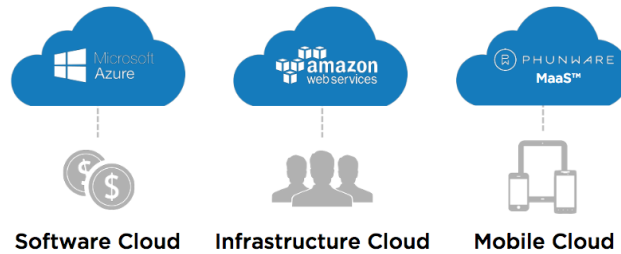
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MOBILE CLOUD SERVICE MARKET TRENDS

In light of rapidly improving performance of wireless communication networks and widespread adoption of on-demand service-oriented hardware/software architecture, mobile cloud computing is radically transforming the information technology landscape, both at the enterprise and consumer level.

According to the "Mobile Cloud Market - Growth, Trends, and Forecast (2020 - 2025)" report by Mordor Intelligence, the global mobile cloud market was valued at \$30.7 billion in 2019, and is expected to grow 25.3% annually to reach \$118.7 billion by the end of 2025. Roughly confirming these estimates, Zion Market Research in its "Mobile Cloud Market: Global Industry Perspective, Comprehensive Analysis, and Forecast, 2018-2025" report released in February 2019, expects the global mobile cloud market to grow to \$122.8 billion by 2025, at a CAGR of 29.7% between 2019 and 2025, and assumes North America, the most technically advanced region, to continue holding a considerable share of the overall market in the future. Based on market share figures in other segments of the cloud services industry, WallStreet Research estimates the U.S. mobile cloud services market to amount to approximately half of the global market, exceeding any other country by a factor of at least ten.



In addition to these extraordinary rates of growth stemming from an alignment of two otherwise strong proliferation trends in mobile communications and cloud-based computing, the Company's application transaction solutions positioning will also benefit from their impact on advertising methods. In "Global Mobile Advertising Market Report & Forecast 2020-2025", IMARC Group reports the global mobile advertising market to have reached a value of \$66.6 billion in 2019, and expects it to reach \$266.3 billion by 2025, exhibiting a CAGR of 26% during 2020-2025, while Grand View Research, in its March 2020 "Mobile Marketing Market Size, Industry Analysis Report, 2020-2027", values the global mobile marketing market size at \$65.1 billion in 2019, with North America holding a revenue share of nearly 40%, and expects it to expand at a CAGR of 22.9% to reach \$337.8 billion by 2027.

GROWTH OUTLOOK

Leveraging the MaaS enterprise cloud platform, the Company has an opportunity to build numerous scalable long-term licensing relationships that yield recurring software subscriptions and services revenues via drawing upon the base of its past and existing clients, as well as winning new customers, especially by penetrating currently served vertical application markets and potentially expanding contacts

Phunware Recent Achievements

- Received the Expertise Award as one of the best mobile application developers in Austin.
- Launched comprehensive global reseller program to activate and support the sales of Phunware's enterprise mobile software.
- Released a new "Healthy Spaces" mobile app to help people and businesses track personal health information to gather more safely.
- Announced the issuance for a US Patent for its invention of "Systems and Methods for Enterprise Branded Application Frameworks for Mobile and Other Environments".
- Deployed Smart City Mobile Solution for the city of Pasadena, Texas, to address critical concerns due to the corona virus pandemic.
- Launched Smart Campus Solution, allowing higher education administrators to better mitigate the risks of returning to school.
- Deployed MaaS at Baptist Health South Florida across 1.8 million square feet of medical facilities.
- Collaborated on the development, launch, and ongoing management of the Trump-Pence 2020 Reelection Campaign mobile application with American Made Media Consultants.
- Started new partnerships with Diversified, Hewlett Packard Enterprise, Noviant, Red River, SALTO, Sirius, and Tech Data.
- Received \$2.8 Million dollar loan from the US SBA Paycheck Protection Program.
- Awarded Patent for Indoor/Outdoor Mobile Device Location Monitoring
- Awarded Patent for Enterprise Branded Application Frameworks for Mobile
- Awarded Patent for Mobile Device Localization Based on Relative Received Signal Strength Indicators
- Recognized as Top 10 Indoor Positioning Provider by CIO Applications
- Added to the FTSE Russell Micro cap, Russell 2000 and Russell 3000 Indices
- Awarded Company of the Year by Frost & Sullivan
- Added New Customers, including, but not limited to: LTTS in Israel, Mt. Sinai, Cedars-Sinai, MD Anderson and Parkview Health

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with media and advertising agencies.

