

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **001-37862**

PHUNWARE, INC.

(Exact name of registrant as specified in its charter)

Delaware

State or other jurisdiction of
incorporation or organization

30-1205798

(I.R.S. Employer
Identification Number)

1002 West Avenue, Austin, Texas

(Address of principal executive offices)

78701

(Zip Code)

Registrant's telephone number, including area code **512-693-4199**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	PHUN	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect a correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of voting stock held by non-affiliates of the registrant was \$63,786,689 as of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter (based on the closing sales price for the common stock on the Nasdaq Capital Market on such date).

As of March 16, 2026, 20,190,878 shares of common stock, par value \$0.0001 per share, were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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"Phunware," and the Phunware design logo and the trademarks or service marks of Phunware, Inc. and its subsidiaries appearing in this Annual Report on Form 10-K are the property of Phunware, Inc. Trade names, trademarks and service marks of other companies that may appear in this report are the property of their respective holders. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this Annual Report on Form 10-K.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Annual Report, 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,” “intend,” “may,” “might,” “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 Annual Report 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*.” 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*” 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 Annual Report. 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 Annual Report, those results or developments may not be indicative of results or developments in subsequent periods.

SUMMARY OF RISK FACTORS

Below is a summary of the principal factors that could materially harm our business, operating results and/or financial condition, impair our future prospects and/or cause the price of our common stock to decline. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading “*Risk Factors*” and should be carefully considered, together with other information in this Form 10-K and our other filings with the Securities and Exchange Commission (“SEC”) before making an investment decision regarding our common stock.

Risks Related to Our Business, Operations and Industry

- We have a history of losses and we may not achieve or sustain profitability in the future.
- Our future performance will depend on the successful transition of our Chief Executive Officer (CEO).
- Our growth could be slower than expected.
- Current and future litigation and arbitration proceedings could adversely affect us.
- Our results of operations could be negatively affected if we cannot adapt to ongoing market changes.
- The actual market for our products and services solutions could be significantly smaller than estimates.
- Substantial competition could reduce our market share and significantly harm our financial performance.
- Our future results will depend on our ability to continue to focus our resources and manage costs effectively.
- Our profitability could suffer if we are not able to manage projects and contracts on time.
- Our business strategy is evolving.
- Artificial Intelligence is an emerging area of technology that has and may further impact various aspects of our business.
- Future acquisitions could harm our business.
- We may not be able to recognize revenue in the period in which our services are performed.
- Our financial results may be adversely affected by changes in accounting principles applicable to us.
- We may experience quarterly fluctuations in our operating results.
- We have identified a material weakness in our internal control over financial reporting.
- We could be liable for damages for security breaches or disclosure of confidential information or personal data.
- Disruptions in our customers’ businesses or inadequate service could cause us to lose customers.
- Our technology offerings and services could infringe upon the intellectual property rights of others.
- We may be unable to protect our intellectual property rights.
- If we are unable to collect our receivables our results of operations or financial condition could be adversely affected.
- Increased costs of labor and employee health and welfare benefits may adversely impact our results of operations.
- If subscription renewal rates decrease our future revenue and operating results may be harmed.
- We may be unable to attract new customers or increase sales.
- Because revenue is recognized over the term of subscription contracts, sales results are not immediately reflected.
- If we fail to forecast our revenue accurately our operating results could be adversely affected.
- Our sales cycle can be long and unpredictable and our sales efforts require considerable time and expense.
- Advertising fraud could harm our reputation.
- If we do not maintain and grow advertisers and distribution partners, our services could be adversely affected.
- Any inability to deliver successful mobile advertising campaigns will prevent us from growing or retaining our advertiser base.
- We may be unable to deliver advertising in a context that is appropriate for mobile advertising campaigns.
- Activities of our advertising customers could damage our reputation or give rise to legal claims against us.
- Any limitation on our ability to collect and use data could significantly diminish the value of our solutions.
- Evolving regulation or industry standards relating to consumer privacy and data protection could impact our business.
- We may not adequately prevent disclosure of trade secrets and other proprietary technology and information.
- We could be subject to additional income tax liabilities.
- Taxing authorities may assert that we should have collected or should collect sales and use, value-added or similar taxes.
- Our net operating loss carryforwards may expire unutilized or underutilized.
- Our large customers have substantial negotiating leverage.
- Our customers’ financial distress or disruptions in their business could affect our financial position and results.
- If we are unable to obtain and maintain adequate insurance, our financial condition could be adversely affected.
- The requirements of being a public company may strain our systems and resources.
- Reduced reporting requirements available to us, may cause our common stock to be less attractive to investors.
- Our business is subject to the risks of catastrophic events outside of our control.

Risks Related to Capitalization Matters, Corporate Governance and Market Volatility

- We may sell additional equity or debt securities or enter into other arrangements to fund our operations, which may result in dilution to our stockholders and impose restrictions or limitations on our business.
- The failure of financial institutions or transactional counterparties could adversely affect our business operations.
- The price of our common stock has been, and may continue to be, volatile.
- Failure to meet the continued listing qualification of the Nasdaq Capital Market could adversely affect our business.
- If analysts do not cover our business the price and trading volume of our common stock could decline.
- We do not currently intend to pay dividends on our common stock.
- Delaware law and our organizational documents contain certain anti-takeover provisions that could delay or discourage takeover attempts.
- Our certificate of incorporation designates the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders.

Risks Related to our Digital Asset Holdings

- We currently hold and may acquire additional digital assets in the future, which may expose us to various risks associated with bitcoin and other digital assets.

Risks Related to our Token Ecosystem and Tokens

- There can be no assurance that PhunCoin will ever be issued, and any significant difficulties we may experience in the offerings of PhunCoin or the sales of PhunToken could result in claims against us.
- The development and acceptance of blockchain networks, are subject to a variety of factors that are difficult to evaluate.
- Because our tokens will be digital assets built and transacted initially on top of existing blockchain technology, we will be reliant on other blockchain networks.
- The development and operation of our Token Ecosystem will require additional technology and intellectual property rights.
- Our Token Ecosystem exposes us to risks of data breach and loss and cybersecurity attacks.
- Our Token Ecosystem may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code.
- Our Token Ecosystem is susceptible to mining attacks.
- There is no trading market for PhunCoin.
- Additional delays in the development of our Token Ecosystem may result in declines in PhunToken revenue.
- The laws and regulations governing digital assets are complex and evolving.
- The sale of PhunToken or the offerings of PhunCoin may subject us to additional regulatory requirements.
- The prices of digital assets are volatile.
- Whether our digital assets constitute a "security" is subject to a high degree of uncertainty.

PART I

Item 1. Business.

General

Phunware, Inc. (the "Company," "Phunware," "we," "us" or "our") is a technology company specializing in mobile application (app) software and services and mobile-app advertising. Our cloud-based platform for mobile provides companies with the solutions necessary to engage, manage and monetize their mobile application portfolios and audiences. Our mission is to foster digital interactions that enable a more engaged, interactive, and valuable experience for all stakeholders. Founded in 2009, we are a Delaware corporation headquartered in Austin, Texas.

Phunware helps brands define, create, launch, promote and monetize their mobile application identities as a means to anchor the consumer journey and improve brand interactions. Our platform allows for the sale, licensing and creation of category-defining mobile experiences for customers and their application users worldwide.

Business Model

Our platform is delivered through a combination of mobile applications, software development kits ("SDKs"), cloud-based services, and related tools that enable customers to deploy, operate, and evolve digital experiences across mobile and connected environments. While mobile applications represent an important interface layer, much of our functionality is provided through modular SDKs as well as software licenses that support analytics, content management, messaging, location-based services, and emerging AI-enabled capabilities.

Our product and service offerings primarily include cloud-based recurring software license subscriptions, most of which are multi-year, application development and support services. Although a majority of our product and service offerings have been sold utilizing an internal sales team, we have also sold our product and service offerings through various sales partners, including value added resellers and systems integrators. We continue to invest in these relationships.

We also provide in-application advertising services by charging advertisers to deliver advertisements (ads) to users of mobile connected devices. Fees from advertisers are commonly based on the number of ads delivered or views, clicks or actions by users on mobile advertisements delivered, and we recognize revenue at the time the user views, clicks or otherwise acts on the ad. We generally sell ads on a cost per thousand impressions basis, on which advertisers are charged for each ad delivered to 1,000 consumers.

Our Products and Services

Our mobile software subscriptions and services offerings include a combination of application frameworks, SDKs, cloud-based services and related capabilities designed to support digital engagement, operational workflows and user experiences and include the following:

- A cloud-based application framework vertical solution license for iOS and Android-based mobile experiences, enabling customers to deploy, manage and extend functionality across mobile applications and connected environments. We have focused a majority of our recent sales efforts on addressing the luxury guest experience for hospitality and the patient experience for healthcare. However, our product and service capabilities also serve the employee experience in the workplace, the shopper experience for retail, the fan experience for sports, the traveler experience for aviation, the luxury resident experience for real estate and the student experience for education.
- We offer SDK licenses designed to be deployed individually or in combination and may be integrated into customer applications or existing digital systems, which include:
 - o Analytics (SDK that provides data related to application use and engagement);
 - o Content Management (SDK that allows application administrators to create and manage app content in a cloud-based portal);
 - o Alerts, Notifications & Messaging (SDK that enables brands to send messages to app users through the app); and
 - o Location-Based Services (modules that include mapping, navigation, wayfinding, workflow, asset management and policy enforcement).

- Cloud-based intelligence and automation features, including AI-enabled interfaces and analytics capabilities, designed to support contextual user interactions, information discovery and service-related workflows within customer applications.
- We are also evaluating the use of AI to derive insights from anonymized application usage, navigation and interaction data generated within customer environments. These efforts are intended to help customers better understand user behavior, optimize digital and non-site experiences and inform future enhancements to their mobile and SDK-enabled services. These initiatives remain exploratory and subject to ongoing evaluation.
- We also offer development services for customers who wish to have a customized application experience.

We also provide in-app advertising services, including re-occurring and one-time transactional media purchases for application discovery, user acquisition and audience building, audience engagement and audience monetization.

Competitive Strengths

Cloud-based vertical solution application framework: Phunware was built from the ground up to focus on native mobile application development and services. The result is over a decade of vertical-solution specific mobile application experience, which we believe is a major competitive differentiator.

Platform architecture: Our platform architecture allows customers to deploy applications, SDKs, analytics and AI-enabled features in a unified environment, enabling them to evolve digital and physical experiences over time without rearchitecting their underlying systems.

Results-driven culture: Many of our employees are granted restricted stock units upon, and from time to time after, commencement of their employment and are encouraged to think of Phunware as a company they own rather than a company for which they work. We also promote from within to reward top performers and encourage leadership development. The result is an employee base singularly focused on solving problems and driving results.

Intellectual property portfolio development and world-class engineering resources: Through our world-class in-house technical and engineering organization, we have focused on developing our patents and other intellectual property, which includes methods of accessing wireless account information, rendering content on a wireless device, indoor and outdoor navigation with a mobile device and more. We are developing creative solutions to solve complex technical problems and create competitive advantages for our customers. We hold four active issued patents and nine active pending patents in various areas including content management, location services and cryptocurrency.

Our Customers

Our target customers for our mobile software subscription and services are companies that are looking to enact digital transformation in their business. We provide technology and solutions to support these organizations through every stage of the mobile application lifecycle.

We believe the multi-year nature of our software and services agreements and related recurring revenues provides revenue visibility. Our software subscription and services agreements with our customers consist of terms relating to length of agreement (for software subscriptions and application support), payment, performance, cancellation and termination, confidentiality, indemnification obligations and limitation of liability, among other provisions. All of these agreements contain terms of service that are generally consistent across our customers. Our subscription and services agreements generally do not impose obligations of exclusivity or other limiting terms upon us.

Our advertising agreements, also known as insertion orders, are, for the most part, governed by the standard terms and conditions from the Interactive Advertising Bureau's ("IAB") Standard Terms and Conditions for Internet Advertising for Media Buys One Year or Less ("IAB Terms"). The IAB Terms provide that in the event that payments are not paid to the agency, then the media company, or us, agrees to hold the advertiser solely liable. We view the agreements as contracts that ordinarily accompany the business conducted by Phunware and, because of the lack of any commitments to provide a certain amount of business, we are not substantially dependent on the agreements.

Concentration of Major Customers

Due to the nature of our business, we have in the past and may at times in the future, have a material concentration of our revenue with a small number of customers. For the year ended December 31, 2025, two customers collectively represented 36% of our net revenues.

Our Growth Strategy

Key elements of our growth strategy include:

Expansion and scaling of mobile products and services. Mobile applications and in-application advertising media are among the fastest-growing and complex technology markets. We have made significant investments in research and development and plan to continue extending the functionality and scale of our mobile applications in the future.

Expansion and scaling of platform capabilities. We are focused on expanding and scaling the core capabilities of our platform, including analytics, location-based services, automation and AI-enabled features, to help customers better understand user behavior, improve the relevance and quality of digital and on-site experiences, and support more effective engagement and service interactions. We believe these capabilities enable our customers to enhance user satisfaction and unlock additional value from their digital environments over time.

Deepening of existing customer relationships. We believe that we are well positioned to identify new opportunities or enhance existing services and solutions within and provide additional products and services to our existing customer base. We have historically created and expect to continue to create cross and upsell opportunities as our customers seek to deepen their approach to mobile application lifecycle management.

Continued growth of our customer base through targeted marketing and outreach. We intend to continue to opportunistically expand our reach in existing industry verticals and into and within new industry verticals that benefit from our integrated solutions, comprehensive lifecycle approach and ability to engage users in both digital and physical worlds, particularly healthcare and hospitality.

Addition of new capabilities and geographic regions through strategic transactions. We operate in a fragmented market that offers significant consolidation opportunities. We plan to continue to evaluate strategic acquisitions, partnerships and other transactions that enhance our capabilities.

Expansion of our partnership network with third-party providers of products and services. We are able to leverage our mobile expertise and capabilities to compete effectively for new customers both directly and indirectly. Primary indirect channels include hardware, software and systems integrators/consultancies. We are focused on building our brand and offerings to grow within existing and target markets where there is strong demand for the products and solutions we provide.

Sales and Marketing

Our sales force is focused on direct sales opportunities for our software subscription and services and advertising product lines. They are experienced across all verticals in which we serve and can assist small, medium and large-sized organizations. Our marketing efforts focus on building brand reputation, expanding market awareness, driving customer demand and enabling our sales team.

Our software subscription and services sales team is supported by our customer solutions team, which has deep technical expertise. Once contracted, our program management team collaborates with customers to ensure timely deliverables of contracted licenses and services. Post implementation, customers are supported post-sale by our customer success function managed within our program management team. Our sales cycle can range many months for large organizations.

We market our advertising product line direct to businesses and agencies. We are also hoping to expand our media offerings by attracting new business from local and national advertising agencies. Our contract term for advertising transactions can be as short as a few days to three months for larger advertising campaigns. Our sales cycle is typically short for direct to business customers,

whereby it may be longer when partnering with agencies; however, we are striving to shorten our sales cycles through a more defined, scalable product offering that replaces complex custom development with AI-driven, modular solutions and deployment tools.

Research and Development

Our ability to compete depends in large part on our continuous commitment to research and development and our ability to rapidly introduce new applications, technologies, features and functionalities into our products, services and solutions. Our research and development efforts are focused on improving and enhancing our existing product and service offerings by working closely with our customers, conducting quality assurance testing and improving our core technology as well as developing new proprietary services and solutions such as artificial intelligence. Performance, security, depth and breadth of functionality and usability of our solutions drive our technology decisions and research and development. Our research and development expenses were \$3.2 million and \$2.3 million for the fiscal years ended December 31, 2025 and 2024, respectively.

Artificial Intelligence (AI)

In October 2024, we announced the commencement of our investment into the field of artificial intelligence ("AI"). We plan to use AI in various contexts within our internal systems and products and services offerings.

The AI technology we have initially used in the context of our platform is generative AI. We actively utilize generative AI tools to streamline internal processes and workflows for mobile app creation and development. We also plan to use predictive and agentic AI tools in the future to further enhance these processes. By applying these technologies, we expect to improve the quality and personalization of our mobile apps for customers and drastically reduce the time required to adapt our mobile app development framework to meet specific customer needs. We anticipate that these efficiencies will enable the Company to reduce mobile app development costs significantly and make high-quality mobile apps more accessible and affordable for small to medium sized businesses and enterprises.

We created, deployed and market-tested creator.phunware.com, an online platform and part of the Company's software development initiative to utilize generative AI to simplify and facilitate the creation and completion of mobile apps. In light of our market testing and recent changes in our senior management team, we decided to pause further development and allocation of resources to completing the app creator platform and instead focus these resources on generative and agentic AI-related features and functionalities within our current product offerings.

We recently developed a generative AI product feature referred to as AI Concierge with functionalities to serve as a human-like interface in our mobile apps for our customers to enhance customer engagement with users and provide customers with innovative opportunities to further monetize their products and services with users. We are currently pilot testing the AI Concierge with existing customers as a new feature in their existing mobile applications.

We also recently designed and demonstrated, at a major hospitality conference, an agentic AI product feature referred to as Guest Services Agent with functionalities to interact with and perform tasks for customer hospitality guests. For instance, we anticipate the Guest Services Agent feature will be able to provide information about and book reservations at restaurants located on customer properties. This Guest Services Agent feature is still in the development and testing phase.

We continue to invest in AI, including generative AI and agentic AI, and in the integration of AI capabilities into our products and services. We will continue to evaluate our investments in AI and align investment and resource allocation in the products and markets where we believe we can generate the greatest benefits for customers and opportunities for shareholder returns. Our AI related investments are in the research and development phase, and we may choose not to continue pursuing some of our AI investments. Additionally, some of the investments we pursue may not be successful. Refer to "Risk Factors", located in Part I, Item 1A of this Annual Report on Form 10-K.

PhunCoin and PhunToken

In 2018, we began offering rights to future issuances of PhunCoin, and in 2019 we expanded to a dual token structure by creating PhunToken. The dual-token ecosystem was originally designed to both empower consumers, brands and others to engage

with each other and other audiences by creating a blockchain-enabled data and engagement exchange that recognizes the value of data and engagement and related monetization opportunities, which we refer to herein collectively as our "Token Ecosystem."

PhunCoin was intended to be the "Value of Data" that empowers consumers to take control of and be compensated for their data and will allow holders to participate in the economics of the Token Ecosystem by receiving PhunCoin based on how much information and data they are willing to share with the system. During 2018 and 2019, we sold rights to receive future issuances of PhunCoin. To date, we have recorded the PhunCoin rights purchases as a liability in our consolidated balance sheets as of December 31, 2025 and 2024, as we have yet to issue any PhunCoin pursuant to our rights offerings. We may generate additional funding from sales of PhunCoin in the future.

PhunToken was intended to be the "Value of Engagement" that empowers consumers to further monetize their data and to use their PhunToken to engage with brands and others to receive offers and other value in the Token Ecosystem. PhunToken was created as and is intended to be a digital asset utility token to enable holders to engage via Phunware mobile applications initially with the Company and, when and if the ecosystem is further developed, eventually with brands, media buyers and other customers of the Company. Such engagements would occur on the Company's platform and are expected to consist of activities which may benefit the Company and sponsoring brands, media buyers and other customers when a user, for example participates in surveys, watches videos or verifies user locations for proximity-based marketing campaigns. The Company anticipates that participants in such engagement activities will be rewarded by earning and receiving PhunToken from the Company or other sponsoring parties, and that PhunToken will be redeemable for valuable goods, services and experiences within branded marketplaces, similar to traditional loyalty or rewards programs. To date, opportunities to earn and utilize PhunToken in the Token Ecosystem have been limited and there is currently no mechanism for consumers to redeem PhunToken either from the Company or through the Token Ecosystem as the PhunToken ecosystem is still in development. We commenced the selling of PhunToken to third parties in 2021. Upon the sale of PhunToken to customers, we transfer the PhunToken purchased to the customers' ethereum-based wallet address. We have sold PhunToken in the past and may sell additional PhunToken in the future; however, we did not sell any PhunToken in 2024 and 2025.

