



Phunware, Inc.
Ticker: (Nasdaq: PHUN)

Updated Corporate Profile

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as of May 8, 2023

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

BACKGROUND AND HISTORY

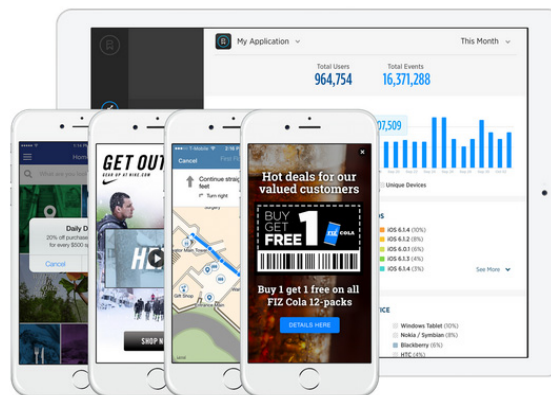
Phunware, Inc. (NASDAQ: PHUN), founded in 2009, incorporated in Delaware, and headquartered in Austin, Texas, is a fully-integrated enterprise cloud platform that provides the products, solutions, data and services any brand needs to succeed on mobile.

The Company offers a Location Based SaaS Platform enterprise cloud platform for mobile devices. Phunware's 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.

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 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.

The Complete Mobile Ecosystem in One Partner



Speculative Buy - Target Price \$1.00

Key Statistics

Table with 2 columns: Metric and Value. Includes Price 5/5/2023 (0.61), 52 Week High (1.96), 52 Week Low (0.55), Avg. Vol (10 day) (655,540), Market Cap (Interday)M (63.42), Price/Sales (TTM) (3.32), Common Shares Outstanding (M) (103.97), Float(M) (100.10), EPS(TTM) ((0.51)).

Source: Yahoo Finance / Nasdaq

Recent 2023 Highlights

- April 18, 2023 the Company announced that the United States Patent and Trademark Office (USPTO) has issued a Notice of Allowance for the Company's US patent application 17/362,765 titled Method and Apparatus for Geofence Event Predictions.
April 12, 2023 - Siemens and Phunware, Inc., announced that Phunware has joined the growing Siemens Connect Ecosystem - a network that brings together experts in software development, IT, cybersecurity, remote and digital services, and business intelligence.
March 23, 2023 - The Company announced preliminary financial results for the year ended December 31, 2022: Net revenues for the year totaled \$21.8 million. Platform revenues were \$6.5 million. Hardware revenues were \$15.3 million. Net loss was \$(50.9) million. Net loss per share was \$(0.51). Non-GAAP Adjusted EBITDA loss was \$(23.5) million.
Nov. 21, 2022 - Phunware, Inc. announced that Russ Buyse has been hired as the Company's Chief Executive Officer, effective December 28, 2022.

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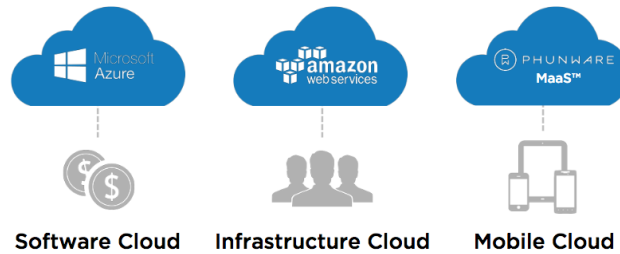
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MOBILE CLOUD SERVICE MARKET TRENDS

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" report by Market.us, the global mobile cloud market was valued at \$48.2 billion in 2022, and is expected to grow at CAGR of 25.28% between 2022 and 2032. Roughly confirming these estimates, the "Mobile Cloud Market - Growth, Trends, COVID-19 Impact, and Forecasts (2023 - 2028)" report by Mordor Intelligence predicts a CAGR of 25.28% from 2022 to 2027, with North America expected to have the highest share of the global cloud communication platform market due to early adoption, and high growth rates in other regions such as Asia-Pacific. This growth continues to also be driven by increased changes and adoption in industries such as healthcare.

