

April 27, 2020



Phunware Addresses United States Small Business Administration Loan Under CARES Act

AUSTIN, Texas--(BUSINESS WIRE)-- [Phunware, Inc. \(NASDAQ: PHUN\)](#) (the "Company"), a fully-integrated [enterprise cloud platform](#) for mobile that provides products, solutions, data and services for brands worldwide, announced today that it has reviewed the loan requirements and updated guidelines for applicants and recipients of the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP) pursuant to the recently adopted Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). While the Company will work with its advisors to ensure its eligibility given changing guidelines, it currently believes that it remains fully eligible and compliant.

Recently, Phunware was the target of several press articles that questioned the Company's PPP participation, seemingly on the grounds of it being a public company enjoying privileged treatment, and by implication as a consequence of a presumed political affiliation with one of its customers. It has also been named in a lawsuit claiming that the Company's participation in PPP harmed other potential borrowers.

Phunware wishes to clarify that it is a small, micro-cap company with 54 full-time employees and an intern, whose business and employment capacity has been directly impacted by the economic uncertainty associated with the pandemic, including a furlough of 34 full-time employees and three interns on March 27, 2020. The Company became public as a result of a no-net proceeds merger with a pre-existing public company in December 2018, more commonly known as a Special Purpose Acquisition Company (SPAC), and has found raising capital on reasonable terms difficult. In addition, under applicable guidelines, Phunware expects to have to repay its PPP loan at maturity, with loan proceeds in the interim being used for payroll costs, rent, utilities and employee retention. Importantly, the PPP loan is currently helping ensure the continuity of the Company during a period in which its customers, many of whom are healthcare and medical groups fighting the pandemic nationwide, critically need its [Multiscreen-as-a-Service \(MaaS\)](#) and [Pandemic Response](#) offerings for their [mobile patient experiences](#).

As an enterprise software company, the Company wishes to further clarify that it provides its products, solutions, data and services to any and all legally compliant customers and organizations worldwide independent of race, creed, color, sex, sexual orientation, religion or political affiliation. Previously, Phunware has supported [customer engagements on both sides of the political aisle for voter advocacy](#) and will continue to do so in the future.

Finally, and while the Company empathizes with the plaintiff's situation as a small company harmed by the pandemic, Phunware intends to defend itself vigorously against the frivolous lawsuit claiming that by virtue of a privileged banking relationship it somehow harmed an unsuccessful applicant. Phunware had no control over any decisions of its lender, nor the

SBA, in accepting its application. The Company has had several banking relationships since its inception on February 23, 2009, including one with its PPP lender dating back to April 2017. Phunware chose to work with this lender as a result of a mass solicitation it received to existing banking customers. Our Board Chair, Blythe Masters, who was a former executive of the Company's lender, was neither [appointed](#) on December 26, 2019, nor [elected as Board Chair](#) on March 27, 2020, for reasons relating to PPP. The Company was pleased to have completed the application process with its lender without needing her involvement and has not compensated her, nor any other director for this outcome. During this period, all Board Member cash compensation has been halted. We are proud that Ms. Masters has added professional capacity to the Company's Board of Directors while contributing to the fact that both its Board's leadership and 50% of its Outside Directors are female.

Safe Harbor Clause and Forward-Looking Statements

This press release includes forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding our future results of operations and financial position, business strategy and plans, and our objectives for future operations, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "expose," "intend," "may," "might," "opportunity," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this press release are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors" in our filings with the Securities and Exchange Commission (SEC), including our reports on Forms 10-K, 10-Q, 8-K and other filings that we make with the SEC from time to time. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under "Risk Factors" in our SEC filings may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this press

release, those results or developments may not be indicative of results or developments in subsequent periods.

About Phunware, Inc.

Everything You Need to Succeed on Mobile — Transforming Digital Human Experience

[Phunware, Inc. \(NASDAQ: PHUN\)](#), is the pioneer of [Multiscreen-as-a-Service \(MaaS\)](#), an [award-winning](#), fully integrated enterprise cloud platform for mobile that provides companies the products, [solutions](#), [data](#) and [services](#) necessary to engage, manage and [monetize](#) their mobile application portfolios and audiences globally at scale. Phunware's [Software Development Kits \(SDKs\)](#) include [location-based services](#), [mobile engagement](#), [content management](#), messaging, [advertising](#), loyalty ([PhunCoin & Phun](#)) and [analytics](#), as well as a mobile application framework of pre-integrated iOS and Android software modules for building in-house or channel-based mobile application and vertical solutions. Phunware helps the world's most respected brands create category-defining mobile experiences, with more than [one billion active devices touching its platform each month](#). For more information about how Phunware is transforming the way consumers and brands interact with mobile in the virtual and physical worlds, visit <https://www.phunware.com>, <https://www.phuncoin.com>, <https://www.phuntoken.com>, and follow @phunware, @phuncoin and @phuntoken on all social media platforms.

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