We are currently researching and assessing future opportunities and next steps for PhunCoin, PhunToken and further development of the Token Ecosystem.

Competition

The market for technology and solutions related to mobile application lifecycle management is evolving, highly competitive and significantly fragmented. With the introduction of new technologies, including AI, and the potential entry of new competitors into the market, we expect competition to increase and intensify in the future, which could harm our ability to increase sales, maintain or increase renewals and maintain our prices.

We compete 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 campaign management for audience building and engagement. We also sometimes compete with application development agencies, in-house mobile teams and products developed by software providers that allow customers to build and scale new mobile applications. Our competitors include Airship, Apadmi, Mutual Mobile, Pointr and Purple.

We believe the principal competitive factors in our market include the following:

- product features and functionality;
- location accuracy and latency;
- technology architecture;
- level of customer satisfaction;
- ease of use and integration of products and services;
- deployment options and hardware flexibility;
- breadth and depth of application functionality;
- professional services and customer support;

- total costs of ownership;
- brand awareness and reputation;
- sophistication of technology platform;
- actionable insights through big data analytics;
- capability for customization, configurability, integration, security, scalability and reliability of applications;
- ability to innovate and respond to customer needs rapidly;
- domain expertise;
- size of customer base and level of user adoption; and
- ability to integrate with legacy enterprise infrastructures and third-party applications.

Although we have the ability to integrate with third-party applications, such third-party applications may view us as their competition and may make it difficult for us or our customers to integrate our solutions. Some of our current competitors have, and future competitors may have, greater financial, technical, marketing and other resources, greater resources to devote to the development, promotion, sale and support of their products and services, more extensive customer bases and broader customer relationships, and/or longer operating histories and greater name recognition. As a result, these competitors may be better able to respond quickly to new technologies and to undertake more extensive marketing campaigns. In a few cases, some competitors may also be able to offer competing solutions at little or no additional cost by bundling them with their existing suite of solutions.

Government Regulation

We are subject to a variety of laws and regulations in the United States and abroad that involve matters central to our business. Many of these laws and regulations are still evolving and being tested in courts, and could be interpreted in ways that could harm our business including, but not limited to, privacy, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, data retention and deletion, and other communications, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions, anti-corruption law compliance and securities law compliance. In particular, we are subject to federal, state and foreign laws regarding privacy and protection of consumer data. Foreign data protection, privacy, content and other laws and regulations can impose different obligations or be more restrictive than those in the United States. U.S. federal and state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation and enforcement of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices.

New laws enacted by government or regulatory authorities could cause us to incur substantial costs, expose us to unanticipated civil and criminal liability or penalties (including substantial monetary remedies), interrupt or require us to change our business practices in a manner materially adverse to our business, divert resources and the attention of management from our business or subject us to other remedies that adversely affect our business.

Intellectual Property

Our ability to protect our intellectual property, including our technologies, is an important factor in the success and continued growth of our business. We protect our intellectual property through trade secrets law, patents, copyrights, trademarks and contracts. In some cases, we partner with law firms and others to seek enforcement of our rights under the patents we hold and to recover damages for any finding of infringement thereof. We have established business procedures designed to maintain the confidentiality of our proprietary information such as the use of our license agreements with customers and our use of our confidentiality agreements and intellectual property assignment agreements with our employees, consultants, business partners and advisors where appropriate. Some of our technologies rely upon third party licensed intellectual property.

In the United States, we have four active patents issued and nine active pending patent applications. The issued patents expire between the years 2027 and 2037, which are subject to the payment of maintenance fees. Further, we have registered “Phunware” as a

trademark in the United States and Canada. We cannot provide assurance that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. Furthermore, even if a patent is issued, we cannot provide assurance that such patent will be adequate to protect our business. We also license software from third parties for integration into our solutions, including open source software and other software available on commercially reasonable terms.

Despite our efforts to protect our technology and proprietary rights through intellectual property rights, licenses and confidentiality agreements, unauthorized parties may still copy or otherwise obtain and use our software and other technology. In addition, if we expand international operations, effective patent, copyright, trademark and trade secret protections may not be available or may be limited in foreign countries.

Our industry is characterized by the existence of a large number of patents and claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in our markets have extensive patent portfolios and are regularly involved in litigation. From time to time, third parties, including certain of these leading companies, may assert patent, copyright, trade secret and other intellectual property rights against us, our channel partners or our customers. Our standard license and other agreements may obligate us to indemnify our indirect sales partners and customers against such claims. Successful claims of infringement by a third party could prevent us from continuing to offer our solutions or performing certain services, require us to expend time and money to develop non-infringing solutions or force us to pay substantial damages, including treble damages if we are found to have willfully infringed patents or copyrights, royalties or other fees. Competitors may also be more likely to claim that our solutions infringe their proprietary rights and seek an injunction against us from continuing to offer our platform and/or components thereof. We cannot provide assurance that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents or other proprietary rights.

Employees

We leverage our employees' long-standing, deep customer relationships and strong technical expertise to deliver complex solutions that meet customer needs and advance mobile technology. As of December 31, 2025, we had 26 full-time employees. None of our employees are currently covered under any collective bargaining agreements. We believe our relations with our employees are good.

Corporate Information

Our principal executive offices are located at 1002 West Avenue, Austin, Texas 78701, and our telephone number is (512) 693-4199. Our website address is <https://www.phunware.com>. The information on, or that can be accessed through, our website is not part of this Annual Report on Form 10-K. We have included our website address as an inactive textual reference only.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act are available free of charge on the investor relations section of our website, located at <https://www.phunware.com>, which we post as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Phunware, that file electronically with the SEC. The SEC's Internet website is located at <http://www.sec.gov>.

Item 1A. Risk Factors.

Risk Factors

An investment in our securities involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this Annual Report, including our consolidated financial statements and related notes, before deciding to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business or results of operations.

Risks Related to Our Business, Operations and Industry

We have a history of losses, we expect to continue to incur losses and we may not achieve or sustain profitability in the future.

We have incurred significant losses in each fiscal year since our inception. We experienced a consolidated net loss for the years ended December 31, 2025 and December 31, 2024. These losses were due to (i.) both a decline in revenue in 2024 and 2025, as compared to previous years, (ii.) investments we made to build our products and services, grow and maintain our business, (iii.) attempts to acquire new customers and (iv.) general and administrative expenses, including legal and professional fees for litigation. You should not consider our historical revenue levels or operating expenses prior to recent periods as indicative of our future performance. Key elements of our growth strategy include acquiring new customers and continuing to innovate and expand our product offerings. As a result, our operating expenses may continue to increase in the future due to expected increased sales and marketing expenses, operating costs, research and development costs and general and administrative costs and, therefore, our operating losses may continue or even potentially increase for the foreseeable future. In addition, as a public company we incur significant legal, accounting and other expenses, including, but not limited to additional costs in resolving our existing legal matters. Furthermore, to the extent that we are successful in increasing our customer base, we may also incur increased expenses because costs associated with generating and supporting customer agreements are generally incurred up front. Revenue recognition may not occur during the same period in which we incur costs associated with our agreements. Our efforts to grow our business may be costlier than we expect and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for many reasons, including the other risks described in this Annual Report and unforeseen expenses, difficulties, complications and delays and other unknown events. You should not rely upon future bookings we may announce or revenue growth as indicative of our future performance. We cannot assure you that we will reach profitability in the future or at any specific time in the future or that, if and when we do become profitable, that we will sustain profitability. If we are ultimately unable to generate sufficient revenue to meet our financial targets, become profitable and have sustainable positive cash flows, investors could lose their investment.

Our future performance will depend on the successful transition of our Chief Executive Officer (CEO).

Changes in our management team could disrupt our business and adversely affect our results of operations. We experienced a number of changes in our senior leadership team in recent years, including CEO and/or Interim CEO transitions in 2025, 2024, 2023 and 2022 and various changes in other senior management positions. Specifically, on July 13, 2025, the Board of Directors (the "Board") of the Company terminated Stephen Chen's at-will employment as Interim Chief Executive Officer. Pursuant to the terms of Mr. Chen's employment agreement dated October 22, 2024, his termination as Interim Chief Executive Officer also constituted a termination from all positions that Mr. Chen held as a member of the Board and any committee thereof, effective as of the same date. On July 14, 2025, Jeremy Krol, who was then serving as Chief Operating Officer of the Company, was appointed to replace Stephen Chen as the Company's Interim Chief Executive Officer. If we are unable to execute a timely and orderly transition and successfully integrate the Interim Chief Executive Officer into our leadership team, our revenue, operating results and financial condition may be adversely impacted.

Our future performance also will continue to depend on the services and contributions of our other senior management and key employees and their abilities to execute on our business plan and strategy and to identify and pursue new opportunities and innovations for our products and services. These interim chief executive changes, and any future changes in our senior management

team could be disruptive to our operations.

If we are unable to expand or renew sales to existing customers, or attract new customers, our growth could be slower than expected and our business may be harmed.

Our future growth depends upon expanding sales and renewals of sales of our technology, products and services to existing customers. Our customers may not continue to purchase our technology offerings and services, or our customers may reduce their purchase rate of services, if we do not demonstrate the value proposition for their investment and we may not be able to replace existing customers with new customers. In addition, our customers may not renew their contracts with us on the same terms, or at all, because of dissatisfaction with our product or service offerings. If our customers do not renew their contracts, our revenue may grow more slowly than expected, may not grow at all, or may decline.

Additionally, increasing incremental sales to our current customer base may require increasingly sophisticated and costly sales efforts that are targeted at senior management. We plan to continue expanding our sales efforts but we may be unable to hire qualified sales personnel, may be unable to successfully train those sales personnel that we are able to hire and sales personnel may not become fully productive on the timelines that we have projected, or at all. Additionally, although we dedicate significant resources to sales and marketing programs, these sales and marketing programs may not have the desired effect and may not expand sales. We cannot provide assurance that our efforts will increase sales to existing customers or generate additional revenue. If our efforts to upsell to our customers are not successful or we cannot find additional expansion opportunities, our future growth may grow more slowly than expected, may not grow at all, or may decline.

Our ability to achieve significant growth in revenue in the future will also depend upon our ability to attract and sell our technology, products and services to new customers. This may be particularly challenging where an organization has already invested substantial personnel and financial resources to integrate competing technology, products and services. An organization may be reluctant or unwilling to invest in new technology offerings and services. If we fail to attract new customers and maintain and expand those customer relationships, our revenue may grow more slowly than expected, may not grow at all, or may decline and our business may be harmed.

Current and future litigation and arbitration proceedings could adversely affect us.

We and our officers and directors are or may become subject to legal proceedings in the ordinary course of business. We cannot predict with certainty the outcome of legal proceedings. The outcome of any such legal proceedings could require us to take, or refrain from taking, actions which could negatively affect our operations. Such legal proceedings may involve substantial costs, including the costs associated with investigation, litigation, arbitration and possible settlement, award, judgment, penalty, or fine. As a smaller company, the collective costs of legal proceedings may represent a drain on our cash resources, and require an inordinate amount of our management's and board of directors' time and attention. An adverse ruling with respect to any such legal proceeding could have a material adverse effect on our results of operations and financial condition. Negative publicity surrounding such legal proceedings may also harm our reputation and adversely impact our business and financial condition.

Our results of operations and ability to grow could be negatively affected if we cannot adapt and expand our technology and product and service offerings in response to ongoing market changes.

The software and technology solutions business and markets are characterized by rapid technological change, evolving industry standards, changing customer preferences and new product and service introductions. Our success depends on our ability to continue to develop and implement technology, product and service offerings that anticipate or timely respond to rapid and continuing changes in technology and industry developments and offerings by new technology providers to serve the evolving needs of our customers. Examples of areas of significant change in the industry include cloud, software defined infrastructure, virtualization, security, mobility, data analytics and IoT, the continued shift from maintenance to managed services and ultimately to cloud based services, as-a-service solutions, security and information technology automation. In addition, enterprises are continuing to shift from on-premise, hardware infrastructure to software centric hosted solutions. Technological developments such as these may materially affect the cost and use of technology and services by our customers and could affect the nature of how our revenue is generated. These technologies and others that may emerge, could reduce and, over time, replace some of our current business. In addition, customers may delay spending under existing contracts and engagements and may delay entering into new contracts while they evaluate new

technologies. If we do not sufficiently invest in new technology, industry developments and our personnel, or evolve and expand our business at sufficient speed and scale, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our technology, products and services, our results of operations and our ability to develop and maintain a competitive advantage and growth could be negatively affected.

In addition, if we are unable to keep up with changes in technology and new hardware, software and services offerings, for example, by providing the appropriate training to our customer solutions team, sales directors, program management team, channel partners and software development and product engineers to enable them to effectively sell and deliver such new offerings to customers, our business, results of operations, or financial condition could be adversely affected.

The actual market for our products and services could be significantly smaller than estimates of total potential market opportunity, and if customer demand for our products and services does not meet expectations, our ability to generate revenue and meet our financial targets could be adversely affected.

While we expect growth in the markets for our products, it is possible that the growth in some or all of these markets may not meet our expectations or materialize at all. The methodology on which our estimate of our total potential market opportunity is based includes several key assumptions based on our industry knowledge and customer experience. If any of these assumptions proves to be inaccurate, then the actual market for our solutions could be significantly smaller than our estimates of our total potential market opportunity. If the customer demand for our products or services or the adoption rate in our target markets does not meet our expectations, our ability to generate revenue from customers and meet our financial targets could be adversely affected.

Substantial competition could reduce our market share and significantly harm our financial performance.

The markets in which we operate are highly competitive, with relatively low barriers to entry for some software, product or service organizations. Some customers may be hesitant to switch vendors or to adopt cloud-based software such as ours and prefer to maintain their existing relationships. Some of our competitors are larger and have greater name recognition, much longer operating histories, larger marketing budgets and significantly greater resources than we do. We also face competition from custom-built software vendors and from vendors of specific applications, some of which offer cloud-based solutions. We may also face competition from a variety of vendors of software and products that address only a portion of our platform. In addition, other companies that provide cloud-based software in different target markets may develop software or acquire companies that operate in our target markets, and some potential customers may elect to develop their own internal software. With the introduction of new technologies and market entrants, we expect this competition to intensify in the future.

Many of our competitors are able to devote greater resources to the development, promotion and sale of their products and services. Furthermore, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition. In addition, many of our competitors have established marketing relationships, access to larger customer bases and major distribution agreements with consultants, system integrators and resellers. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their product offerings or resources. If our technology, products and services do not become more accepted relative to those of our competitors, or if our competitors are successful in bringing their products or services to market earlier than ours, or if the products or services of our competitors are more technologically capable than ours, then our revenues could be adversely affected. In addition, some of our competitors may offer their products and services at lower prices. If we are unable to achieve our target pricing levels, our operating results may be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which could adversely affect our business.

Our future results will depend on our ability to continue to focus our resources and manage costs effectively.

We are continually focusing on measures intended to further improve cost efficiency. We may be unable to realize all expected cost savings in connection with these efforts within the expected time frame, or at all, and we may incur additional and/or unexpected costs to realize them. Further, we may not be able to sustain any achieved savings in the future. Future results will depend on the success of these efforts.

If we are unable to control costs, our operating margins could decrease and we may incur additional losses. Our future profitability will depend on our ability to manage costs or increase productivity. An inability to effectively manage costs could adversely impact our business, results of operations or financial condition.

Our profitability could suffer if we are not able to manage large and complex projects and complete fixed price, fixed timeframe contracts on budget and on time.

Our profitability and operating results are dependent on the scale of our projects and the prices we are able to charge for our technology, products and services. We perform a significant portion of our work through fixed price contracts, in which we assume full control of the project team and manage all facets of execution. As a significant portion of our projects are on a fixed price model, we may be unable to accurately estimate the appropriate project price and successfully manage such projects. Although we use specified technical processes and our past experience to reduce the risks associated with estimating, planning and performing fixed price and fixed timeframe projects, we face the risk of cost overruns, completion delays and wage inflation in connection with these projects. If we fail to accurately estimate the resources or time required for a project or future rates of wage inflation, or if we fail to perform contractual obligations within the contractual timeframe, our profitability could suffer.

The challenges of managing larger and more complex projects include:

- maintaining high quality control and process execution standards;
- maintaining planned resource utilization rates on a consistent basis;
- maintaining productivity levels and implementing necessary process improvements;
- controlling project costs;
- maintaining close customer contact and high levels of customer satisfaction;
- recruiting and retaining sufficient numbers of skilled engineering, design and program management professionals; and
- maintaining effective customer relationships.

In addition, large and complex projects may involve multiple engagements or stages and there is a risk that a customer may choose not to retain us for additional stages or may cancel or delay additional planned engagements. Such cancellations or delays may make it difficult to plan our project resource requirements and may result in lower profitability levels than we anticipated upon commencing engagements.

Our business strategy is evolving. Investments in new services and technologies may not be successful and may involve pursuing new lines of business or strategic transactions and investments, or dispositions of assets or businesses that may no longer help us meet our objectives. Such efforts may not be successful.

We continue to invest in new services and technologies, including adding additional solutions to our existing product offerings, blockchain and artificial intelligence. The complexity of these solutions, our learning curve in developing and supporting them and significant competition in the markets for these solutions could make it difficult for us to market and implement these solutions successfully. Additionally, there is a risk that our customers may not adopt these solutions widely, which could prevent us from realizing expected returns on these investments. Even if these solutions are successful in the market, they may rely on third-party technology, software, services and our ability to meet stringent service levels. If we are unable to deploy these solutions successfully or profitably, it could adversely impact our business, results of operations or financial condition.

Our industry is undergoing significant change and our business strategy is continuing to evolve to meet these changes. In order to profitably grow our business, we may need to expand into new lines of business beyond our current focus of mobile engagement analytics products, mobile application advertising and services, which may involve pursuing strategic transactions, including potential acquisitions of, or investments in, related or unrelated businesses and assets. In addition, we may seek divestitures

of existing businesses or assets. There can be no assurance that we will be successful with our efforts to evolve our business strategy and we could suffer significant losses as a result, which could have a material adverse effect on our business, financial condition and results of operations.

If we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of assets or a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience greater dis-synergies than expected and the impact of the divestiture on our revenue may be larger than projected.

Artificial Intelligence is an emerging area of technology that has and may further impact various aspects of our business operations and customer interactions. We may not be successful in our artificial intelligence initiatives, which could adversely affect our business, financial condition and/or operating results.

We have made, and expect to continue making, investments in the integration of AI into our platforms, products and services. AI presents various risks, challenges, and potential unintended consequences that could disrupt our ability to effectively integrate and leverage these technologies. The process of refining and expanding our AI-driven platforms and offerings may involve significant costs, and there can be no assurance that our efforts will ultimately succeed.

The complexity of AI systems, coupled with rapidly evolving competition in the AI space, introduces significant uncertainty about our ability to successfully integrate and commercialize these technologies. Competitors may develop more effective or efficient AI solutions, potentially undermining our competitive position. Additionally, the regulatory environment surrounding AI is still in development, and new laws or regulations could emerge that require substantial adjustments to our business practices. These changes could impose unexpected costs or operational disruptions, and the full scope and impact of such regulatory developments remains uncertain.