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. According to the "Mobile Marketing Market" report by Persistence Market Research, the global marketing market was worth \$17.6 billion in 2022 and is expected to grow to \$91 billion by 2032 (CAGR of 17.8% between 2022 and 2032). According to a different report by Allied Market Research, the global mobile marketing market is projected to register a CAGR of 18.3% from 2021 to 2030. With the Lyte technology acquisition, Phunware entered into the gaming computer market. According to Technavio, the global gaming computer market is expected to grow to USD 50.02 billion by 2026 at a CAGR of 15.66%.

GROWTH OUTLOOK

Leveraging the Location Based SaaS Platform enterprise cloud platform, the Company continues 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 with media and advertising agencies.

Phunware Recent Achievements

- United States Patent and Trademark Office (USPTO) has issued a Notice of Allowance for Geofence Event Predictions.
Joined the Siemens Connect Ecosystem - a network that brings together experts in software development, IT, cybersecurity, remote and digital services, and business intelligence.
Contract expansion to extend its Location Based Services (LBS) to the Outpatient Pavilion at VHC Health
Experience Optimizer is now available for customers to contextually engage users based on location, persona or brand.
Stock Repurchase Plan under which the Company may repurchase up to \$5,000,000 of the Company's outstanding common stock, par value \$0.0001 per share.
Smart Hospitality Solution is being launched at Wailea Beach Resort - Marriott, Maui.
Russ Buyse has been hired as the Company's Chief Executive Officer.
Smart Hospitality Solution is being launched at all Gaylord Hotels owned by Ryman Hospitality Properties, LLC.
Three-year contract renewal and expansion win to license its digital front door and patented location-based services (LBS) to Parkview Health.
Entered into a strategic partnership with Accion Labs ("Accion"), an innovation engineering company.
Partnered with PrimusTech to integrate and offer its Smart Solutions on mobile.
Digital Front Door solution for healthcare is now available on the Epic App Orchard marketplace.
Partnered with Cooper Lighting Solutions, a business unit of the world's leading lighting company Signify.
Launched a mobile hospitality solution for Atlantis Paradise Island The Bahamas (Atlantis).

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Phunware strategically used the Lyte Technology Inc. acquisition to enter the personal computer hardware market. The Company has chosen to stick to the direct to consumer selling strategy. In 2022, Lyte computers started sales in Canada, and Phunware intends to keep expanding into other international markets and add laptops to the existing product line. The personal gaming computer market is very robust and expected to steadily grow, and the Lyte brand is oriented to capture a portion of this market through offering an array of options to fit customer needs, including pre-built PCs, custom PCs, and build kits. Lyte offers an easy-to-use web checkout platform that allows customers to choose the components such as case, CPU, GPU, and more for their own custom computer that will be custom made by Lyte exactly to the specifications. In this way, Lyte appeals to a submarket of mainly tech-savvy gamers and streamers that know what they are looking for in a PC and aren't satisfied with any of the already built PCs offered by large manufacturers. The Lyte acquisition also allowed Phunware to greatly diversify its customer base as it relates to revenue, as in the past a very large portion of the revenue came from a small number of major customers. For the Lyte business, Phunware utilizes ads on social media platforms for sales and marketing and maintains no internal salesforce as all sales are e-commerce based through Lyte's website. With the Lyte technology acquisition, Phunware entered into the gaming computer market. According to Technavio, the global gaming computer market is expected to grow to USD 50.02 billion by 2026 at a CAGR of 15.66%.

PhunToken is a blockchain-enabled engagement platform that connects to brands and consumers and rewards users that interact with brands for the data that they provide. Phunware gives brands the ability to launch a white-labeled loyalty and rewards ecosystem and reward users for data that they provide. Users receive PhunToken for brand interactions that give valuable data, such as interacting with video content, completing surveys, or visiting specific locations to participate in marketing campaigns. Brands can then use this data for their purposes and customers will be able to spend PhunToken at branded stores. Phunware is actively developing the Token ecosystem for both iOS and Android and started selling PhunToken to third parties in 2021. The PhunToken will be a great complement to Phunware's offering of creating and launching application ecosystems for brands.