The Company is likely to capitalize on its strong position in the health care industry, which was recently highlighted with the “2019 Patient Experience Solutions Company of the Year” recognition at the Frost & Sullivan Growth, Innovation and Leadership Awards Gala in September 2019. At the end of 2019, the Company’s MaaS health care solutions serving patients and staff were present at leading U.S. hospitals, clinics and medical facilities covering nearly 70 million square feet. Growing the segment rapidly this year through deployments of its flagship end-to-end turn-key Digital Front Door solution, in February the Company expanded its health care client base by adding a top rated cancer complex with more than 14 million square feet of facilities spread over a 40-block downtown metropolitan area in the U.S., and two pediatric health care providers in Alabama and Florida totaling 5 million square feet, one of which is in a group of only 35 Level 1 pediatric trauma centers in the country. In March, the Company developed a custom mobile application for over 30 facilities covering more than 22 million square feet run by one of the nation’s three largest health systems. The vertical health care revenue stream is likely to continue growing at fast pace as the Digital Front Door solution was recognized by AVIA Health Innovation, a Chicago-based leading health care innovation network, gaining an AVIA Vetted Product status in March. AVIA Innovator Network consists of about 50 distinguished health systems committed to digital transformation in health care. The company has deployed MaaS with Parkview Health, which serves nearly one million people across Northeast Indiana and Northwest Ohio and operates across over 1.7 million square feet, and in June, Phunware deployed its MaaS technology at Baptist Health South Florida, which operates seven hospitals and 50 outpatient and urgent care centers, covering more than 1.8 million square feet of medical facilities. The company has closed another platform licensing win with one of the largest freestanding pediatric medical centers in the United States.

Importantly, the Company’s health care product segment further benefited from the response efforts to the COVID-19 pandemic. Phunware has launched a National Ventilator Registry for critical medical equipment tracking, as well as MaaS-based Pandemic Response solutions for health care facilities and smart-city version for government officials. The company has deployed its first Smart City Mobile Solution in the city of Pasadena, Texas, in early June. Pasadena is a community with a population of approximately 200,000 and has used the platform to improve citizen engagement and optimize its combat against the pandemic. Phunware has launched Smart Campus Solution to aid higher education administrators with implementation of strategies to mitigate pandemic risk. It is also aggressively pursuing other new business opportunities exploiting the pandemic environment conditions, including remote telehealth and telemedicine triage for health care patient capacity management, and beyond health care, remote work optimization for corporate campuses, and social distance policy enforcement, communications and people/asset tracking for government organizations at the local, state and federal level.

The Company is targeting other vertical market opportunities and winning new contracts towards 2020 and later-years revenues, such as its Hospitality solution launched for a publicly-traded destination casino resorts operator with a global footprint in February at two multi-billion dol-

Indicative Customers & Partners by Industry

Healthcare	Tech	Media	Retail	Real Estate	Sports

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lar properties ranked among the largest luxury casino hotels in the U.S., as well as Corporate Campus solutions deployed for a national railway transportation company in February and a global multinational corporation in April. In May, Phunware launched the Mobile Hospitality Solution at Atlantic Paradise Island The Bahamas (Atlantis), which provides nearly 4,000 guest rooms and spans well over 200 acres. Also deserving particular attention is the Company's involvement in President Trump's 2020 reelection bid. The Company has developed a mobile campaign application contracted last year by American Made Media Consultants LLC, in favor of an offer from salesforce.com, inc. (NYSE: CRM), as it was reported by numerous news outlets quoting the Company's executives. The Trump-Pence 2020 "Keep America Great" mobile application portfolio also showcases the new launch of Mobile Loyalty Solution upgrades that aid customer retention and engagement. The potential national recognition stemming from this project should strengthen its ongoing Advocacy solution sales. Phunware also continues to expand its Corporate Campus Solution. In August, the company added a new "Big Four" customer. This new international customer intends to leverage MaaS to improve and extend services in its facilities via mobile integration and activation.

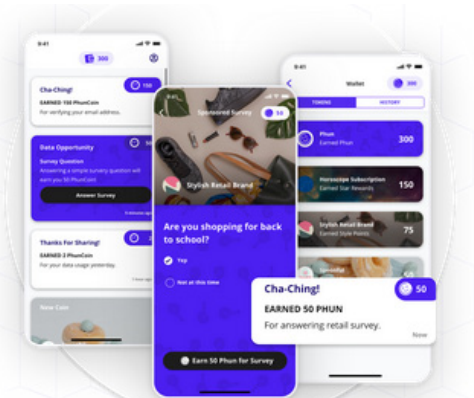
In addition, the Company appears to be generating a solid revenue stream from application transactions this year, as it announced a host of new customers, including Samsung, Live Nation, Ticketmaster, House of Blues, AEG, Madison Square Garden, Metrolink, Coast Electric, Census 2020, the University of Pennsylvania and Truthfinder, among others, who have signed up to utilize the Company's Audience Engagement solutions.