Furthermore, we may rely on third-party vendors that incorporate AI in certain products and services they provide to us. As a result, we may not have full visibility or control over the quality, security, performance, or compliance of AI-powered solutions sources externally. There is also a risk that the underlying algorithms used by us or third-party vendors may be flawed, or trained on incomplete or biased datasets, leading to inaccuracies, inefficiencies or other negative consequences. Any of these factors, whether related to internal AI development, third-party dependencies, or regulatory changes, could have a material adverse effect on our business, financial condition and/or operating results.

Future acquisitions could disrupt our business and may divert management's attention and, if unsuccessful, harm our business.

We may choose to expand by making additional acquisitions that could be material to our business. We have in the past made several acquisitions of complementary businesses, including acquisitions of Odyssey, Simplikate, Digby, Tapit!, GoTV and Lyte Technology, Inc.

Acquisitions involve many risks, including the following:

- an acquisition may negatively affect our results of operations and financial condition because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel, or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses, or distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the company we acquired due to customer uncertainty about continuity and effectiveness of service from either company;

- we may encounter difficulties in, or may be unable to, successfully sell any acquired technology, products or services;
- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- the challenges inherent in effectively managing an increased number of employees in diverse locations;
- the potential strain on our financial and managerial controls and reporting systems and procedures;
- the potential known and unknown liabilities associated with an acquired company;
- our use of cash to pay for acquisitions would limit other potential uses for our cash;
- if we incur additional debt to fund such acquisitions, such debt may subject us to additional material restrictions on our ability to conduct our business as well as additional financial maintenance covenants;
- the risk of impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions;
- to the extent that we issue a significant amount of equity or equity linked securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease; and
- managing the varying intellectual property protection strategies and other activities of an acquired company.

We may not succeed in addressing these or other risks or any other problems encountered in connection with the integration of any acquired business. The inability to integrate successfully the business, technologies, products, services, personnel or operations of any acquired business, or any significant delay in achieving integration, could harm our business, results of operations or financial condition.

We may not be able to recognize revenue in the period in which our services are performed, which may cause our margins to fluctuate.

Our services are performed under both fixed-price and time and material contract arrangements. All revenue is recognized pursuant to applicable accounting standards. Our failure to meet all the obligations, or otherwise meet a customer's expectations, may result in us having to record the cost related to the performance of services in the period that services were rendered, but delay the timing of revenue recognition to a future period in which all service obligations have been met.

Our financial results may be adversely affected by changes in accounting principles applicable to us.

U.S. generally accepted accounting principles ("GAAP") are subject to interpretation by the Financial Accounting Standards Board ("FASB"), the SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results for periods prior and subsequent to such change. We may adopt changes in accounting standards retrospectively to prior periods and the adoption may result in an adverse change to previously reported results.

To adopt new standards, we may have to implement new modules in our accounting system, hire consultants and increase our spending on audit fees, thereby increasing our general and administrative expense. Any difficulties in implementing changes in accounting standards or adequately accounting after adoption could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

We may experience quarterly fluctuations in our operating results due to a number of factors, which makes our future results difficult to predict and could cause our operating results to fall below expectations.

Our quarterly operating results have fluctuated in the past and we expect them to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance and comparing our operating results on a period-to-period basis may not be meaningful. In addition to the other risks described herein, factors that may affect our quarterly operating results include:

- the amount and timing of completion of application development services and other service-related engagements;
- changes in spending on subscriptions, services and advertising media offerings and services by our current or prospective customers;
- pricing our technology, products, and services effectively so that we are able to attract and retain customers without compromising our operating results;
- one-time, non-recurring revenue events;
- attracting new customers and increasing our existing customers' use of our technology offerings and services;
- the mix between new contracts and renewals of existing contracts;
- customer renewal rates and the amounts for which agreements are renewed;
- awareness of our brand;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers and the introduction of new technologies and technology enhancements;
- our ability to manage our existing business and future growth;
- unforeseen costs and expenses related to the expansion of our business, operations and infrastructure, including disruptions in our hosting network infrastructure and privacy and data security;
- customer delays in purchasing decisions in anticipation of new products or product enhancements by us or our competitors;
- budgeting cycles of our customers;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers;
- the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses (including marketing events and commissions and bonuses associated with performance) and employee benefit expenses;
- changes to the commission plans, quotas and other compensation related metrics for our sales representatives;
- the amount and timing of non-cash expenses, including stock-based compensation, and other non-cash charges;
- the amount and timing of costs associated with recruiting, training and integrating new employees;
- the amount and timing of cash collections from our customers and the mix of quarterly and annual billings;

- unforeseen costs and expenses related to the expansion of our business, operations and infrastructure;
- changes in the levels of our capital expenditures;
- foreign currency exchange rate fluctuations; and
- general economic and political conditions.

We may not be able to accurately forecast the amount and mix of future technology, products and services, size or duration of contracts, revenue and expenses and, as a result, our operating results may fall below our estimates.

We have identified a material weakness in our internal control over financial reporting that, if not properly remediated or if we experience additional material weaknesses, could result in us being unable to provide required financial information in a timely and reliable manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

Our management has identified a material weakness in our internal control over financial reporting related to a lack of segregation of duties. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. For further discussion of our internal control over financial reporting, a description of the identified material weakness and a summary of the remediation efforts we are implementing, see Part II, Item 9A “Controls and Procedures” of this Report.

If we are not able to remediate the material weakness in a timely manner, or if additional material weaknesses in our internal control over financial reporting are discovered or occur in the future, we may be unable to provide required financial information in a timely and reliable manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

We could be held liable for damages or our reputation could suffer from security breaches or disclosure of confidential information or personal data.

We are also dependent on technology networks and systems to process, transmit and securely store electronic information and to communicate among our locations and with our customers. Security breaches of this infrastructure could lead to shutdowns or disruptions of our systems and potential loss or unauthorized disclosure of confidential information or data, including personal data. In addition, many of our engagements involve projects that are critical to the operations of our customers’ businesses. The theft and/or unauthorized use or publication of our, or our customers’, confidential information or other proprietary business information as a result of such an incident could adversely affect our competitive position and reduce marketplace acceptance of our products and services. Any failure in the networks or computer systems used by us or our customers could result in a claim for substantial damages against us and significant reputational harm, regardless of our responsibility for the failure.

In addition, we often have access to or are required to manage, utilize, collect and store sensitive or confidential customer or employee data, including personal data. As a result, we are subject to numerous U.S. and non-U.S. laws and regulations designed to protect this information, such as the European Union’s General Data Protection Regulation (GDPR) and various U.S. federal and state laws governing the protection of personal data. If any person, including any of our employees, negligently disregards or intentionally breaches controls or procedures with which we are responsible for complying with respect to such data, or otherwise mismanages or misappropriates that data, or if unauthorized access to or disclosure of data in our possession or control occurs, we could be subject to liability and penalties in connection with any violation of applicable privacy laws and/or criminal prosecution, as well as significant liability to our customers or our customers’ clients for breaching contractual confidentiality and security provisions or privacy laws. These risks will increase as we continue to grow our cloud-based product offerings and services and store and process increasingly large amounts of our customers’ confidential information and data and host or manage parts of our customers’ businesses, especially in industries involving particularly sensitive data such as the healthcare industry which we serve. The loss or unauthorized disclosure of sensitive or confidential customer or employee data, including personal data, whether through breach of computer systems, systems failure, employee negligence, fraud or misappropriation, or otherwise, could damage our reputation and cause us to lose customers.

Similarly, unauthorized access to or through our information systems and networks or those we develop or manage for our customers, whether by our employees or third parties, could result in negative publicity, legal liability and damage to our reputation, which could in turn harm our business, results of operations, or financial condition.

If we cause disruptions in our customers' businesses or provide inadequate service, our customers may have claims for substantial damages against us, which could cause us to lose customers, have a negative effect on our corporate reputation and adversely affect our results of operations.

If we make errors in the course of delivering services to our customers or fail to consistently meet our service-level obligations to or other service requirements of our customers, such errors or failures could disrupt our customers' business, which could result in a reduction in our revenue or a claim for substantial damages against us. In addition, a failure or inability by us to meet a contractual requirement could subject us to penalties, cause us to lose customers or damage our brand or corporate reputation and limit our ability to attract new business.

The services we provide are often critical to our customers' businesses. Certain of our customer contracts require us to comply with security obligations including maintaining network security and backup data, ensuring our network is virus free, maintaining business continuity planning procedures and ensuring our employees conduct their job functions with a high level of integrity. Any failure in a customer's system, failure of our data center, cloud or other offerings, or breach of security relating to the services we provide to a customer could damage our reputation or result in a claim for substantial damages against us. Any significant failure of our equipment or systems, or any major disruption to basic infrastructure in the locations in which we operate, such as power and telecommunications, could impede our ability to provide services to our customers, have a negative impact on our reputation, cause us to lose customers and adversely affect our results of operations.

Under our customer contracts, our liability for breach of our obligations is in some cases limited pursuant to the terms of the contract. Such limitations may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our customers, are generally not limited under our contracts. The successful assertion of one or more large claims against us in amounts greater than those covered by our current insurance policies could harm our business, results of operations, or financial condition. Even if such assertions against us are unsuccessful, we may incur reputational harm and substantial legal fees.

Our technology offerings and services could infringe upon the intellectual property rights of others or we might lose our ability to use intellectual property of others.

We cannot be sure that our brand, software solution and products and services do not infringe upon the intellectual property rights of third parties, who could claim that we or our customers are infringing upon their intellectual property rights. These claims could harm our reputation, cause us to incur substantial costs or prevent us from offering some products or services in the future, or require us to rebrand. Any related proceedings could require us to expend significant resources over an extended period of time. In most of our contracts, we agree to indemnify our customers for expenses and liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenue we receive from the customer. Any claims or litigation in this area, regardless of merit, could be time-consuming and costly, damage our reputation, and/or require us to incur additional costs to obtain the right to continue to offer a product, service or solution to our customers. If we cannot secure this right at all or on reasonable terms, or, alternatively, substitute a non-infringing technology, our business, results of operations, or financial condition could be harmed. Similarly, if we are unsuccessful in defending a trademark claim, we could be forced to re-brand, which could harm our business, results of operations or financial condition. Additionally, in recent years, individuals and firms have purchased intellectual property assets where their sole or primary purpose is to assert claims of infringement against technology providers and customers that use such technology. Any such action naming us or our customers could be costly to defend or lead to an expensive settlement or judgment against us. Moreover, such an action could result in an injunction being ordered against our customer or our own services or operations, causing further damages.

If we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties, our business could be adversely affected.

Our success depends, in part, upon our ability to protect our proprietary methodologies and other intellectual property. Existing laws offer only limited protection of our intellectual property rights and the protection in some countries in which we operate or may operate in the future may be very limited. We rely upon a combination of confidentiality policies, nondisclosure and other contractual arrangements and trade secret, copyright and trademark laws to protect our intellectual property rights. These laws are subject to change at any time and could further limit our ability to protect our intellectual property. There is uncertainty concerning the scope of available intellectual property protection for software and business methods, which are fields in which we rely on intellectual property laws to protect our rights. The validity and enforceability of any intellectual property rights we obtain may be challenged by others and, to the extent we have enforceable intellectual property rights, those intellectual property rights may not prevent competitors from reverse engineering our proprietary information or independently developing technology, products and services similar to or duplicative of us. Further, the steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property by competitors, former employees or other third parties and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights. Enforcing our intellectual property rights might also require considerable time, money and oversight and we may not be successful in enforcing our rights.

If we are unable to collect our receivables from, or bill our unbilled services to, our customers, our business, results of operations or financial condition could be adversely affected.

Our business depends on our ability to successfully obtain payment from our customers of the amounts they owe us for products sold or services performed. We typically evaluate the financial condition of our customers and usually bill and collect on relatively short cycles. We maintain allowances against receivables and unbilled services for which we believe collection is doubtful. Actual losses on customer balances could differ from those that we currently anticipate and, as a result, we might need to adjust our allowances. There is no guarantee that we will accurately assess the creditworthiness of our customers. Macroeconomic conditions could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency, or bankruptcy, and, as a result, could cause customers to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. Timely collection of customer balances also depends on our ability to perform obligations to customers and bill and collect our contracted revenue. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our customer balances and if this occurs, our business, results of operations, or financial condition could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

Increased costs of labor and employee health and welfare benefits may adversely impact our results of operations.

Labor related costs represent a significant portion of our expenses and we have experienced increases in compensation related expenses. Additional increases in labor costs, for example, as a result of increased competition for skilled labor, or employee benefit costs, such as healthcare costs or otherwise, could further impact our business, results of operations or financial condition.

If platform subscription renewal rates decrease, or we do not accurately predict subscription renewal rates, our future revenue and operating results may be harmed.

Our customers have no obligation to renew their subscriptions for our solutions after the expiration of their subscription period, which generally ranges from one to three years. In addition, our customers may renew for lower subscription amounts or for shorter contract lengths. We may not accurately predict renewal rates for our customers. Our renewal rates may decline or fluctuate as a result of a number of factors, including customer usage, pricing changes, number of applications used by our customers, customer satisfaction with our service, increased competition, the acquisition of our customers by other companies and deteriorating general economic conditions. If our customers do not renew their subscriptions for our solutions or decrease the amount they spend with us, our revenue will decline and our business will suffer.

If we are unable to attract new customers or sell additional products or services to our existing customers, our revenue growth will be adversely affected.

To increase our revenue, we must add new customers, encourage existing customers to renew their subscriptions on terms favorable to us, increase their usage of our solutions and sell additional products, services and functionality to existing customers. As our industry matures, as interactive channels develop further, or as competitors introduce lower cost and/or differentiated products or services that are perceived to compete with ours, our ability to sell and renew based on pricing, technology and functionality could be impaired. In addition, attracting, retaining and growing our relationship with customers may require us to effectively employ different strategies than we have historically used with current customers and we may face challenges in doing so. As a result, we may be unable to renew our agreements with existing customers or attract new customers or new business from existing customers on terms that would be favorable or comparable to prior periods, which could have an adverse effect on our revenue and growth.

Because we recognize revenue from application development services as deliverables are transferred to customers and platform subscriptions over the term of the relevant contract, downturns or upturns in sales are not immediately reflected in full in our operating results.

We recognize revenue related to application development services upon the transfer of control to the customer of those services. We recognize software subscription revenue over the term of each of our contracts, which, generally ranges from one to three years. As a result, much of the revenue we report each quarter results from contracts entered into during previous quarters. Consequently, a shortfall in demand for our professional services and software solutions or a decline in new, expanded or renewed contracts in any one quarter may not significantly reduce our revenue for that quarter but could negatively affect our revenue in the future. Accordingly, the effect of significant downturns in new or expanded sales or renewals of our professional services or software license solutions will not be reflected in full in our operating results until future periods. Our revenue recognition model also makes it difficult for us to rapidly increase our revenue through additional sales in any period.

If we fail to forecast our revenue accurately, or if we fail to match our expenditures with corresponding revenue, our operating results could be adversely affected.

The lengthy sales cycle for the evaluation and implementation of our platform software and service solutions, which typically extends for several months, may cause us to experience a delay between increasing operating expenses for such sales efforts, and, upon successful sales, the generation of corresponding revenue. Accordingly, we may be unable to prepare accurate internal financial forecasts or replace anticipated revenue that we do not receive as a result of delays arising from these factors. As a result, our operating results in future reporting periods may be significantly below the expectations of the public market, equity research analysts or investors, which could harm the price of our common stock.

The length and unpredictability of the sales cycle for our technology, products and services could delay new sales and cause our revenue and cash flows for any given quarter to fail to meet our projections or market expectations.

The sales cycle between our initial contact with a potential customer and the signing of a contract to provide technology, products and services varies. As a result of the length and unpredictability of the sales cycle, we have a limited ability to forecast the timing of sales. A delay in or failure to complete transactions could harm our business and financial results and could cause our financial results to vary significantly from quarter to quarter. Our sales cycle varies widely, reflecting differences in our potential customers' decision-making processes, procurement requirements and budget cycles and is subject to significant risks over which we have little or no control, including:

- our customers' budgetary constraints and priorities;
- the timing of our customers' budget cycles; and
- the length and timing of customers' approval processes.

If we fail to detect advertising fraud or other actions that impact our advertising campaign performance, our reputation with advertisers or agencies could be impacted, which could cause our revenue and business to suffer.

Our advertising business relies on our ability to deliver successful and effective advertising campaigns. Some of those campaigns may experience fraudulent and other invalid impressions, clicks or conversions that advertisers may perceive as undesirable, such as non-human traffic generated by machines that are designed to simulate human users and artificially inflate user traffic on websites. These activities could overstate the performance of any given advertising campaign and could harm our reputation. It may be difficult for us to detect advertising-related fraud and other malicious activity because we do not own content and rely in part on our digital media partners to control such activity. These risks become more pronounced as the digital video industry shifts to programmatic buying. Both governmental and industry self-regulatory bodies have increased their scrutiny and awareness of and have taken recent actions to address advertising-related fraud and other malicious activity. While we routinely review the campaign performance, such reviews may not detect or prevent advertising-related fraud or malicious activity. If we fail to detect or prevent fraud or other malicious activity, the affected advertisers may experience or perceive a reduced return on their investment and our reputation may be harmed. High levels of fraud or malicious activity could lead to dissatisfaction with our solutions, refusals to pay, prompt refund or future credit demands or withdrawal of future business. In addition, advertisers increasingly rely on third party vendors to measure campaigns against audience guarantee, viewability and other requirements and to detect fraud. If we are unable to successfully integrate our technology with such vendors, or our measurement and fraud detection differs from their findings, our customers could lose confidence in our solutions, we may not get paid for certain campaigns and our revenues could decrease. If we fail to detect fraud or other malicious activities that impact the performance of our brand advertising campaigns, we could harm our reputation with our advertisers or agencies and our revenue and business could suffer. Further, if advertisers demand fraud-free inventory, our supply could fall drastically, making it impossible to sustain our current business model.

If we do not maintain and grow a critical mass of advertisers and distribution partners, the value of our services could be adversely affected.

Our success depends, in large part, on the maintenance and growth of a critical mass of advertisers and distribution partners. Advertisers will generally seek the most competitive return on investment from advertising and marketing services. Distribution partners will also seek the most favorable payment terms available in the market. Advertisers and distribution partners may change providers or the volume of business with a provider, unless the product and terms are competitive. In this environment, we must compete to acquire and maintain our network of advertisers and distribution partners. If our business is unable to maintain and grow our base of advertisers, our current distribution partners may be discouraged from continuing to work with us and this may create obstacles for us to enter into agreements with new distribution partners. Our business also depends in part on certain of our large reseller partners and agencies to grow their base of advertisers, as these advertisers become increasingly important to our business and our ability to attract additional distribution partners and opportunities. Similarly, if our distribution network does not grow and does not continue to improve over time, current and prospective advertisers and distribution partners and agencies may reduce or terminate this portion of their business with us. Any decline in the number of advertisers and distribution partners could adversely affect the value of our services.

Any inability to deliver successful mobile advertising campaigns due to technological challenges or an inability to persuasively demonstrate success will prevent us from growing or retaining our current advertiser base.

It is critical that we deliver successful mobile advertising campaigns on behalf of our advertisers. Factors that may adversely affect our ability to deliver successful mobile advertising campaigns include:

- Inability to accurately process data and extract meaningful insights and trends, such as the failure to accurately process data to place ads effectively at digital media properties;
- Faulty or out-of-date algorithms that fail to properly process data or result in inability to capture brand-receptive audiences at scale;
- Technical or infrastructure problems causing digital video not to function, digital video or impressions to not display properly or be placed next to inappropriate context;
- Inability to control video completion rates, maintain user attention or prevent end users from skipping advertisements;
- Inability to detect and prevent advertising fraud and other malicious activity;
- Inability to fulfill audience guarantee or viewability requirements of advertiser customers;
- Inability to integrate with third parties that measure campaigns against audience guarantee or viewability requirements;
- Unavailability of campaign data for advertisers to effectively measure the success of their campaigns; and
- Access to quality inventory at sufficient volumes to meet the needs of advertisers' campaigns.