Phunware's internal salesforce is focused on the platform subscription and services and application transaction product lines. Phunware is focused on developing existing customer relationships and sourcing new relationships by developing co-selling, indirect sales, and distribution relationships, transitioning away from the direct sales model the company has predominantly been using to build its business since 2009. Phunware also offers industry tailored mobile app experiences, and this industry specific expertise has allowed it to achieve higher levels of growth in particular submarkets, specifically healthcare and luxury hospitality solutions. Other core markets include smart spaces (conventions, workplaces) and entertainment and sporting events. The common characteristics of target customers are that they lack the internal development capabilities to create and optimize their own applications but, they need the highest-quality mobile presence, and they need it quickly. Phunware will target the Integration Platform as a Service, Location Based Services, and Mobile Apps markets through these core industries and developing new sales relationships.

The Company is targeting other vertical market opportunities and winning new contracts. Recently it launched a Hospitality solution for a publicly-traded destination casino resorts operator with a global footprint at two multi-billion dollar properties ranked among the largest luxury casino hotels in the U.S.

The Company's Corporate Campus solutions deployed for a national railway transportation company and a global multinational corporation.

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Phunware also 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 was the Company's involvement in President Trump's 2020 reelection bid. The Company won a bid over Salesforce.com, Inc. (NYSE: CRM) to develop the Trump 2020 mobile application portfolio, as reported by numerous news outlets quoting the Company's executives. The Trump-Pence 2020 "Keep America Great" mobile application portfolio also showcased the new launch of Mobile Loyalty Solution upgrades that aid customer retention and engagement. The national recognition stemming from this project strengthened its ongoing Advocacy solution sales. Phunware also continues to expand its Corporate Campus Solution. The Company added another significant hospitality customer, Gaylord Hotels by Marriott.

COMPETITION

The mobile applications technology and solutions market is highly competitive and fragmented. The introduction of new technologies and the potential entry of new competitors into the market would result in increased competition. PHUN competes primarily with companies offering cloud-based software solutions for location-based services, mobile marketing automation, content management, analytics and audience monetization, as well as data and advocacy solution offerings for audience building and engagement used for political or other types of rallies. Primary publicly trading competitors include Adobe and Oracle, along with private companies such as Urban Airship, Chaotic Moon, and Adroll.

PHUNWARE ECOSYSTEM, NEW PRODUCTS AND INTELLECTUAL PROPERTY

Phunware has been actively working to expand the features and capabilities of its Location Based SaaS 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 15 patents issued and 5 non-provisional patent applications. The issued patents expire between the years 2027 and 2037. The Company also holds 1 patent in Japan that expires in 2031. 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.

EARLY INVESTORS



6 Financing Rounds
Raised >\$100 million

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FINANCIAL RESULTS

For the year ended December 31, 2022 (audited), the company reported net revenues of \$21.79 million, vs. \$10.64 million in the year ended December 31, 2021, an increase of 105%. For the same periods, the Gross Profit was \$5.08 million vs. \$3.61 million, an increase of 41%. The Operating Loss was \$(29.50) million vs. \$(16.84) million. The Net Comprehensive Loss was \$(51.01) million vs. \$(53.54) million. The Loss Per Share was \$(0.51) vs \$(0.71) per share in the prior year. The Company recognized an Impairment write-down on Digital Assets of \$22.9 million in 2022 vs. \$9.4 million in the prior year, contributing significantly to the overall Net Loss. The Company acquired Lyte Technology, Inc. for \$10.5 million in October 2021. Lyte Technology contributed approximately \$15.3 million in revenues during 2022. The Company reported \$15.27 million in hardware revenues in 2022 vs. \$3.09 million in 2021, primarily as a result of the acquisition of Lyte Technology.