PHUNWARE ECOSYSTEM, NEW PRODUCTS AND INTELLECTUAL PROPERTY

Phunware has been actively working to expand the features and capabilities of its MaaS platform. While Phunware can always build an incredible custom application, brands are also able to seamlessly integrate new software modules to any existing application to drive mobile engagement, enable location based services, monetize audiences, provide content, introduce loyalty, facilitate communications and capture analytics. These new products help improve engagement and better monetize data, analytics and content.

Phunware's world class technology team has also been building out a robust intellectual property portfolio to protect innovations tied to accessing wireless content information, rendering content on a wireless device and indoor navigation with a mobile device, among others.

In the United States, the Company has 17 patents issued and 4 non-provisional patent applications. The issued patents expire between the years 2027 and 2036. Through its world-class in-house technical and engineering organization, the Company has focused on developing its intellectual property, including methods of accessing wireless account information, rendering content on a wireless device, indoor navigation with a mobile device and more. The Company is developing creative solutions to solve complex technical problems and create competitive advantages for its customers.



Phunware's creative solutions for Apps and Mobile Cloud



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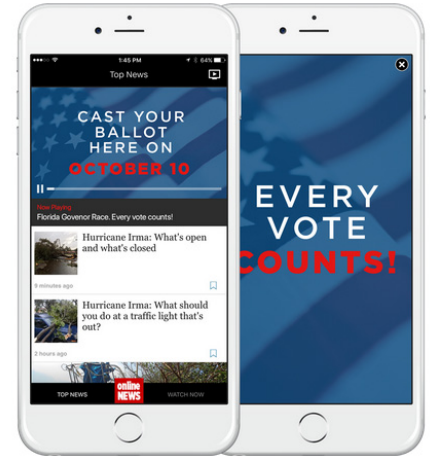
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FINANCIAL RESULTS

For the six months ended June 30, 2020 the Company reported net revenues of \$4.85 million vs. \$10.82 million in the six months ended June 30, 2019, a 55% decline. For the same periods, the gross profit was \$2.99 million vs. \$5.49 million in the prior year. For the same periods, the operating loss was (\$6.83) million vs. (\$6.23) million in the prior comparable period last year. The comprehensive net loss for the first half was (\$7.55) million vs. (\$6.56) million in the comparable period last year. The net loss per share for the six months ended June 30, 2020 was (\$0.18) vs. (\$0.19) in the comparable six month period last year. The substantial decline in revenues and increase in losses during the first half was primarily due to the loss of its major customer at the end of 2019, Fox News Corp., and the slow-down in the economy due to COVID-19. The Company is seeking to make up this significant loss of revenues and gross profit via new customer wins, and transformation of new business development activities, and expects to produce better results in future quarters from some recent meaningful new account wins. It has also cut expenses by reducing its employee count by half since the end of 2019.

The Company was able to successfully raise approximately \$5.44 million during the first half of 2020 from borrowings, net of issuance costs, which added to its cash flow for the half. The Company's Total Assets as of June 30, 2020 were \$28.22 million vs. \$29.05 million as of December 31, 2019. Total Liabilities as of June 30, 2020 were \$27.71 million vs. \$25.03 million as of December 31, 2019. In July, 2020, the Company refinanced its senior convertible notes resulting in additional \$1.75 Million of gross cash proceeds. In April, 2020, the Company received \$2.85 Million in a two year SBA PPP Loan with an annual interest rate of 1%. In the future, the Company will need to raise additional capital in order to meet its significant working capital and growth needs, and to fund any losses it would incur until it becomes profitable.



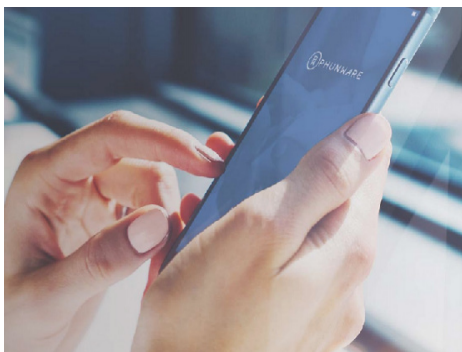
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All figures below are quoted in US Dollars and in Thousands

Income Statement				Balance Sheet				Cash Flow Statement			
	FY 12/31/18	FY 12/31/19	6M 06/30/20		FY 12/31/18	FY 12/31/19	6M 06/30/20		FY 12/31/18	FY 12/31/19	6M 06/30/20
Revenue	\$ 30,883	19,150	4,853	Cash	\$ 844	276	154	Operating Cash Flow	(6,592)	(6,187)	(4,750)
Oper Loss/income	\$ (6,863)	(12,312)	(6,832)	Total Assets	\$ 36,881	29,052	28,221	Investing Cash Flow	377	70	0
Net Loss/income	\$ (9,803)	(12,871)	(7,474)	Total Liabilities	\$ 25,667	25,026	27,707	Financing Cash Flow	12,316	99	4,712
Loss Per Share	\$ (0.38)	(0.35)	(0.18)	Total Shareholder's Equity	\$ 5,827	4,026	514	Cash at end of period	844	276	154

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