Our ability to deliver successful advertising campaigns also depends on the continuing and uninterrupted performance of our own internal and third party managed systems, which we utilize to place ads, monitor the performance of advertising campaigns and manage advertising inventory. Our revenue depends on the technological ability of our solutions to deliver ads and measure them. Sustained or repeated system failures that interrupt our ability to provide advertising campaigns and solutions to customers, including security breaches and other technological failures affecting our ability to deliver ads quickly and accurately and to collect and process data in connection with these ads, could significantly reduce the attractiveness of our solutions to advertisers, negatively impact operations and reduce our revenue. Our systems are vulnerable to damage from a variety of sources, including telecommunications failures, power outages, malicious human acts and natural disasters. In addition, any steps we take to increase the reliability and redundancy of systems may be expensive and may not be successful in preventing system failures. Also, advertisers may perceive any technical disruption or failure in ad performance on digital media partners' platforms to be attributable to us and our reputation could similarly suffer, or advertisers may seek to avoid payment or demand future credits for disruptions or failures, any of which could harm our business and results of operations. If we are unable to deliver successful advertising campaigns, our ability to attract potential advertisers and retain and expand business with existing advertisers could be harmed and our business, financial condition and operating results could be adversely affected.

We may be unable to deliver advertising in a context that is appropriate for mobile advertising campaigns, which could harm our reputation and cause our business to suffer.

It is very important to advertisers that their brand advertisements not be placed in or near content that is unlawful or could be deemed offensive or inappropriate by their customers. Unlike advertising on television, where the context in which an advertiser's ad will appear is highly predictable and controlled, digital media content is more unpredictable and we cannot guarantee that digital video advertisements will appear in a context that is appropriate for the brand. We rely on continued access to premium ad inventory in high-quality and brand-safe environments, viewable to consumers across multiple screens. If we are not successful in delivering context appropriate advertising campaigns for advertisers, our reputation will suffer and our ability to attract potential advertisers and retain and expand business with existing advertisers could be harmed, or our customers may seek to avoid payment or demand future credits for inappropriately placed advertisements, any of which could harm our business, financial condition and operating results.

Activities of our advertising customers with which we do business could damage our reputation or give rise to legal claims against us.

We do not monitor or have the ability to control whether our advertising customers' advertising of their products and solutions complies with federal, state, local and foreign laws. Failure of our advertising customers to comply with federal, state, local

or foreign laws or our policies could damage our reputation and expose us to liability under such laws. We may also be liable to third parties for content in the ads we deliver if the content involved violates copyrights, trademarks or other intellectual property rights of third parties or if the content is defamatory, unfair and deceptive or otherwise in violation of applicable laws. A third party or regulatory authority may file a claim against us even if our advertising customer has represented that its ads are lawful and that they have the right to use any copyrights, trademarks or other intellectual property included in an ad. Any of these claims could be costly and time-consuming to defend and could also hurt our reputation within the advertising industry. Further, if we are exposed to legal liability, we could be required to pay substantial fines or penalties, redesign our business methods, discontinue some of our solutions or otherwise expend significant resources. Similarly, we do not monitor or have the ability to control whether digital media property owners with which we do business are in compliance with applicable laws and regulations, or intellectual property rights of others and their failure to do so could expose us to legal liability. Third parties may claim that we should be liable to them for content on digital media properties if the content violates copyrights, trademarks or other intellectual property rights of third parties or if the content is defamatory, unfair and deceptive, or otherwise in violation of applicable laws or other brand protection measures. These risks become more pronounced as the digital video industry shifts to programmatic buying.

Our business depends on our ability to collect and use data to deliver ads and to disclose data relating to the performance of our ads; any limitation on these practices could significantly diminish the value of our solutions and cause us to lose customers and revenue.

When we deliver an ad to an internet-connected device, we are able to collect information about the placement of the ad and the interaction of the device user with the ad, such as whether the user visited a landing page or watched a video. We are also able to collect information about the user's IP address, device, mobile location and some demographic characteristics. We may also contract with one or more third parties to obtain additional pseudonymous information about the device user who is viewing a particular ad, including information about the user's interests. As we collect and aggregate this data provided by billions of ad impressions, we analyze it in order to optimize the placement and scheduling of ads across the advertising inventory provided to us by digital media properties.

Although the data we collect does not enable us to determine the actual identity of any individual, our customers or end users might decide not to allow us to collect some or all of the data or might limit our use of it. For example, a digital media partner might not agree to provide us with data generated by interactions with the content on its apps, or device users might not consent to share their information about device usage. Any limitation on our ability to collect data about user behavior and interaction with content could make it more difficult for us to deliver effective advertising programs that meet the demands of our customers. This in turn could harm our revenue and impair our business.

Although our contracts with advertisers generally permit us to aggregate data from advertising campaigns, sometimes an advertiser declines to permit the use of this data, which limits the usefulness of the data that we collect. Furthermore, advertisers may request that we discontinue using data obtained from their campaigns that have already been aggregated with other advertisers' campaign data. It would be difficult, if not impossible, to comply with these requests and complying with these kinds of requests could cause us to spend significant amounts of resources. Interruptions, failures or defects in our data collection, mining, analysis and storage systems, as well as privacy concerns and regulatory restrictions regarding the collection, use and processing of data, could also limit our ability to aggregate and analyze the data from our customers' advertising campaigns. If that happens, we may not be able to optimize the placement of advertising for the benefit of our advertising customers, which could make our solutions less valuable, and, as a result, we may lose customers and our revenue may decline.

Our business practices with respect to data could give rise to liabilities, restrictions on our business or reputational harm as a result of evolving governmental regulation, legal requirements or industry standards relating to consumer privacy and data protection.

In the course of providing our solutions, we collect, transmit and store information related to and seeking to correlate internet-connected devices, user activity and the ads we place. Federal, state and international laws and regulations govern the collection, use, processing, retention, sharing and security of data that we collect across our advertising solutions. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data collection, processing use and disclosure. However, the applicability of specific laws may be unclear in some cases and domestic and foreign government regulation

and enforcement of data practices and data tracking technologies is expansive, not clearly defined and rapidly evolving. In addition, it is possible that these requirements may be interpreted and applied in a manner that is new or inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any actual or perceived failure by us or our customers or partners to comply with U.S. federal, state or international laws, including laws and regulations regulating privacy, data, security or consumer protection, or disclosure or unauthorized access by third parties to this information, could result in investigations, proceedings or actions against us by governmental entities, competitors, private parties or others. Any investigations, proceedings or actions against us alleging violations of consumer or data protection laws or asserting privacy-related theories could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, adversely affect the demand for our solutions and ultimately result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless our customers from the costs or consequences of litigation resulting from using our solutions or from the unauthorized disclosure of confidential information, which could damage our reputation among our current and potential customers, require significant expenditures of capital and other resources and cause us to lose business and revenue.

The regulatory framework for privacy issues is evolving worldwide. It is possible that new laws and regulations will be adopted in the United States and internationally, or existing laws and regulations may be interpreted in new ways, that could affect our business, particularly with regard to collection or use of data to target ads and communication with consumers and the international transfer of data from Europe to the U.S. In particular, the GDPR extends the jurisdictional scope of European data protection law. As a result, we are subject to the GDPR when we provide our targeting services in Europe. The GDPR imposes stricter data protection requirements that may necessitate changes to our services and business practices. Potential penalties for non-compliance with the GDPR include administrative fines of up to 4% of annual worldwide revenue.

While we have not collected data that is traditionally considered identifiable personal data, such as name, email address, physical address, phone numbers or social security numbers, we typically collect and store IP addresses, geolocation information and device or other persistent identifiers that are or may be considered personal data in some jurisdictions or otherwise may be subject to applicable laws or regulations. For example, some jurisdictions in the EU regard IP addresses as personal data and certain regulators have advocated for including IP addresses, GPS-level geolocation data and unique device identifiers as personal data. Moreover, the California Consumer Privacy Act (CCPA) also establishes certain transparency rules and creates new data privacy rights for users. As such, the use of geolocation gathering in California should be approached with care to ensure compliance. Furthermore, the GDPR makes clear that online identifiers (such as IP addresses and other device identifiers) will be treated as “personal data” going forward and therefore subject to stricter data protection rules.

Evolving definitions of personal data within the United States, European Union and elsewhere, especially relating to the classification of IP addresses, machine or device identifiers, geolocation data and other such information, may cause us to change our business practices, diminish the quality of our data and the value of our solution and hamper our ability to expand our offerings.

Complying with any new legal requirements relating to privacy and data protection could force us to incur substantial costs or require us to change our business practices in a manner that could reduce our revenue or compromise our ability to effectively pursue our growth strategy. Our failure to comply with evolving interpretations of applicable laws and regulations relating to privacy and data protection, or to adequately protect personal data, could result in enforcement action against us or reputational harm, which could have a material adverse impact on our business, financial condition and results of operations.

In addition to compliance with applicable laws and regulations, we voluntarily participate in trade associations and industry self-regulatory groups that promulgate best practices or codes of conduct addressing the provision of internet advertising. We could be adversely affected by changes to these guidelines and codes in ways that are inconsistent with our practices or in conflict with the laws and regulations of U.S. or international regulatory authorities. For instance, new guidelines, codes, or interpretations, by self-regulatory organizations or government agencies, may require additional disclosures, or additional consumer consents, such as “opt-in” permissions to share, link or use data, such as health data obtained from third parties, in certain ways. If we fail to abide by, or are perceived as not operating in accordance with, industry best practices or any industry guidelines or codes with regard to privacy, our reputation may suffer and we could lose relationships with advertisers and digital media partners.

Our agreements with partners, employees and others may not adequately prevent disclosure of trade secrets and other proprietary technology and information.

We rely in part on confidentiality agreements and other restrictions with our customers, partners, employees, consultants and others to protect our proprietary technology and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Despite our efforts to protect our proprietary technology, processes and methods, unauthorized parties may attempt to misappropriate, reverse engineer or otherwise obtain and use them. Moreover, policing unauthorized use of our trade secrets, technologies, products, intellectual property and proprietary information is difficult, expensive and time-consuming, particularly in foreign countries where applicable laws may be less protective of intellectual property rights than those in the United States and where enforcement mechanisms for intellectual property rights may be weak. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

We could be subject to additional income tax liabilities.

We are generally subject to income taxes in the United States. We use significant judgment in evaluating our worldwide income-tax provision. In the ordinary course of business, we conduct many transactions for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely affected by changes in the valuation of our deferred tax assets and liabilities or by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations. We are subject to audit in various jurisdictions, and such jurisdictions may assess additional income tax against us. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income-tax provisions and accruals. The results of an audit or litigation could have a material effect on our operating results or cash flows in the period or periods for which that determination is made.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value-added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our operating results.

We do not collect sales and use, value-added or similar taxes in all jurisdictions in which we have sales and for all products and services that we sell, based on our belief that such taxes are either not applicable or an exemption from such taxes applies. Sales and use, value-added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future, including as a result of a change in law. Such tax assessments, penalties and interest or future requirements may adversely affect our business, financial condition and results of operations.

Our net operating loss carryforwards may expire unutilized or underutilized, which could prevent us from offsetting future taxable income.

We may be limited in the portion of net operating loss carryforwards that we can use in the future to offset taxable income for U.S. Federal income tax purposes, including any limitations that may be imposed under Section 382 of the Code as a result of our past ownership changes or an ownership change in connection with our reverse merger and recapitalization on December 26, 2018. As of December 31, 2025, we had federal net operating loss carryforwards of approximately \$276.4 million, of which \$190.7 million will never expire and \$85.7 million will expire at various dates beginning in 2030. At December 31, 2025, we had state and local net operating loss carryforwards of approximately \$247.8 million, with the majority beginning to expire in 2030 if not utilized.

We periodically assess the likelihood that we will be able to recover net deferred tax assets. We consider all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As a result of this analysis of all available evidence, both positive and negative, we concluded that a valuation allowance against our net U.S. deferred tax assets should be applied as of December 31, 2025. To the extent we determine that all or a portion of our valuation allowance is no longer necessary, we will recognize an income tax benefit in the period this determination is made for the reversal of the valuation allowance. Once the valuation allowance is eliminated

or reduced, its reversal will no longer be available to offset our current tax provision. These events could have a material impact on our reported results of operations.

Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that may have an adverse effect on our business.

Our large customers have substantial purchasing power and leverage in negotiating contractual arrangements with us. These customers may request for us to develop additional features without providing us additional revenue, may require penalties for failure to deliver such features, may seek discounted product or service pricing and may seek more favorable contractual terms. As we sell more products and services to this class of customer, we may be required to agree to such terms and conditions. Such large customers also have substantial leverage in negotiating the resolution of any disagreements or disputes that may arise between us. Any of the foregoing factors could have a material adverse effect on our business, financial condition and results of operations.

If some of our customers experience financial distress or suffer disruptions in their business, their weakened financial position could negatively affect our own financial position and results.

We have a diverse customer base and, at any given time, one or more customers may experience financial distress, file for bankruptcy protection, go out of business, or suffer disruptions in their businesses. If a customer with whom we do a substantial amount of business experiences financial difficulty or suffers disruptions in its business, it could delay or jeopardize the collection of accounts receivable, result in significant reductions in services provided by us and may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to obtain and maintain adequate insurance, our financial condition could be adversely affected in the event of uninsured or inadequately insured loss or damage. Our ability to effectively recruit and retain qualified officers and directors may also be adversely affected if we experience difficulty in maintaining adequate directors' and officers' liability insurance.

We may not be able to obtain and maintain insurance policies on terms affordable to us that would adequately insure our business and property against damage, loss or claims by third parties. To the extent our business or property suffers any damages, losses or claims by third parties that are not covered or adequately covered by insurance, our financial condition may be materially adversely affected. We currently have directors' and officers' liability insurance. If we are unable to maintain sufficient insurance as a public company to cover liability claims made against our officers and directors, we may not be able to retain or recruit qualified officers and directors to manage our company, which could have a material adverse effect on our business, financial condition and results of operations.

The requirements of being a public company may strain our systems and resources, divert management's attention and be costly.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations of Nasdaq Capital Market. The requirements of these rules and regulations will increase our legal, accounting and financial compliance costs, will make some activities more difficult, time consuming and costly and may also place undue strain on our personnel, systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations.

We are required to maintain various other control and business systems related to our equity, finance, treasury, information technology, other recordkeeping systems and other operations. As a result of these maintenance obligations, management's attention may be diverted from other business concerns, which could adversely affect our business. Furthermore, we supplement our internal team with third party software and system providers to support our reporting obligations to achieve effective internal controls.

To the extent we do not sufficiently manage third party service providers, and they fail to provide us with adequate service, we may not effectively manage our future growth which may result in ineffective internal controls over financial reporting and an increased cost of compliance. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and

making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected.

In addition, compliance with new laws, rules and regulations would make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain appropriate levels of coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our board of directors, particularly members to serve on our audit committee.

As a result of disclosure of information in this Annual Report and in other filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation by third parties. If such claims are successful, our business and results of operations could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the time and resources of our management and adversely affect our business and results of operations.

We are a "smaller reporting company" and, because we have opted to use the reduced reporting requirements available to us, our common stock may be less attractive to investors.

We are a "smaller reporting company" as defined by the SEC. For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including not being required to comply with auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation and corporate governance in our periodic reports and proxy statements.

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Our business is subject to the risks of natural disasters, public health crises, political crises and other natural catastrophic events and to interruption by man-made problems such as computer viruses or terrorism.

Our systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. For example, a significant natural disaster, such as a tornado, earthquake, hurricane, mudslides, fire, flood, snow, ice or extreme temperatures could have a material adverse effect on our business, results of operations and financial condition and our insurance coverage may be insufficient to compensate us for losses that may occur. We have at least one data center located in California, a region known for earthquakes and mudslides. A significant amount of our development and advertising operations employees are also located in California. We also have a corporate office in Texas, which is susceptible to floods, extreme temperatures, heavy winds, ice, snow and tornadoes. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in our or our advertisers' businesses or the economy as a whole. Our servers may also be vulnerable to computer viruses, break-ins, denial-of-service attacks and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, loss of critical data. We may not have sufficient protection or recovery plans in some circumstances, such as natural disasters affecting California or Texas. As we rely heavily on our data centers, computer and communications systems and the internet to conduct our business and provide high-quality customer service, such disruptions could negatively impact our ability to run our business and either directly or indirectly disrupt our customers' business, which could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Capitalization Matters, Corporate Governance and Market Volatility

We have sold and may sell additional equity or debt securities or enter into other arrangements to fund our operations, which may result in dilution to our stockholders and impose restrictions or limitations on our business. Future sales or issuances of our common stock, or the perception that such sales could occur, could depress the trading price of our common stock.

During 2025, we sold and issued common stock via at-the-market offerings and public offerings under a shelf registration statement. We also issued shares of common stock to settle outstanding debt obligations and upon exercise of warrants. Additional capital may be needed in the future to continue our planned operations, and we may seek additional funding through a combination of equity offerings, debt financings, strategic alliances, licensing and collaboration arrangements, or other third-party business arrangements. These financing activities may have an adverse effect on our stockholders' rights, the market price of our common stock and on our operations and may require us to relinquish rights to some of our technologies, intellectual property or products, issue additional equity or debt securities, or otherwise agree to terms unfavorable to us. Any sale or issuance of securities pursuant to a registration statement or otherwise may result in dilution to our stockholders and may cause the market price of our stock to decline, and new investors could gain rights superior to our existing stockholders.

In addition, any financings that we may enter into in the future may impose restrictive covenants or otherwise adversely affect the holdings or the rights of our stockholders, and any additional equity financings will be dilutive to our stockholders. The perception that such sales or issuances may occur could also negatively impact the market price of our common stock. Furthermore, additional equity or debt financing might not be available to us on reasonable terms, if at all.

The failure of financial institutions or transactional counterparties could adversely affect our current and projected business operations and our financial condition and results of operations.

We regularly maintain cash balances with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. Access to our cash and cash equivalents in amounts adequate to finance our operations could be significantly impaired by the financial institutions with which we have arrangements directly facing liquidity constraints or failures. In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any material decline in available funding or our ability to access our cash and cash equivalents could adversely impact our ability to meet our operating expenses, result in breaches of our contractual obligations or result in violations of federal or state wage and hour laws, any of which could have material adverse impacts on our operations and liquidity.

Furthermore, should our customers have relationships with financial institutions that fail, this may result in a delay of collecting outstanding receivables, if collectible at all, which could have a material adverse affect on our business.

The price of our common stock has been, and may continue to be, volatile, and you could lose all or part of your investment.

Technology stocks have historically experienced high levels of volatility. The trading price and volume of our common stock have fluctuated, and may continue to fluctuate, substantially due to a variety of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the trading price of a company's securities, securities class action litigation has often been brought against that company. If our stock price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have an adverse effect on our business, results of operations and financial condition.

Specifically, while we cannot state for certainty what circumstances are causing volatility in our stock price, such volatility may be attributable in part to the following factors:

- price and volume fluctuations in the overall stock market from time to time;
- the announcement of new products, solutions or technologies, investments, commercial relationships, acquisitions or other events by us or our competitors;
- changes in how customers perceive the benefits of our products and future offerings;
- the addition or departure of key personnel, including, but not limited to the successful transition of our Chief Executive Officer;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- sales of large blocks of our common stock or warrants;
- developments concerning intellectual property rights;
- changes in legal, regulatory and enforcement frameworks impacting our products;
- variations in our and our competitors’ results of operations;
- whether our results of operations meet the expectations of securities analysts or investors;
- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- the failure of securities analysts to publish research about us, or shortfalls in our results of operations compared to levels forecast by securities analysts;
- actual or perceived significant data breach involving our products or website;
- litigation involving us, our industry or both;
- governmental or regulatory actions or audits;
- general economic conditions and trends;
- “flash crashes,” “freeze flashes” or other glitches that disrupt trading on the securities exchange on which we are listed; and
- major catastrophic events in our domestic and foreign markets, such as, but not limited to, natural disasters, terrorist attacks, cyber-attacks or disease outbreak, epidemic or pandemic.