The Company had \$8.1 million in net financing activities in 2022 a combination of debt and equity. Total Assets in 2022 were \$54.83 million vs. \$98.01 million in 2021. Total Stockholders' Equity in 2022 was \$24.88 million vs. \$65.28 million in 2021. The Company has in place a \$100 million "At The Market" registered offering pursuant to an S-3 registration, which will enable it to draw down additional funding at the market, less commissions. 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. The Company seeks to grow via additional acquisitions, and driving more customers to its two core businesses. Applying a conservative 5x multiple to its current annual revenue yields a target price of over \$1.00. PHUN shares can possibly return to levels traded at earlier in the year.

\$21.8M

Fiscal year 2022 net revenues

23.3%

Fiscal year 2022 gross margin

\$6.5M

Fiscal year 2022 platform revenues

Corporate Contact Information

Phunware, Inc.

Russ Buyse, CEO

Randall Crowder, COO

Matt Aune, CFO & Secretary

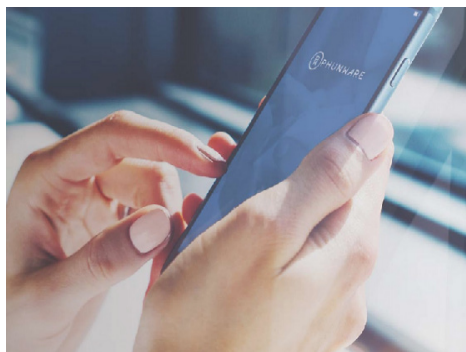
1002 West Avenue

Austin, TX 78701

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512-693-4199

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All figures below are quoted in US Dollars and in Thousands

| Income Statement | FY 12/31/20 | FY 12/31/21 | FY 12/31/22 |
|------------------|-------------|-------------|-------------|
| Revenue | \$ 10,001 | 10,643 | 21,794 |
| Operating Loss | \$ (17,498) | (16,844) | (29,502) |
| Net Loss | \$ (22,155) | (53,536) | (51,014) |
| Loss Per Share | \$ (0.50) | (0.71) | (0.51) |

| Balance Sheet | FY 12/31/20 | FY 12/31/21 | FY 12/31/22 |
|----------------------------|-------------|-------------|-------------|
| Cash | \$ 3,940 | 23,137 | 1,955 |
| Total Assets | \$ 31,836 | 98,016 | 54,835 |
| Total Liabilities | \$ 33,815 | 32,739 | 29,954 |
| Total Shareholder's Equity | \$ (1,979) | 65,277 | 24,881 |

| Cash Flow Statement | FY 12/31/20 | FY 12/31/21 | FY 12/31/22 |
|-----------------------|-------------|-------------|-------------|
| Operating Cash Flow | (10,973) | (22,514) | (26,827) |
| Investing Cash Flow | 0 | (46,385) | (2,287) |
| Financing Cash Flow | 14,596 | 88,019 | 8,055 |
| Cash at end of period | 4,031 | 23,137 | 1,955 |

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Disclaimer

Receipt of Compensation:

The featured company engaged ASC / Wall Street Research for an updated Profile Report and has paid a fee of \$7,000 in cash to Alan Stone & Company LLC for preparation and distribution of this updated Corporate Profile, including other potential fees associated with various consulting and investor relation services. Future fees will be due for updated reports and other services.

Ownership and Material Conflicts of Interest:

The author(s) of this report do not hold a financial interest in the securities of this company.

Position as an Officer or Director:

The author(s) does not act as an officer, director or advisory board member of the subject company.

Market making:

The author(s) does not act as a market maker in the subject company's securities.

Ratings Guide:

Banks or Investment Firms often rate companies as a BUY, HOLD or SELL. A BUY rating is often given when the security may deliver absolute returns of 15% or greater over the next 12 month period, and recommends that investors consider taking position assuming it meets their risk profile. A SELL rating is given when the security is expected to deliver negative returns over the next 12 months, while a HOLD rating implies flat returns over the next twelve months.

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Readers should consider all risk factors as outlined in the featured Company's public filings.

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