Furthermore, the trading price of our Common Stock has at times been volatile during relatively short time periods. We believe the volatility in the trading price and price range of our Common Stock may be the result of a number of factors, many of which are outside our control. Any increase in the trading price of our Common Stock may not be sustained. In the event of a rapid decrease in the trading price of our Common Stock, investors could lose a significant portion of their investment.

Our failure to meet the continued listing requirements of the Nasdaq Capital Market could adversely affect our business and our ability to maintain the listing of our common stock on the Nasdaq Capital Market.

We have, in the past, received notices from the Nasdaq Stock Market LLC (“Nasdaq”) indicating that the Company was not in compliance with the rules for continued listing, all of which have been remediated. If we fail to satisfy the continued listing requirements of Nasdaq, Nasdaq may take steps to delist our common stock. Such a delisting would likely have a negative effect on the price of our common stock and would impair our stockholders' ability to sell or purchase shares of our common stock when they

wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our common stock to be listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with Nasdaq listing requirements.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the price and trading volume of our common stock could decline.

The trading market for our common stock may be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We currently have a limited number of securities and industry analysts who publish research on us. If we are unable to increase our analysts coverage or these current analysts cease to publish research on us, our stock price and trading volume could be negatively impacted. If any of the analysts who cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our common stock could decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared nor paid any cash dividends on our capital stock. We do not expect to declare or pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment, if any.

Delaware law and our certificate of incorporation and bylaws contain certain provisions, including anti-takeover provisions that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.

Our certificate of incorporation, bylaws and the Delaware General Corporation Law ("DGCL") contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors and therefore could depress the trading price of our common stock and warrants. These provisions could also make it difficult for stockholders to take certain actions, including effecting changes in our management. Among other things, our certificate of incorporation and bylaws include provisions regarding:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock, including "blank check" preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the requirement that directors may only be removed from our board of directors for cause;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of stockholders and could delay the ability of stockholders to force consideration of a stockholder proposal or to take action, including the removal of directors;

- the requirement that a special meeting of stockholders may be called only by our board of directors, the chairperson of our board of directors, chief executive officer or president (in the absence of a chief executive officer), which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend, alter, change or repeal any provision of our certificate of incorporation or bylaws, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors and also may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our board of directors or management.

In addition, as a Delaware corporation, we are subject to provisions of Delaware law, including Section 203 of the DGCL, which may generally prohibit certain stockholders holding 15% or more of our outstanding capital stock from engaging in certain business combinations with us for a specified period of time unless certain conditions are met.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Our certificate of incorporation designates a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, and also provides that the federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act or Exchange Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or agent to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws, (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws, or (v) any action asserting a claim against us governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our certificate of incorporation

to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm its results of operations.

Risks Related to our Digital Asset Holdings

We currently hold and may acquire additional digital assets in the future, which may expose us to various risks associated with bitcoin and other digital assets.

We are continually examining the risks and rewards of our bitcoin and other digital assets acquisition strategy, and we only held approximately \$96 thousand in bitcoin and other digital assets as of December 31, 2025. This strategy has not been tested over time or under various market conditions. Some investors and other market participants may disagree with this strategy or actions we undertake to implement it. If the price of digital assets we hold falls or our digital assets acquisition strategy otherwise proves unsuccessful, it could adversely impact our financial condition, results of operations, and the market price of our common stock.

Bitcoin is a highly volatile asset that has traded below \$77,000 and above \$125,000 per bitcoin during 2025. Bitcoin does not pay interest or other returns and so our ability to generate cash from our bitcoin holdings depends on sales or implementing strategies that we may consider to create income streams or otherwise generate funds using our bitcoin holdings, including financing our bitcoin with loans from third parties. Furthermore, the impact of our bitcoin holdings on our financial results and the market price of our common stock may be impacted by the trading price of bitcoin at any given time.

Risks Related to our Token Ecosystem and Tokens

We have raised capital to fund a Token Generation Event of rights to receive future PhunCoin, and beginning in 2021 we created and sold PhunToken. There can be no assurance that PhunCoin will ever be issued, and any significant difficulties we may experience with the offerings of PhunCoin or sales of PhunToken could result in claims against us. Additionally, the Token Generation Event and the offerings of PhunCoin and sales of PhunToken could subject us to various other business and regulatory uncertainties.

In June 2018, we raised capital by offering investors rights to acquire PhunCoin ("Rights") pursuant to Rule 506(c) of Regulation D as promulgated under the Securities Act. In addition, in 2019, PhunCoin, Inc. commenced an offering of Rights pursuant to Regulation CF, which closed May 1, 2019. As of December 31, 2025, a total of \$1.2 million has been raised in both Rights offerings.

During the second quarter of 2019, Phunware announced the launch of a separate token, PhunToken, by our wholly owned subsidiary, Phun Token International, which enables holders to participate in our blockchain-enabled data exchange and mobile loyalty engagement ecosystem. As of December 31, 2025, we sold an aggregate of \$2.6 million of PhunToken. Upon sale of PhunToken to customers, we deliver PhunToken to the respective customer's Ethereum-based wallet.

We plan to use commercially reasonable efforts to develop the Token Ecosystem and deliver PhunCoin and PhunToken, respectively, but there is no assurance that such efforts will be successful. If the Token Generation Event, defined as the launch of the Token Ecosystem, is not consummated, our sales of PhunCoin and additional sales of PhunToken may not result in substantial proceeds. If the Token Generation Event is not consummated and/or PhunCoin or PhunToken is not adopted commercially, we may have to reduce our planned expenditures. Also, any significant difficulties we may experience with the Token Generation Event, the delivery of PhunCoin or the continued sales and delivery of PhunToken could result in claims against us which could have a material adverse effect on our financial condition.

The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain technology, networks and digital assets could have a material adverse effect on our business plans, which may have a material adverse effect on the Company and our stockholders.

The growth of blockchain technology in general, as well as the networks on which we will rely to consummate the Token Generation Event and develop the Token Ecosystem, is subject to a high degree of uncertainty. Blockchain networks and digital assets

as a whole have been characterized by rapid changes and innovations and are constantly evolving. The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and digital assets may materially adversely affect our business plans to launch and maintain PhunCoin, sell PhunToken and continue to develop, launch and maintain the Token Ecosystem. For example, given the regulatory complexity and uncertainty with respect to digital assets, complying with such laws and regulations, which could change in the future or be subject to new interpretations, could have a material and adverse effect on our ability to develop, launch and continue to develop, launch and maintain PhunCoin, PhunToken and the Token Ecosystem. In addition, the tax and accounting consequences to us of the Token Generation Event, PhunCoin, PhunToken and the Token Ecosystem could lead to incorrect reporting, classification or liabilities. If the Token Generation Event occurs and PhunCoin is launched and developed and PhunToken is further developed, the structural foundation of PhunCoin and PhunToken, and the software applications and other interfaces or applications upon which PhunCoin, PhunToken and the Token Ecosystem rely or on which PhunCoin, PhunToken and the Token Ecosystem may rely in the future, are and will be unproven. There can be no assurances that PhunCoin or PhunToken will be fully secure, which may result in impermissible transfers, a complete loss of users' PhunCoin or PhunToken, or an unwillingness of users to access, adopt and utilize PhunCoin or PhunToken or the Token Ecosystem, whether through system faults or malicious attacks. Any such faults or attacks on PhunCoin or PhunToken may materially and adversely affect our business.

Because our tokens will be digital assets built and transacted initially on top of existing blockchain technology and networks, Phunware is reliant on other blockchain networks, and users could be subject to the risk of wallet incompatibility and blockchain protocol risks.

Reliance upon another blockchain technology to create, develop and maintain the Token Ecosystem subjects us and Token Ecosystem users to the risk of digital wallet incompatibility, or additional ecosystem malfunction, unintended function, unexpected functioning of, or attack on, the providers' blockchain protocol, which may cause PhunCoin or PhunToken to malfunction or function in an unexpected manner, including, but not limited to, slowdown or complete cessation in functionality of the Token Ecosystem.

The development and operation of the Token Ecosystem will likely require additional technology and intellectual property rights.

Our ability to develop and operate the Token Ecosystem may depend on technology and intellectual property rights that we may license from unaffiliated third parties. If for any reason we were to fail to comply with our obligations under any applicable license agreement, or were unable to provide or were to fail to provide the technology and intellectual property that the Token Ecosystem requires, it would be unable to operate, which could have a material adverse effect on the Company's operations and financial condition and its ability to develop, enhance, and maintain the Token Ecosystem.

Some of our Token Ecosystem code and protocols rely on open-source code which is publicly available. The open-source structure of some of the Token Ecosystem protocols means that the Token Ecosystem may be susceptible to developments or changes by users or contributors that could damage the Token Ecosystem and our reputation and could affect the sale and utilization of PhunCoin, PhunToken and the Token Ecosystem.

The open-source nature of the Token Ecosystem protocol also means that it may be difficult for the Company or contributors maintain or develop the Token Ecosystem and the Company may not have adequate resources to address emerging issues or malicious programs that develop within the Token Ecosystem or expand functionality of the Token Ecosystem adequately or in a timely manner. Third parties not affiliated with us may introduce weaknesses or bugs into the core infrastructure elements of the Token Ecosystem and open-source code which may negatively impact the Token Ecosystem. Such events may result in a loss of trust in the security and operation of the Token Ecosystem and a decline in user activity and could negatively impact the sale and utilization of and development, launch and adoption of the Token Ecosystem, PhunCoin and PhunToken.

Open-source software is generally freely accessible, usable and modifiable. Certain open-source licenses may, in certain circumstances, require us to offer the components of our Token Ecosystem that incorporate the open-source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open-source software and that we license such modifications or derivative works under the terms of the particular open-source license. If an author or other third party that distributes open-source software we use were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, including being enjoined from the offering of the components of our Token Ecosystem that contained

the open-source software and being required to comply with the foregoing conditions, which could disrupt our ability to offer the affected software. We could also be subject to legal proceedings by parties claiming ownership of what we believe to be open-source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition and require us to devote additional research and development resources to change our products.

The Token Ecosystem is designed to distribute PhunCoin or PhunToken to consumers who provide certain personal information to us. Providing this data to us exposes us to risks of data breach and loss and cybersecurity attacks.

The Token Ecosystem is designed to utilize a substantial amount of electronic information, including transaction information and sensitive personal information of the users of the Token Ecosystem. The service providers used by us, may also use, store, and transmit such information. We intend to implement detailed privacy and cybersecurity policies and procedures and an incident response plan designed to protect such sensitive personal information and prevent data loss and security breaches.

There can be no assurances that PhunCoin, PhunToken or a user's data will be fully secure, which may result in impermissible transfer, a complete loss of users' PhunCoin, PhunToken or data on the Token Ecosystem, whether through system faults or malicious attacks, or an unwillingness of users to access, adopt and utilize PhunCoin and PhunToken. Any such faults or attacks on PhunCoin, PhunToken or users' data may materially and adversely affect PhunCoin, PhunToken and the Token Ecosystem. There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security breaches could harm the Token Ecosystem's reputation, erode user confidence in the effectiveness of its security measures, negatively impact its ability to attract new users, or cause existing users to stop using the Token Ecosystem, or purchasing and using or consuming PhunCoin and PhunToken. We may be compelled to disclose personal information about a user or users of the Token Ecosystem to federal or state government regulators or taxation authorities. Accordingly, certain information concerning users may be shared outside Phunware.

The Token Ecosystem may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of PhunCoin or PhunToken. If Token Ecosystem's security is compromised or if the Token Ecosystem is subjected to attacks that frustrate or thwart our users' ability to access the Token Ecosystem, their PhunCoin, PhunToken or the Token Ecosystem, and users may cease using the Token Ecosystem altogether.

The Token Ecosystem uses and will use new technology. There are no guarantees that such technology will be bug-free or accepted by the marketplace. Thus, even if the Token Ecosystem is operational, our tokens may be subject to the risk of theft, loss, malfunction, or reputational risk, any of which can significantly degrade the potential use of PhunCoin and PhunToken.

The Token Ecosystem structural foundation, the open-source protocols, the software application and other interfaces or applications built upon the Token Ecosystem are still in an early development stage and are unproven, and there can be no assurances that the Token Ecosystem and the creation, transfer or storage of PhunCoin and PhunToken will be uninterrupted or fully secure which may result in a complete loss of users' PhunCoin or PhunToken or an unwillingness of users to access, adopt and utilize the Token Ecosystem. Further, the Token Ecosystem may also be the target of malicious attacks seeking to identify and exploit weaknesses in the Token Ecosystem infrastructure which may result in the loss or theft of PhunCoin or PhunToken. For example, if our tokens and the Token Ecosystem are subject to unknown and known security attacks (such as double-spend attacks, 51% attacks, or other malicious attacks), such attacks may materially and adversely affect the Token Ecosystem. In any such event, if the Token Ecosystem is not widely adopted, Purchasers of PhunCoin may lose all of their investment and customers of PhunToken may hold a coin for which there is no market to transact.

The Token Ecosystem is susceptible to mining attacks.

The blockchain networks used in connection with PhunCoin, PhunToken and the Token Ecosystem may be susceptible to mining attacks, including double-spend attacks, majority mining power attacks, selfish-mining attacks, and race condition attacks. Any successful attacks present a risk to the Token Ecosystem and our tokens. Despite efforts by us, the risk of known or novel mining attacks exists.

Alternative platforms or networks may be established that compete with or are or become more widely used than the Token Ecosystem. It is possible that alternative platforms or networks could be established that utilize the same or similar protocols underlying the Token Ecosystem or attempt to facilitate services or strategies that are materially similar to the Token Ecosystem's services or strategies. The introduction of these alternative platforms or networks and the potential entry of new competitors into the market could harm our ability to increase sales, which could negatively impact the Token Ecosystem, PhunCoin and PhunToken.

There is no trading market for PhunCoin.

There is no established public market for PhunCoin. Peer-to-peer transfers will not be permitted unless and until rights holders are notified otherwise by us and informed of the requirements and conditions to do so. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide the holders of the PhunCoin rights with liquidity of investment or that it will continue for the life of PhunCoin. The liquidity of any market will depend on a number of factors, including, but not limited to: (i) the number of holders; (ii) the performance of PhunCoin; (iii) the market for similar crypto assets; (iv) the interest of traders in making a market for PhunCoin; (v) regulatory developments in the digital token or cryptocurrency industries and (vi) legal restrictions on transfer. In the event that PhunCoin remains untradeable for a significant period of time or indefinitely, their value could be materially adversely affected.

Additional delays in the full development of our Token Ecosystem may result in declines in PhunToken revenue.

PhunToken is intended to be used or consumed within our Token Ecosystem. We can provide no assurance, as to when, or if, we will be able to successfully complete the development of the Token Ecosystem. If we are unable to fully develop the Token Ecosystem, PhunToken customers or potential PhunToken customers may seek to find alternate methods to use, consume or transact their PhunToken. Secondary markets, some of which we may not be aware of, may develop as a result. The development of an alternative "marketplace" in which consumers can, or believe they can, purchase PhunToken at a price lower than our current sales price, may result in lower sales and harm our financial performance.

The laws and regulations applicable to digital assets, blockchain networks, digital asset exchanges and offerings of and transactions in digital assets is complex and evolving, and new laws, regulations or policies may materially adversely affect the development and the value of our tokens.

The laws and regulations applicable to digital assets, blockchain technologies and digital asset exchanges, are complex and evolving and vary significantly among U.S. federal, state and foreign jurisdictions and are subject to significant uncertainty at this time. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the permissibility of tokens generally and the technology behind them or digital asset transactions. In addition, any violations of laws and regulations relating to privacy and protection of information in connection with the Token Ecosystem could subject us to fines, penalties or other regulatory actions, as well as to civil actions by affected parties. Any such violations could adversely affect our ability to issue, sell, maintain or utilize PhunCoin or PhunToken, which could have a material adverse effect on our operations and financial condition. Failure by us to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

The sale of PhunToken or the offerings of PhunCoin may subject us to additional regulatory requirements if we are, or any of our subsidiaries is, determined to have been subject to registration as an investment company under the Investment Company Act.

We are currently not deemed an "investment company" subject to regulation under the Investment Company Act. There is no guarantee we will continue to be exempt from registration under the Investment Company Act and were we to be deemed to be an investment company under the Investment Company Act, and thus subject to regulation under the Investment Company Act, the increased reporting and operating requirements could have an adverse impact on our business, operating results and financial condition.

In addition, if the SEC or a court of competent jurisdiction were to find that we are in violation of the Investment Company Act for having failed to register as an investment company thereunder, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) we could be sued by investors in us and in our

securities for damages caused by the violation; and (iii) any contract to which we are a party that is made in, or whose performance involves a, violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than nonenforcement and would not be inconsistent with the purposes of the Investment Company Act. If we should be subjected to any or all of the foregoing, our business would be materially and adversely affected.

The prices of digital assets are volatile. Fluctuations in the prices of digital assets and/or waning interest of investors in the digital asset markets could materially and adversely affect the Token Ecosystem.

The prices of digital assets such as bitcoin and ethereum have historically been subject to dramatic fluctuations and are highly volatile. Several factors may influence the interest in digital assets such as PhunCoin and PhunToken, including, but not limited to:

- global digital asset supply;
- businesses' acceptance of digital assets like cryptocurrencies as payment for goods and services, the security of online digital asset exchanges and digital wallets that hold digital assets, the perception that the use and holding of digital assets is safe and secure, and the regulatory restrictions on their use;
- purchasers' expectations with respect to the rate of inflation;
- changes in the software, software requirements or hardware requirements underlying the Token Ecosystem;
- changes in the rights, obligations, incentives, or rewards for the users of and other participants in the Token Ecosystem;
- interest rates;
- currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- fiat currency withdrawal and deposit policies of digital asset exchanges on which users may trade digital assets and liquidity on such exchanges;
- interruptions in service from or failures of major digital asset exchanges in which users may trade digital assets;
- investment and trading activities of large investors, including private and registered funds, that may directly or indirectly purchase digital assets, including PhunCoin and PhunToken;
- monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- regulatory measures that may affect the purchase or use of digital assets, including PhunCoin and PhunToken;
- the maintenance and development of the open-source software protocol of certain digital assets;
- global or regional political, economic or financial events and conditions; or
- expectations among the Token Ecosystem or other digital asset market participants that the value and/or utility of certain digital assets will soon change.

Whether our digital assets, including PhunCoin and PhunToken, constitute a "security" is subject to a high degree of uncertainty, and if we fail to properly characterize a digital asset, we may be subject to regulatory scrutiny, inquiries, investigations, fines and other penalties, which may adversely affect our business, operating results and financial condition. Any resulting change in characterization may also affect the manner in which such digital assets are reflected in our financial statements.

The SEC and its staff have taken the position that certain digital assets or "crypto assets" fall within the definition of a "security" under the U.S. federal securities laws. The legal test for determining whether any given digital asset is a security is a highly complex, fact-driven analysis, and the outcome is often difficult to predict. The SEC generally does not provide advance guidance or confirmation on the status of any particular digital asset as a security. Furthermore, it is also possible that a change in the governing administration or the appointment of new SEC commissioners could substantially impact the views of the SEC and its staff.

Several foreign jurisdictions have taken a broad-based approach to classifying digital assets as "securities," while certain other foreign jurisdictions have adopted a narrower approach. As a result, certain digital assets may be deemed to be a "security" under the laws of some jurisdictions but not others. Various foreign jurisdictions may, in the future, adopt additional laws, regulations, or policies that affect the characterization of digital assets as "securities."

The classification of a digital asset as a security under applicable law has wide-ranging implications for the regulatory obligations that flow from the offer and sale of such assets. For example, a digital asset that is a security in the United States may generally only be offered or sold in the United States pursuant to a registration statement filed with the SEC or in an offering that qualifies for an exemption from registration. Persons that effect transactions in digital assets that are securities in the United States may be subject to registration with the SEC as a "broker" or "dealer." Platforms that bring together purchasers and sellers to trade digital assets that are securities in the United States are generally subject to registration as national securities exchanges, or must qualify for an exemption, such as by being operated by a registered broker-dealer as an alternative trading system (ATS) in compliance with rules for ATSs. Persons facilitating clearing and settlement of securities may be subject to registration with the SEC as a clearing agency. Foreign jurisdictions may have similar licensing, registration, and qualification requirements.

We have policies and processes to analyze whether each digital asset, including PhunCoin and PhunToken, that we seek to hold or issue could be deemed to be a "security" under applicable laws. Our policies and processes do not constitute a legal standard but rather represent our company-developed model, which permits us to make a risk-based assessment regarding the likelihood that a particular digital asset could be deemed a "security" under applicable laws. Based upon our internal analysis, we have taken the position that PhunToken is not a "security" as defined under Section 2(a)(1) of the Securities Act of 1933, as amended. Furthermore, although we have not definitively concluded that PhunCoin, which is still in the development stage, would fall within the definition of "security," we have operated under the assumption that PhunCoin will be characterized as such out of an abundance of caution. In light of such assumption, Phunware has endeavored to avail itself of and conduct its offering of rights to PhunCoin in compliance with applicable securities registration exemptions. Regardless of our conclusions, we could be subject to legal or regulatory action in the event the SEC, a state or foreign regulatory authority, or a court were to determine that a digital asset, including PhunCoin and PhunToken, is a "security" under applicable laws. We believe that our process reflects a comprehensive and thoughtful analysis and is reasonably designed to facilitate consistent application of available legal guidance to digital assets to facilitate informed risk-based business judgment. However, we recognize that the application of securities laws to the specific facts and circumstances of digital assets may be complex and subject to change, and that a posting determination does not guarantee any conclusion under the U.S. federal securities laws. We expect our risk assessment policies and to continuously evolve to take into account case law, facts, and developments in technology.

Additionally, if our conclusions as to the characterization of PhunCoin and/or PhunToken change, the manner in which we have accounted for proceeds received related to each may change, which could also result in the need to restate prior financial information.

There can be no assurances that we will properly characterize any given digital asset as a security or non-security or that the SEC, or any state or foreign regulatory authority, or a court, if the question was presented to it, would agree with our assessment. If the SEC, state or foreign regulatory authority, or a court were to determine that digital assets implemented within our platform are securities, we would not be able to offer such digital assets until we are able to do so in a compliant manner. A determination by the SEC, a state or foreign regulatory authority, or a court that a digital asset within our platform was a security may also result in us determining that it is advisable to remove such digital assets from our platform that have similar characteristics to the digital asset that was determined to be a security. In addition, we could be subject to judicial or administrative sanctions for failing to offer or sell the digital asset in compliance with applicable securities laws, or for acting as a broker, dealer, or national securities exchange without appropriate registration. Such an action could result in injunctions, cease and desist orders, as well as civil monetary penalties, fines, and disgorgement, criminal liability, and reputational harm. Customers that purchased, earned or received such digital assets on our

platform and suffered losses could also seek to rescind a transaction that we facilitated as the basis that it was conducted in violation of applicable law, which could subject us to significant liability. We may also be required to cease facilitating transactions in other similar digital assets, which could negatively impact our business, operating results, and financial condition.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Cybersecurity is critical to advancing our overall objectives and enabling our digital efforts. As a company operating in the technology and software sectors, we face a wide variety of cybersecurity threats that range from common attacks such as ransomware and denial-of-service, to more advanced attacks. Our customers, suppliers and other partners face similar cybersecurity threats, and a cybersecurity incident impacting these entities could materially adversely affect our operations, performance and results. These cybersecurity threats and related risks make it imperative that we maintain focus on cybersecurity and systematic risks. Below is a discussion of our risk management and approach to governance as it relates to cybersecurity. For additional information on the impact of cyber risks, refer to Part I, Item 1A. “*Risk Factors*”, of this Form 10-K.

Risk Management and Strategy

Cybersecurity risk management is a core tenet of our information technology security program. We have implemented various cybersecurity technologies, controls, and processes to ensure the integrity and availability of our infrastructure, data, and operations. We periodically review and modify these technologies and policies to align with the latest in industry best practices and an ever-changing threat landscape.

As part of our cybersecurity risk management program:

- Cybersecurity risk assessment is performed on all new products and product updates;
- We employ internal staff with security certifications, and we work with third parties to perform security vulnerability testing;
- Changes to data protection laws are closely monitored and necessary changes are implemented;
- We provide routine security training to employees and communicate any emerging threats;
- We review the security posture of all third parties that we engage;
- We maintain a comprehensive incident response plan; and
- We carry cybersecurity insurance to help mitigate any potential losses arising from cybersecurity incidents.

While we face a number of ongoing cybersecurity risks in connection with our business, such risks have not materially affected us to date, including our business strategy, results of operations, or financial condition.

Governance

Our Vice President of Information Technology, who reports directly to our Interim Chief Executive Officer, manages and monitors our cybersecurity program. Our board of directors, as a whole, has oversight for the most significant risks facing us and for our processes to identify, prioritize, assess, manage and mitigate those risks, including cybersecurity risks. The board of directors receives regular updates on cybersecurity and information technology matters and related risk exposures from our executive team.

Item 2. Properties.

Our corporate headquarters is located in Austin, Texas, where, in June 2022, we entered into a lease agreement for approximately 7,458 square feet of professional office space, through September 2027.

We currently do not anticipate difficulty in either retaining occupancy of any of our facilities through lease renewals prior to expiration or through month-to-month occupancy arrangements or replacing them with equivalent facilities. We believe that our existing facilities are suitable and adequate for our present purposes.

Item 3. Legal Proceedings.

The Company legal proceedings styled as Wild Basin Investments, LLC, et al. v. Phunware, Inc., et al., filed in the Court of Chancery of the State of Delaware (Cause No. 2022-0168-LWW) and Phunware, Inc. v. Wilson Sonsini Goodrich & Rosati, Professional Corporation, Does 1-25, Case No. 21CV386411, originally filed in the Superior Court of the State of California and then removed to arbitration in California, have been settled and released by the Company and the other applicable parties pursuant to a Settlement Agreement and Mutual Release of Claims on or about February 25, 2026, and dismissed with prejudice on or about March 17, 2026. These settlements resolved, among other things, the outstanding accounts payable invoices that were previously alleged to be owed by the Company to WSGR. In connection with these settlements, the Company recorded approximately \$4.7 million in other income and \$3.8 million in additional legal fees and costs in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2025 related to the foregoing.

On October 1, 2025, Rahul Mewawalla, then a Class I Director and Chairperson of the Board of the Company, filed a demand for arbitration and statements of claims against the Company with the American Arbitration Association (Case No. 01-25-004-9738) alleging, among other things, that the Company breached an Executive Chairman and Chief AI Architect Agreement dated July 13, 2025 between the Company and Mr. Mewawalla (the "EC Agreement"), the Company's rescission of the EC Agreement was not justified, unpaid compensation, retaliation/wrongful termination, defamation and violations of other Washington state employment-related laws. Mr. Mewawalla seeks relief of amounts allegedly due, double damages where applicable, interest, fees, cost and punitive damages where applicable. He further sought interim and injunctive relief, including a declaration that the EC Agreement remains in force and continued service and compliance with the EC Agreement. The Company responded to Mr. Mewawalla's initial arbitration demand claims for injunctive relief on November 6, 2025. On December 15, 2025, the arbitrator issued an order denying his motion for interim and injunctive relief. Mr. Mewawalla filed an amended statement of claim against the Company on January 16, 2026, in which he alleges, among other things, amended claims and various specific categories and amounts of damages which collectively exceed \$34 million. The Company filed its response to the amended statement of claims on February 6, 2026. The arbitration hearing is currently scheduled to occur in September 2026. The Company believes its rescission of the EC Agreement was proper and in accordance with applicable law and rejects all of Mr. Mewawalla's allegations, claims and asserted damages amounts. The Company plans to vigorously dispute and defend against all allegations, claims and asserted damages amounts made by Mr. Mewawalla in this arbitration.

The information set forth under the subheading "*Litigation*" in Note 7, "*Commitments and Contingencies*" and Note 13, "*Related Party Transactions*" of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K is also incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock, \$0.0001 par value, is listed on the Nasdaq Capital Market under the symbol “PHUN”.

Holders

On March 16, 2026, there were approximately 156 holders of record of our common stock. We believe the number of beneficial owners of our common stock is substantially greater than the number of record holders because a large portion of our outstanding common stock is held of record in broker “street name” for the benefit of individual investors.

Dividends

We have not paid any cash dividends on our common stock to date. The payment of any cash dividends will be dependent upon our revenue, earnings and financial condition from time to time. The payment of any dividends is within the discretion of our board of directors. It is presently expected that we will retain all earnings for use in our business operations and, accordingly, it is not expected that our board of directors will declare any dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

The information set forth under the subheading "*Securities Authorized for Issuance Under Equity Compensation Plans*" included in Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by reference.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

References in this section to “we,” “us,” “our” or “the Company” refer to Phunware, Inc. References to “management” or “management team” refer to our officers and directors.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto appearing elsewhere in this Annual Report on Form 10-K. As discussed in the section titled “*Special Note Regarding Forward-Looking Statements*,” the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those discussed in the section titled “*Risk Factors*” and elsewhere in this Annual Report.

Certain figures, such as interest rates and other percentages, included in this section have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in our consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Overview

Our mobile software subscriptions and services offerings include a combination of application frameworks, SDKs, cloud-based services and related capabilities designed to support digital engagement, operational workflows and user experiences and include the following:

- A cloud-based application framework vertical solution license for iOS and Android-based mobile experiences, enabling customers to deploy, manage and extend functionality across mobile applications and connected environments. We have focused a majority of our recent sales efforts on addressing the luxury guest experience for hospitality and the patient experience for healthcare. However, our product and service capabilities also serve the employee experience in the workplace, the shopper experience for retail, the fan experience for sports, the traveler experience for aviation, the luxury resident experience for real estate and the student experience for education.
- We offer SDK licenses designed to be deployed individually or in combination and may be integrated into customer applications or existing digital systems, which include:
 - oAnalytics (SDK that provides data related to application use and engagement);
 - oContent Management (SDK that allows application administrators to create and manage app content in a cloud-based portal);
 - oAlerts, Notifications & Messaging (SDK that enables brands to send messages to app users through the app); and
 - oLocation-Based Services (modules that include mapping, navigation, wayfinding, workflow, asset management and policy enforcement).
- Cloud-based intelligence and automation features, including AI-enabled interfaces and analytics capabilities, designed to support contextual user interactions, information discovery and service-related workflows within customer applications.
- Development services for customers who wish to have a customized application experience; and
- In-app advertising services for mobile audience building, user acquisition, application discovery, audience engagement and monetization.

In October 2024, we announced the commencement of our investment into the field of artificial intelligence (AI). We plan to use AI in various contexts within our internal systems and products and services offerings.

The AI technology we have initially used in the context of our platform is generative AI. We actively utilize generative AI tools to streamline internal processes and workflows for mobile app creation and development. We also plan to use predictive and agentic AI tools in the future to further enhance these processes. By applying these technologies, we expect to improve the quality and personalization of our mobile apps for customers and drastically reduce the time required to adapt our mobile app development framework to meet specific customer needs. We anticipate that these efficiencies will enable the Company to reduce mobile app development costs significantly and make high-quality mobile apps more accessible and affordable for small to medium sized businesses and enterprises.

We created, deployed and market-tested creator.phunware.com, an online platform and part of the Company's software development initiative to utilize generative AI to simplify and facilitate the creation and completion of mobile apps. In light of our market testing and recent changes in our senior management team, we decided to pause further development and allocation of resources to completing the app creator platform and instead focus these resources on generative and agentic AI-related features and functionalities within our current product offerings.

We recently developed an AI Concierge generative AI product feature with functionalities to serve as a human-like interface in our mobile apps for our customers to enhance customer engagement with users and provide customers with innovative opportunities to further monetize their products and services with users. We are currently pilot testing the AI Concierge with existing customers as a new feature in their existing mobile applications.

We also recently designed and demonstrated, at a major hospitality conference, our Guest Services Agent agentic AI product feature with functionalities to interact with and perform tasks for customer hospitality guests. For instance, we anticipate the Guest Services Agent feature will be able to provide information about and book reservations at restaurants located on customer properties. This Guest Services Agent feature is still in the development and testing phase.

We continue to invest in AI, including generative AI and agentic AI, and in the integration of AI capabilities into our products and services. We will continue to evaluate our investments in AI and align investment and resource allocation in the products and markets where we believe we can generate the greatest benefits for customers and opportunities for shareholder returns. Our AI related investments are in the research and development phase, and we may choose not to continue pursuing some of our AI investments.

We intend to continue investing for long-term growth. We have also invested and expect to continue investing in the expansion of our ability to market, sell and provide our current and future products and services to customers globally. We plan to continue investing in the development and improvement of new and existing products and services to address customers' needs. We currently do not expect to be profitable in the near future.

Key Business Metrics

Our management regularly monitors certain financial measures to track the progress of our business against internal goals and targets. We believe that the most important of these measures include bookings, backlog and deferred revenue.

Bookings, Backlog and Deferred Revenue. We define these measures and purpose as follows:

- Bookings represents actual contracted value for a period, whether invoiced or not, to be invoiced and recognized as revenue over time. We believe that bookings reflects the current demand for our products and services and provides us insight into how well our sales and marketing efforts are performing.

•Backlog represents future amounts to be invoiced under our active contracts. At any point in the contract term, there can be amounts that we have not yet been contractually able to invoice. Until such time as these amounts are invoiced, they are not recorded in revenue, deferred revenue, accounts receivable or elsewhere in our consolidated financial statements and are considered by us to be backlog. We expect backlog to fluctuate up or down from period to period for several reasons, including the timing and duration of customer contracts, varying billing cycles and the timing and duration of customer renewals. We reasonably expect approximately 59% of our backlog as of December 31, 2025 will be invoiced during the subsequent 12-month period, primarily due to timing and amount of invoicing of existing contracts and the fact that our contracts are typically one to three years in length.

•Deferred revenue consists of amounts that have been invoiced but have not yet been recognized as revenues as of the end of a reporting period. Together, the sum of deferred revenue and backlog represents the total billed and unbilled contract value yet to be recognized in revenues and provides visibility into future revenue streams.

The following table sets forth our software subscription and services bookings:

<i>(in thousands)</i>	Year Ended December 31,	
	2025	2024
Bookings	\$ 993	\$ 3,078

The following table sets forth our backlog and deferred revenue:

<i>(in thousands)</i>	December 31, 2025	December 31, 2024
Backlog	\$ 2,275	\$ 3,635
Deferred revenue	1,755	1,562
Total backlog and deferred revenue	\$ 4,030	\$ 5,197

For further information regarding our deferred revenue balances, refer to Note 3 “Revenue” of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Non-GAAP Financial Measures

Adjusted Gross Profit, Adjusted Gross Margin and Adjusted EBITDA

We report our financial results in accordance with GAAP. We also use certain non-GAAP financial measures that fall within the meaning ascribed in SEC Regulation G and Regulation S-K Item 10(e), which may provide users of the financial information with additional meaningful comparison to prior period results. Our non-GAAP financial measures include adjusted gross profit, adjusted gross margin and adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) (our “non-GAAP financial measures”). Management uses these measures (i) to compare operating performance on a consistent basis, (ii) to calculate incentive compensation for our employees, (iii) for planning purposes including the preparation of our internal annual operating budget and (iv) to evaluate the performance and effectiveness of operational strategies.

Our non-GAAP financial measures should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. They are not measurements of our financial performance under GAAP and should not be considered as alternatives to revenue or net loss, as applicable, or any other performance measures derived in accordance with GAAP and may not be comparable to other similarly titled measures of other businesses. Our non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations include:

- Non-cash compensation is and will remain a key element of our overall long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period;
- Our non-GAAP financial measures do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of ongoing operations; and
- Other companies in our industry may calculate our non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

We compensate for these limitations to our non-GAAP financial measures by relying primarily on our GAAP results and using our non-GAAP financial measures only for supplemental purposes. Our non-GAAP financial measures include adjustments for items that may not occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our business and complicate comparisons of our internal operating results and operating results of other peer companies over time. For example, it is useful to exclude non-cash, stock-based compensation expenses because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and these expenses can vary significantly across periods due to timing of new stock-based awards. We may also exclude certain discrete, unusual, one-time, or non-cash costs in order to facilitate a more useful period-over-period comparison of our financial performance. Each of the normal recurring adjustments and other adjustments described in this paragraph help management with a measure of our operating performance over time by removing items that are not related to day-to-day operations or are non-cash expenses.

The following tables set forth the most comparable GAAP financial measures from which our non-GAAP financial measures are derived, as well as the non-GAAP financial measures we monitor.

GAAP Financial Measures <i>(in thousands, except percentages)</i>	Year ended December 31,			
		2025		2024
Gross profit	\$	1,291	\$	1,454
Gross margin		50.6 %		45.6 %
Net loss	\$	(11,401)	\$	(10,316)

Non-GAAP Financial Measures <i>(in thousands, except percentages)</i>	Year Ended December 31,			
		2025		2024
Adjusted gross profit ⁽¹⁾	\$	1,353	\$	1,633
Adjusted gross margin ⁽¹⁾		53.0 %		51.2 %
Adjusted EBITDA ⁽²⁾	\$	(16,147)	\$	(10,317)

⁽¹⁾Adjusted gross profit and adjusted gross margin are non-GAAP financial measures. We believe that adjusted gross profit and adjusted gross margin provide supplemental information with respect to gross profit and gross margin regarding ongoing performance. We define adjusted gross profit as net revenues less cost of revenue, adjusted to exclude one-time revenue adjustments and stock-based compensation. We define adjusted gross margin as adjusted gross profit as a percentage of net revenues.

⁽²⁾Adjusted EBITDA is a non-GAAP financial measure. We believe adjusted EBITDA provides helpful information with respect to operating performance as viewed by management, including a view of our business that is not dependent on (i) the impact of our capitalization structure and (ii) items that are not part of day-to-day operations. We define adjusted EBITDA as net loss plus or

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(minus) (i) depreciation, (ii) interest expense, (iii) (interest income), (iv) income tax (benefit) or expense, and further adjusted for (v) stock-based compensation expense, (vi) one-time adjustments and (vii) non-cash impairment and valuation adjustments.

Reconciliation of Non-GAAP Financial Measures

The following tables set forth a reconciliation of the most directly comparable GAAP financial measure to each of the non-GAAP financial measures discussed above.

<i>(in thousands, except percentages)</i>	Year Ended December 31,	
	2025	2024
Gross profit	\$ 1,291	\$ 1,454
Add back: Stock-based compensation	62	179
Adjusted gross profit	<u>\$ 1,353</u>	<u>\$ 1,633</u>
Adjusted gross margin	53.0%	51.2%

<i>(in thousands)</i>	Year Ended December 31,	
	2025	2024
Net loss	\$ (11,401)	\$ (10,316)
Add back: Depreciation	13	16
Add back: Interest expense	32	135
Less: Interest income	(4,268)	(1,732)
Add back: Income tax (benefit) expense	(19)	41
EBITDA	(15,643)	(11,856)
Add back: Stock-based compensation	455	1,656
Less: Gain on extinguishment of debt	-	(535)
Add back: Loss on disposal of subsidiary	-	418
Less: Gain on legal settlement	(959)	-
Adjusted EBITDA	<u>\$ (16,147)</u>	<u>\$ (10,317)</u>

Components of Results of Operations

Revenue and Gross Profit

There are a number of factors that impact the revenue and margin profile of the services and technology offerings we provide, including, but not limited to, solution and technology complexity, technical expertise requiring the combination of products and types of services provided, as well as other elements that may be specific to a particular client solution.

Software Subscriptions and Services

Software subscription revenue is derived from software license fees, which are comprised of subscription fees from customers licensing our vertical solution application framework and SDKs, that include access to our platform. Services revenue is derived from development services around designing and building new applications or enhancing existing applications. Support revenue is comprised of support and maintenance fees of customer applications, software updates and technical support for application development services for a support term.

Software subscriptions and services gross profit is equal to software subscriptions and services revenue less the cost of personnel and related costs for our support and professional services employees, external consultants, stock-based compensation and allocated overhead. Costs associated with our development and project management teams are generally recognized as incurred. Costs directly attributable to the development or support of applications relating to platform subscription customers are included in cost of sales, whereas costs related to the ongoing development and maintenance of our software platform are expensed in research and development. As a result, platform subscriptions and services gross profit may fluctuate from period to period.

Advertising

We also generate revenue by charging advertisers to deliver advertisements (ads) to users of mobile connected devices. We generally sell our ads by cost per thousand impressions and recognize revenue when the ad loads onto the device of a user.

Advertising gross profit is equal to advertising revenue less cost of revenue associated with advertising traffic we pay to our suppliers and amount of traffic which we can purchase from those suppliers. As a result, our advertising gross profit may fluctuate from period to period due to variable costs of advertising traffic.

Gross Margin

Gross margin measures gross profit as a percentage of revenue. Gross margin is generally impacted by the same factors that affect changes in the mix of revenue.

Operating Expenses

Our operating expenses include sales and marketing expenses, general and administrative expenses and research and development expenses. Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, stock-based compensation and, in sales and marketing expense, commissions.

Sales and Marketing Expense. Sales and marketing expense is comprised of compensation, commission expense, variable incentive pay and benefits related to sales personnel, along with travel expenses, other employee related costs, including stock-based compensation and expenses related to marketing programs and promotional activities. Our sales and marketing expense may increase in absolute dollars as we increase our sales and marketing organizations as we plan to increase revenue but may fluctuate as a percentage of our total revenue from period to period.

General and Administrative Expense. General and administrative expense is comprised of compensation and benefits of administrative personnel, including variable incentive pay and stock-based compensation, bad debt expenses and other administrative costs such as facilities expenses, professional fees and travel expenses. We expect to incur additional general and administrative expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and listing standards of Nasdaq, additional insurance expenses, investor relations activities and other administrative and professional services. We also expect to increase the size of our general and administrative function to support the growth of our business. As a result, our general and administrative expenses may increase in absolute dollars but may fluctuate as a percentage of our total revenue from period to period.

Research and Development Expense. Research and development expenses consist primarily of employee compensation costs, contractor costs and overhead allocation. We believe that continued investment in our platform is important for our growth. As a result, our research and development expenses may increase in absolute dollars as our business grows but may fluctuate as a percentage of revenue from period to period.

Interest Expense

During 2024, interest expense included interest related to our outstanding debt, including amortization of discounts and deferred issuance costs. We also may seek additional debt financing to fund the expansion of our business or to finance strategic acquisitions in the future, which may have an impact on our interest expense.

Income Tax Expense

We are subject to U.S. Federal income taxes, state income taxes net of federal income tax effect and nondeductible expenses. Our effective tax rate will vary depending on permanent non-deductible expenses and other factors.

Refer to Note 11 "Income Taxes" of the notes to consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion.

Results of Operations

Comparison of Fiscal Years Ended December 31, 2025 and 2024

Net Revenues

(in thousands, except percentages)

	Year Ended December 31,		Change	
	2025	2024	Amount	%
Revenue				
Software subscriptions and services	\$ 2,271	\$ 1,907	\$ 364	19.1%
Advertising	282	1,282	(1,000)	(78.0%)
Net revenue	<u>\$ 2,553</u>	<u>\$ 3,189</u>	<u>\$ (636)</u>	<u>(19.9%)</u>
Software subscriptions and services as a percentage of total revenue	89.0%	59.8%		
Advertising as a percentage of total revenue	11.0%	40.2%		
Platform revenue as a percentage of total revenue	100.0%	100.0%		

Software and subscriptions revenue increased \$0.4 million, or 19.1%, for the year ended December 31, 2025 compared to the corresponding period in 2024, as a result of increase in development services revenue in 2025.

Advertising revenue decreased by \$1.0 million, or (78.0%), as a result of a decrease in advertising campaigns mainly due to softening market demand from advertising agency partners.

Cost of Revenues, Gross Profit and Gross Margin

(in thousands, except percentages)

	Year Ended December 31,		Change	
	2025	2024	Amount	%
Cost of Revenue				
Software subscriptions and services	\$ 1,134	\$ 1,270	\$ (136)	(10.7%)
Advertising	128	465	(337)	(72.5%)
Total cost of revenue	<u>\$ 1,262</u>	<u>\$ 1,735</u>	<u>\$ (473)</u>	<u>(27.3%)</u>
Gross Profit				
Software subscriptions and services	\$ 1,137	\$ 637	\$ 500	78.5%
Advertising	154	817	(663)	(81.2%)
Total gross profit	<u>\$ 1,291</u>	<u>\$ 1,454</u>	<u>\$ (163)</u>	<u>(11.2%)</u>
Gross Margin				
Software subscriptions and services	50.1%	33.4%		
Advertising	54.6%	63.7%		
Total gross margin	50.6%	45.6%		

Software gross profit increased \$0.5 million, or 78.5%, for the year ended December 31, 2025 compared to the corresponding period in 2024, as a result of delivery of customer projects in 2025 which were booked in 2024.

Advertising gross profit decreased \$0.7 million, or (81.2%), as a result of decreased revenue noted above.

Operating Expenses

(in thousands, except percentages)

	Year Ended December 31,		Change	
	2025	2024	Amount	%
Operating expenses				
Sales and marketing	\$ 3,352	\$ 2,605	\$ 747	28.7%
General and administrative	15,295	10,473	4,822	46.0%
Research and development	3,163	2,265	898	39.6%
Total operating expenses	<u>\$ 21,810</u>	<u>\$ 15,343</u>	<u>\$ 6,467</u>	<u>42.1%</u>

Sales and Marketing

Sales and marketing expense increased \$0.7 million, or 28.7%, for the year ended December 31, 2025 compared to the corresponding period of 2024, primarily due to an increase in marketing consultants and marketing spend, as well as payroll and related expenses in our sales function.

General and Administrative

General and administrative expense increased \$4.8 million, or 46.0%, for the year ended December 31, 2025 compared to the corresponding period of 2024, as a result of an increase of \$5.8 million in professional and consulting fees mainly related to legal fees for litigation and settlement of the Company's legal and arbitration proceedings. Refer to Note 7 "*Commitments and Contingencies*" of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion on the litigation settlement. This increase was partially offset by a \$1.0 million decrease in stock-based compensation expense.

Research and Development

Research and development expense increased \$0.9 million, or 39.6% for the year ended December 31, 2025, compared to the corresponding period of 2024, primarily due to an increase in consulting spend in our engineering and technical teams.

Other Income (Expense)

<i>(in thousands)</i>	Year Ended December 31,	
	2025	2024
Other income (expense)		
Interest expense	\$ (32)	\$ (135)
Interest income	4,268	1,732
Gain on extinguishment of debt	-	535
Other income, net	4,863	1,482
Total other income	<u>\$ 9,099</u>	<u>\$ 3,614</u>

During 2025, we recorded other income of \$9.1 million primarily as a result of \$4.3 million of interest income earned from cash and equivalents and \$4.9 million primarily related to the settlement of litigation and arbitration proceedings. Refer to Note 7 "*Commitments and Contingencies*" of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion on the litigation settlement.

During 2024, we recorded other income of \$3.6 million primarily as a result of \$1.7 million of interest income earned from cash and equivalents, \$1.4 million as a result of writeoffs of aged accounts payable and \$0.5 million of a gain on the extinguishments related to our 2022 Promissory Note.

Liquidity and Capital Resources

As of December 31, 2025, we held total cash of \$100.6 million, all of which was held in the United States. We have a history of operating losses and negative operating cash flows. As we continue to focus on growing our revenues, we expect these trends to continue into the foreseeable future.

Although we expect to generate operating losses and negative operating cash flows in the future, management believes it has sufficient cash on hand for at least one year following the filing date of this Annual Report on Form 10-K.

Our future capital requirements will depend on many factors, including our pace of growth, subscription renewal activity, the timing and extent of spend to support development efforts, additional investments in AI technology and infrastructure, the expansion of sales and marketing activities and the market acceptance of our products and services. We believe that it is likely we will in the future enter into arrangements to acquire or invest in additional companies and assets, technologies, intellectual property rights and digital assets. We may be required to seek additional equity or debt financings. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired and/or on acceptable terms, our business, operating results and financial condition could be adversely affected.

The accompanying consolidated financial statements have been prepared assuming we will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the ordinary course of business.

The following table summarizes our cash flows for the periods presented:

<i>(in thousands)</i>	Year Ended December 31,	
	2025	2024
Consolidated statement of cash flows		
Net cash used in operating activities	\$ (12,467)	\$ (13,302)
Net cash for investing activities	\$ -	\$ -
Net cash provided by financing activities	\$ 80	\$ 122,342

Operating Activities

Our primary source of cash from operating activities is receipts sales for our various product and service offerings as further described elsewhere in this Annual Report. Our primary uses of cash from operating activities are payments to employees for compensation and related expenses, publishers and other vendors for the purchase of digital media inventory and related costs, sales and marketing expenses and general operating expenses.

We utilized \$12.5 million of cash from operating activities during 2025 resulting from a net loss of \$11.4 million. The net loss included non-cash gain of \$0.4 million, primarily from a \$1.0 million gain from litigation settlements that was partially offset by \$0.5 million of stock-based compensation. In addition, changes in our operating assets and liabilities amounted to cash decreases of approximately \$0.7 million, mainly attributable to lease liability payments and a decrease in accounts payable and accrued expenses. Refer to the subsection "Litigation" in Note 7, "Commitments and Contingencies" of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for further discussion on our litigation settlements.

We utilized \$13.3 million of cash from operating activities during 2024 resulting from a net loss of \$10.3 million. The net loss included non-cash charges of \$0.9 million, primarily consisting of stock-based compensation offset by non-cash writeoffs of aged accounts payable. In addition, changes in our operating assets and liabilities amounted to cash decreases of approximately \$3.8 million, mainly attributable to a decrease in accounts payable related to a partial legal settlement and lease liability payments.

Investing Activities

We did not have any investing activities during 2024 and 2025.

Financing Activities

Our financing activities during 2024 and 2025 consisted of proceeds from sales of our common stock.

Contractual Obligations

Our corporate headquarters in Austin, Texas is under a non-cancellable operating lease agreement that expires September 2027. The terms of the lease agreement provide for rental payments on a graduated basis. We recognize rent expense on a straight-line basis over the lease periods. Rent expense under operating leases totaled \$0.3 million and \$0.6 million for the years ended December 31, 2025 and 2024, respectively.

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The following table sets forth our contractual obligations as of December 31, 2025:

<i>(in thousands)</i>	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations	\$ 654	\$ 370	\$ 284	\$ -	\$ -

Off-Balance Sheet Arrangements

During the years ended December 31, 2025 and 2024, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K, such as the use of unconsolidated subsidiaries, structured finance, special purpose entities or variable interest entities.

Indemnification Agreements

In the ordinary course of business, we provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, solutions to be provided by the Company or from intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with directors and certain current and former officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of, or are related to, their status or service as directors, officers or employees.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The critical accounting policies requiring estimates, assumptions and judgments that we believe have the most significant impact on our consolidated financial statements are set forth below. For further information on all significant accounting policies, refer to Note 2 "Summary of Significant Accounting Policies" of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Revenue

We derive our revenue primarily from vertical solution and SDK subscription fees, which include access to our platform, application development and support fees. Revenue is recognized when control of these products or services are transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those services. Our revenue recognition policy follows guidance from Accounting Standards Codification ("ASC") No. 606, *Revenue from Contracts with Customers (Topic 606)*.

We determine revenue recognition through the following five-step framework:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract or contracts;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

Our software subscription and services contracts often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. When a customer contract consists of licensing, application development and support services, we consider these separate performance obligations, which would require an allocation of consideration. For contracts with multiple performance obligations, the contract price is allocated to separate performance obligations on a relative standalone basis for which significant judgment is required. Judgment is required to determine whether a software license is considered distinct and accounted for separately, or not distinct and accounted for together with the software support and services and recognized over time.

Recent Accounting Standards

Recent accounting standards applicable to our business are described under the subheading "*Recently Adopted Accounting Policies*" in Note 2 "*Summary of Significant Accounting Policies*" of the notes to consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are a "smaller reporting company" as defined by Rule 12b-2 of the Exchange Act, and as such, we are not required to provide the information required under this Item.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
Phunware, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Phunware, Inc. (the "Company") as of December 31, 2025, the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for the year ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, based on our audit, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 3 and 11 to the financial statements, the Company adopted ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures* ("ASU 2023-09"). We have also audited the adjustments to the 2024 financial statements to retrospectively adjust the disclosures for the adoption of ASU 2023-09 in 2025. In our opinion, such retrospective adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Company other than with respect to these retrospective adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements taken as a whole.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ CBIZ CPAs P.C.

CBIZ CPAs P.C.

We have served as the Company's auditor since 2018 (such date takes into account the acquisition of the attest business of Marcum LLP by CBIZ CPAs P.C. effective November 1, 2024).

Houston, TX
March 26, 2026

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Phunware, Inc.

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments to the disclosures for the adoption of ASU 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures* (“ASU 2023-09”) as discussed in Notes 3 and 11 to the consolidated financial statements, the accompanying consolidated balance sheet of Phunware, Inc. (the “Company”) as of December 31, 2024, the related consolidated statements of operations and comprehensive loss, changes in stockholders’ equity (deficit) and cash flows for the year ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”) (the 2024 financial statements before the effects of the adjustments discussed in Notes 3 and 11 to the financial statements are not presented herein). In our opinion, based on our audit, the financial statements, before the effects of the retrospective adjustments to the disclosures for the adoption of ASU 2023-09 as discussed in Notes 3 and 11 to the financial statements, present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments to the disclosures for the adoption of ASU 2023-09 as discussed in Notes 3 and 11 to the financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by CBIZ CPAs P.C.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We served as the Company’s auditor from 2018 to 2025.

Houston, TX
March 31, 2025

Phunware, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2025	December 31, 2024
Assets:		
Current assets:		
Cash and cash equivalents	\$ 100,587	\$ 112,974
Accounts receivable, net of allowance for credit losses of \$113 and \$166 as of December 31, 2025 and December 31, 2024, respectively	300	276
Digital currencies	96	103
Prepaid expenses and other current assets	19,164	406
Total current assets	120,147	113,759
Non-current assets:		
Property and equipment, net	11	24
Right-of-use asset, net	552	840
Other assets	158	158
Total non-current assets	721	1,022
Total assets	<u>\$ 120,868</u>	<u>\$ 114,781</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,070	\$ 3,754
Accrued expenses	19,905	148
Deferred revenue	1,386	1,034
Lease liability	342	313
PhunCoin subscription payable	1,202	1,202
Total current liabilities	23,905	6,451
Deferred revenue	369	528
Lease liability	277	619
Total noncurrent liabilities	646	1,147
Total liabilities	24,551	7,598
Commitments and contingencies (See Note 7)	-	-
Stockholders' equity		
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized; 20,198,290 shares issued and 20,188,160 shares outstanding as of December 31, 2025 and 20,166,665 shares issued and 20,156,535 shares outstanding as of December 31, 2024	2	2
Treasury stock	(502)	(502)
Additional paid-in capital	421,538	421,003
Accumulated deficit	(324,721)	(313,320)
Total stockholders' equity	96,317	107,183
Total liabilities and stockholders' equity	<u>\$ 120,868</u>	<u>\$ 114,781</u>

The accompanying notes are an integral part of these consolidated financial statements.

Phunware, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share information)

	Year Ended December 31,	
	2025	2024
Net revenue	\$ 2,553	\$ 3,189
Cost of revenue	1,262	1,735
Gross profit	1,291	1,454
Operating expenses:		
Sales and marketing	3,352	2,605
General and administrative	15,295	10,473
Research and development	3,163	2,265
Total operating expenses	21,810	15,343
Operating loss	(20,519)	(13,889)
Other income (expense):		
Interest expense	(32)	(135)
Interest income	4,268	1,732
Gain on extinguishment of debt	-	535
Other income, net	4,863	1,482
Total other income	9,099	3,614
Loss before taxes	(11,420)	(10,275)
Income tax benefit (expense)	19	(41)
Net loss	(11,401)	(10,316)
Net loss per share, basic and diluted	\$ (0.57)	\$ (0.94)
Weighted-average shares used to compute net loss per share, basic and diluted	20,177,806	10,972,163

The accompanying notes are an integral part of these consolidated financial statements.

Phunware, Inc.
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(In thousands, except share information)

	Common Stock		Treasury stock		Additional	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Paid-in Capital			
Balances as of December 31, 2023	3,861,578	\$ -	(10,130)	\$ (502)	\$ 292,467	\$ (303,004)	\$ (418)	\$ (11,457)
Release of restricted stock	119,765	-	-	-	-	-	-	-
Issuance of common stock in lieu of cash bonus and consulting fees	11,453	-	-	-	35	-	-	35
Common stock issued upon conversion of 2022 Promissory Note	336,550	-	-	-	4,505	-	-	4,505
Sales of common stock & exercises of prefunded warrants, net of issuance costs	15,695,688	2	-	-	122,340	-	-	122,342
Fractional share issuances as a result of reverse stock split	141,631	-	-	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	1,656	-	-	1,656
Loss on disposal of subsidiaries	-	-	-	-	-	-	418	418
Net loss	-	-	-	-	-	(10,316)	-	(10,316)
	20,166,665	\$ 2	(10,130)	\$ (502)	\$ 421,003	\$ (313,320)	\$ -	\$ 107,183
Balances as of December 31, 2024	<u>5</u>	<u>\$ 2</u>	<u>(10,130)</u>	<u>\$ (502)</u>	<u>\$ 421,003</u>	<u>\$ (313,320)</u>	<u>\$ -</u>	<u>\$ 107,183</u>
Release of restricted stock	17,415	-	-	-	-	-	-	-
Sales of common stock, net of issuance costs	14,210	-	-	-	80	-	-	80
Stock-based compensation expense	-	-	-	-	455	-	-	455
Net loss	-	-	-	-	-	(11,401)	-	(11,401)
	20,198,290	\$ 2	(10,130)	\$ (502)	\$ 421,538	\$ (324,721)	\$ -	\$ 96,317
Balances as of December 31, 2025	<u>0</u>	<u>\$ 2</u>	<u>(10,130)</u>	<u>\$ (502)</u>	<u>\$ 421,538</u>	<u>\$ (324,721)</u>	<u>\$ -</u>	<u>\$ 96,317</u>

The accompanying notes are an integral part of these consolidated financial statements.

Phunware, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2025	2024
Operating activities		
Net loss	\$ (11,401)	\$ (10,316)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on extinguishment of debt	-	(535)
Non-cash writeoff of accounts payable	(201)	(1,403)
Stock-based compensation	455	1,656
Other adjustments	(607)	1,219
Changes in operating assets and liabilities:		
Accounts receivable	(21)	130
Prepaid expenses and other assets	(258)	86
Accounts payable and accrued expenses	(267)	(2,933)
Lease liability payments	(360)	(682)
Deferred revenue	193	(347)
Net cash used in operating activities from continued operations	(12,467)	(13,125)
Net cash used in operating activities from discontinued operations	-	(177)
Net cash used in operating activities	(12,467)	(13,302)
Investing activities		
Net cash for investing activities	-	-
Financing activities		
Proceeds from sales of common stock, net of issuance costs	80	122,342
Net cash provided by financing activities	80	122,342
Net (decrease) increase in cash and cash equivalents	(12,387)	109,040
Cash and cash equivalents at the beginning of the period	112,974	3,934
Cash and cash equivalents at the end of the period	<u>\$ 100,587</u>	<u>\$ 112,974</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 32	\$ 31
Income taxes paid	\$ 25	\$ 14
Supplemental disclosures of non-cash financing activities:		
Issuance of common stock upon conversion of the 2022 Promissory Note	\$ -	\$ 4,505
Issuance of common stock for payment of bonuses and consulting fees	\$ -	\$ 35

The accompanying notes are an integral part of these consolidated financial statements.

Phunware, Inc.
Notes to Consolidated Financial Statements

1. The Company and Basis of Presentation

The Company

Phunware, Inc. and its subsidiaries (the "Company," "Phunware," "we," "us" or "our") offers a fully integrated software platform that equips companies with the products, solutions and services necessary to engage, manage and monetize their mobile application portfolios and audiences. Our technology is available in a cloud-based prepackaged vertical solution application, Software Development Kit ("SDK") form for organizations developing their own application and customized development services. We also provide advertising services that drive mobile audience building, user acquisition, application discovery, audience engagement and audience monetization. Founded in 2009, we are a Delaware corporation headquartered in Austin, Texas.

Basis of Presentation

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and the rules and regulations of the Securities and Exchange Commission, and include the Company's accounts and those of its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Reverse Stock Split

On February 26, 2024, the Company effected a reverse stock split of its common stock at a ratio of one-for-fifty (the "Reverse Stock Split"). The number of authorized shares and par values of the common stock were not adjusted as a result of the Reverse Stock Split. The accompanying financial statements and notes thereto give retrospective effect to the reverse stock split for all periods presented. All issued and outstanding common stock, options, restricted stock units and warrants exercisable for common stock and per share amounts have been retrospectively adjusted.

Nasdaq listing

On July 24, 2025, the Company notified Nasdaq that, as a result of the resignation of Rahul Mewawalla from the Company's audit committee in connection with entering into an agreement with the Company, the Company was not in compliance with Nasdaq's audit committee compositions requirements set forth in Nasdaq Listing Rule 5605, which requires the Company to have an audit committee of at least three members, each of whom must be an independent director as defined under Nasdaq Listing Rule 5605(a)(2) and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). On August 7, 2025 (the "Rescission Date"), the Company rescinded the agreement that necessitated Mr. Mewawalla's resignation from the audit committee. As a result, Mr. Mewawalla would continue his service as an independent member of the Company's audit committee. Subsequent to the Rescission Date, the Company determined that as a result of the rescission that it was no longer out of compliance with Nasdaq Listing Rule 5605(a)(2). See Note 13 for additional discussion on the agreement and rescission with Mr. Mewawalla. There can be no assurance Nasdaq will agree with the Company's determination with respect to Nasdaq Listing Rule 5605 or maintain compliance with other Nasdaq Listing Rules.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Some of the more significant estimates and assumptions made by management include, but are not limited to, revenue recognition including estimated timing of the satisfaction of performance obligations, the standalone selling price for our products and services, stock-based compensation, reserves and certain accrued liabilities, the benefit period of deferred commissions, the incremental borrowing rate used in accounting for

leases and provision for income taxes. Actual results could differ from those estimates and such differences could be material to the consolidated financial statements.

Risks and Uncertainties

Regulation governing blockchain technologies, networks, digital assets, digital asset exchanges, utility tokens, security tokens and offerings of digital assets is uncertain, and new regulations or policies may materially adversely affect the development and the value of our tokens and token ecosystem. Regulation of digital assets, like PhunCoin and PhunToken, blockchain technologies and networks and digital asset exchanges, is evolving and likely to continue to evolve. Regulation also varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the permissibility of tokens generally and the technology behind them or the means of transaction or in transferring them. Any such laws, regulations, guidance or other actions could adversely affect our ability to develop and maintain PhunCoin and PhunToken and the Token Ecosystem (as defined below), which could have a material adverse effect on our operations and financial condition. Failure by us to comply with any such laws and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could also result in a material adverse effect on our operations and financial condition.

Revenue Recognition

We follow the guidance of ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). Generally, the provisions of ASC 606 state that revenue is recognized upon transfer of control of promised products or services in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct, distinct within the context of the contract and accounted for as separate performance obligations.

Our revenue consists of software subscriptions, application development services and support, and in-app advertising.

Software Subscriptions and Services. We derive subscription revenue from software license fees, which comprise subscription fees from customers licensing our vertical solution application and SDKs, which include accessing our platform; application development service revenue from the development of customer applications, or apps, which are built and delivered to customers; and support fees. Our contract terms generally range from one to three years.

Subscription revenue from vertical solution and SDK licenses gives the customer the right to access our platform. In accordance with ASC 606, a 'right to access' license is recognized over the license period. Support and maintenance revenue is comprised of support fees for customer applications, software updates and technical support for application development services for a support term. Support revenue is recognized ratably over the support term. We typically bill license subscriptions and support and maintenance annually in advance for the subsequent 12-month period and generally are recognized ratably over that period.

Application development revenue is derived from development services related to the design and build of new applications or enhancing existing applications. We recognize application development revenue upon the transfer of control of the completed application or application development services. We typically bill for application development revenue in advance at contract signing, but may at times, bill one-half in advance at contract execution and one-half upon completion.

When a customer contract consists of licensing, application development and support and maintenance, we consider these separate performance obligations, which would require an allocation of consideration, of which significant judgment is required.

Advertising Revenue. We also generate revenue by charging advertisers to deliver advertisements (ads) to users of mobile connected devices. We generally sell our ads by cost per thousand impressions and recognize revenue when the ad loads onto the device of a user.

In the normal course of business, we may act as an intermediary in executing transactions with third parties. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether we are acting as the principal or an agent in our transactions with advertisers. Control is a determining factor in assessing principal versus agent relation.

The determination of whether we are acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of each arrangement. ASC 606 provides indicators of when an entity controls specified goods or services and is, therefore, acting as a principal. Based on the indicators of control, we have determined that we are the principal in all advertising arrangements because we are responsible for fulfilling the promise to provide the specified advertisements to advertising agencies or companies; establishing the selling prices of the advertisements sold; and credit risk with its advertising traffic providers. Accordingly, we act as the principal in all advertising arrangements and, therefore, report revenue earned and costs incurred related to these transactions on a gross basis.

PhunToken. During 2021, we announced the commencement of the selling of PhunToken to consumers, developers and brands. PhunToken is an innovative digital asset which is designed to be utilized within our Token Ecosystem (as defined below) which is under development to help drive engagement by unlocking features and capabilities of our platform. We follow the guidance of ASC 606 in determination the revenue recognition of our PhunToken sales. PhunToken customers pay us at the time of purchase of PhunToken. We recognize revenue related to PhunToken at the time of delivery of PhunToken to a customer's ethereum-based digital wallet. We have not sold any PhunToken since 2022. As of December 31, 2025 and 2024, issued PhunToken were approximately 377.2 million. Total supply of PhunToken is capped at 10 billion.

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing for contracts with customers. When the timing of revenue recognition differs from the timing of invoicing, we use judgment to determine whether the contract includes a significant financing component requiring adjustment to the transaction price. Various factors are considered in this determination including the duration of the contract, payment terms and other circumstances. Generally, we determine that contracts do not include a significant financing component. We apply a practical expedient for instances where, at contract inception, the expected timing difference between when promised goods or services are transferred and associated payment will be one year or less. Payment terms vary by contract type; however, contracts typically stipulate a requirement for the customer to pay within 30 days.

The transaction price may be allocated to performance obligations that are unsatisfied or are partially unsatisfied. Amounts relating to remaining performance obligations on non-cancelable contracts include both the deferred revenue balance and amounts that will be invoiced and recognized as revenue in future periods.

Significant Judgments

When selling our software subscriptions and services, our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. For contracts with multiple performance obligations, the contract price is allocated to separate performance obligations on a relative standalone basis for which significant judgment is required. Judgment is required to determine whether a software license is considered distinct and accounted for separately, or not distinct and accounted for together with the software support and services and recognized over time. Significant judgment is also required relating to the timing of the satisfaction of performance obligations.

Deferred Commissions

We defer commission costs and amortize them in a manner consistent with how we recognize revenue. Key judgments that impact our commission expense include estimating our customer life and the determination of the impairment of commission assets

we deem to be unrecoverable. The Company applies a practical expedient and expenses these costs as incurred if the amortization period is one year or less.

Deferred commissions are recorded in prepaid and other current assets in our consolidated balance sheets. Changes in deferred commissions for the years ended December 31, 2025 and 2024 are as follows:

<i>(in thousands)</i>	2025		2024	
Balance, beginning of the year	\$	146	\$	96
Deferral of commissions earned		157		105
Recognition of commission expense		(86)		(55)
Balance, end of the year	\$	<u>217</u>	\$	<u>146</u>

Concentrations of Credit Risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash, trade accounts receivable and our digital asset holdings.

Although we limit our exposure to credit loss by depositing our cash with established financial institutions that management believes have good credit ratings and represent minimal risk of loss of principal, our deposits, at times, may exceed federally insured limits. See additional information below.

There is currently no clearing house for our digital assets, including our bitcoin holdings, nor is there a central or major depository for the custody of our digital assets. There is a risk that some or all of our digital asset holdings could be lost or stolen. There can be no assurance that the custodians will maintain adequate insurance or that such coverage will cover losses with respect to our digital asset holdings. Further, transactions denominated in digital assets are irrevocable. Stolen or incorrectly transferred digital assets may be irretrievable. As a result, any incorrectly executed transactions could adversely our financial condition.

Collateral is not required for accounts receivable, and we believe the carrying value approximates fair value. The following table sets forth our concentration of accounts receivable, net of specific allowances for doubtful accounts.

	December 31,	
	2025	2024
Customer A	-	8 %
Customer B	68 %	23 %
Customer C	-	23 %
Customer D	-	13 %
Customer E	12 %	-

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents consist of demand deposits and highly liquid investments, such as money market funds, with original maturities of three months or less. At times, the Company's cash balances may exceed the current insurance amounts under the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2025, the Company did exceed FDIC insurance limits in its insured bank accounts by approximately \$0.3 million and held approximately \$100.0 million in non-FDIC insured cash equivalent accounts. Included in cash equivalents are money market investments with original maturity dates when purchased of less than ninety days and are carried at fair value. Unrealized gains are included in interest income in the consolidated statement of operations and comprehensive loss. As of December 31, 2024, we exceeded FDIC insurance limits by approximately \$5.8 million in our insured bank accounts and held approximately \$107.0 million non-FDIC insured cash equivalent accounts. The Company had no restricted cash as of December 31, 2025 and 2024.

Accounts Receivable and Reserves

Accounts receivable are presented net of allowance for credit losses. We consider receivables past due based on the contractual payment terms. We make judgments as to our ability to collect outstanding receivables and record a bad debt allowance for receivables when collection becomes doubtful. The allowances are based upon historical loss patterns, current and prior trends in our aged receivables, credit memo activity and specific circumstances of individual receivable balances. Accounts receivable consisted of the following:

<i>(in thousands)</i>	December 31,	
	2025	2024
Accounts receivable	\$ 413	\$ 442
Less: allowances for credit losses	(113)	(166)
Accounts receivable, net	<u>\$ 300</u>	<u>\$ 276</u>

Changes in the allowance for credit losses are as follows:

<i>(in thousands)</i>	December 31,	
	2025	2024
Balance, beginning of year	\$ 166	\$ 86
Provision for credit losses, net of recoveries	73	148
Write offs	(126)	(68)
Balance, end of year	<u>\$ 113</u>	<u>\$ 166</u>

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

<i>(in thousands)</i>	December 31,	
	2025	2024
Legal settlement	18,500	-
Other prepaid expenses	664	406
Prepaid expenses and other current assets	<u>19,164</u>	<u>406</u>

Other prepaid expenses consist of payments in advance for insurance, software, taxes and commissions. Refer to Note 7, "Commitments and Contingencies," for further discussion on our litigation settlement.

Long-Lived Assets

Long-lived assets with definite lives are reviewed for impairment whenever events or changes in circumstances indicate that an asset's carrying value may not be recoverable. In accordance with authoritative guidance, we evaluate the recoverability of each of our long-lived assets, including property and equipment, by comparing its carrying amount to the undiscounted future cash flows expected to be generated. If the total of undiscounted future cash flows is less than the carrying amount of an asset, an impairment would be recognized for the amount by which the carrying amount of the asset exceeds its fair value. Identifiable long-lived assets attributed to the United States and international geographies are based upon the country in which the asset is located or owned. As of December 31, 2025 and 2024, all of our identifiable long-lived assets were in the United States. The Company did not add or dispose of any long-lived assets during 2024 and 2025. We, also, did not record an impairment loss on existing long-lived assets for the years ended December 31, 2025 and 2024.

Leases

We follow the guidance of ASU 2016-02, *Leases (Topic 842)*, in which we recognize a right-of-use asset and lease liability for all operating leases with terms greater than twelve months. The lease liability is measured based on the present value of the lease

payments not yet paid. The right-of-use asset is measured based on the initial measurement of the lease liability adjusted for any direct costs incurred upon commencement of the lease.

We have elected certain practical expedients permitted under the guidance. We have elected to apply the short-term lease exception for all leases, which we will not recognize right-of-use assets or lease liabilities for leases that, at the commencement date, have a term of twelve (12) months or less. We have also elected not to separate non-lease components from lease components. Lease components generally include rent, taxes and insurance, while non-lease components generally include common area or other maintenance.

We determine if an arrangement is or contains a lease at inception. We lease our corporate offices under operating leases, and initial terms of our real property lease agreements are generally five years that typically allow for renewals in five-year increments. We may, at times, negotiate a shorter lease renewal term. We generally do not account for any renewals at the lease adoption date. We did not enter into any new operating leases or financing leases for the year ended December 31, 2025 and 2024.

Stock-Based Compensation

Compensation expense related to stock-based transactions, including employee and non-employee director awards, is measured and recognized in the financial statements based on fair value on the grant date of the award. We recognize stock-based compensation expense for awards with only service conditions on a ratable basis over the requisite service period of the related award, generally the vesting period of the award. We have not granted any awards with market or performance conditions. Forfeitures of all stock-based awards are accounted for when they occur.

Research and Development Expense

Research and development expenses consist primarily of personnel costs for our engineering, product, design and quality assurance teams, including stock-based compensation for individuals dedicated to our research and development function. Additionally, research and development expenses include contractor fees. Research and development costs are expensed as incurred.

Retirement Plan

As of December 31, 2025 and 2024, the Company offers to eligible employees one employee retirement plan that qualified as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the retirement plan, participating employees may contribute a portion of their pre and/or post tax earnings, subject to the Internal Revenue Service limitations. No employer matching contributions were made to the retirement plan during the years ended December 31, 2025 or 2024.

Other Income, Net

During 2025, we settled a legal matter that resulted in us recording a gain of approximately \$4.7 million, which resulted from a contingency loss of \$16.0 million offset by a loss recovery and contingency gain of \$18.5 million and the write-off of legal fees payable of approximately \$2.2 million. Refer to Note 7, "*Commitments and Contingencies*," for further discussion on our litigation settlement. Additionally, we recorded a \$0.2 million gain related to the write-off of accounts payable in other income, net in the consolidated statement of operations and comprehensive loss.

During 2024, we recorded a \$1.4 million gain in other income, net related to the write-off of accounts payable.

Income Taxes

We account for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). Under ASC 740, deferred tax assets and liabilities reflect the future tax consequences of the differences between the financial reporting and tax bases of assets and liabilities using current enacted tax rates. Valuation allowances are recorded when the realizability of such deferred tax assets does not meet the more-likely-than-not threshold under ASC 740.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, estimates of future taxable income and the feasibility of tax planning strategies. In the event of a change in the determination as to the amount of deferred tax assets that can be realized, an adjustment of the valuation allowance with a corresponding impact to the provision for income taxes will be made in the period in which such determination was made.

The guidance on accounting for uncertainty in income taxes prescribes a recognition threshold and measurement attribute criterion for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities.

Loss per Common Share

Basic loss per common share is computed by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted loss per common share is computed by giving effect to all potential shares of common stock, including those related to our stock equity plans, to the extent dilutive. For all periods presented, these shares were excluded from the calculation of diluted loss per share of common stock because their inclusion would have been anti-dilutive. As a result, diluted loss per common share is the same as basic loss per common share for all periods presented. The following table sets forth common stock equivalents that have been excluded from the computation of dilutive weighted average shares outstanding as their inclusion would have been anti-dilutive:

	December 31,	
	2025	2024
Options	1,883	3,690
Restricted stock units	17,732	38,420
Total	19,615	42,110

Fair Value Measurements

We follow the guidance in ASC 820, *Fair Value Measurement*, to measure certain assets and liabilities on a recurring and nonrecurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We use a fair value hierarchy, which distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in markets that are not active or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The carrying value of accounts receivable, prepaid expenses, other current assets, accounts payable and accrued expenses are considered to be representative of their respective fair values because of the short-term nature of those instruments.

Loss Contingencies

We are subject to the possibility of various loss contingencies arising in the ordinary course of business. We accrue for loss contingencies when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If we determine that a loss is possible and the range of the loss can be reasonably determined, then we disclose the range of the possible loss. We regularly evaluate current information available to us to determine whether an accrual is required, an accrual should be adjusted or a range of possible loss should be disclosed. Legal costs incurred in connection with loss contingencies are expensed as incurred.

From time to time, we are involved in disputes, litigation and other legal actions. However, there are many uncertainties associated with any litigation, and these actions or other third-party claims against us may cause us to incur substantial settlement charges, which are inherently difficult to estimate and could adversely affect our results of operations. The actual liability in any such matters may be materially different from our estimates, which could result in the need to adjust our liability and record additional expenses.

Smaller Reporting Company

We are a "smaller reporting company" as defined by Rule 12b-2 of the Exchange Act, which qualifies the Company for reduced disclosure requirements and, if permitted, additional time to implement new or revised financial accounting standards. Smaller reporting company status is determined on an annual basis.

Segment Reporting

The Company appointed a new Interim Chief Executive Officer ("CEO") in July 2025. Our chief operating decision maker ("CODM") is our CEO. Our CEO reviews the financial information by line of business for purposes of allocating resources and evaluating financial performance. As a result, we have determined we operate in two operating segments. The Company does not allocate general and administrative function expenses across its operating segments.

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued Accounting Standards Update ("ASU") 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815 – 40)*, ("ASU 2020-06"). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. We adopted ASU 2020-06 on January 1, 2024. The adoption of ASU 2020-06 did not have a material impact on our consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic ASC 280) Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). The ASU improves reportable segment disclosure requirements, primarily through enhanced disclosure about significant segment expenses. The enhancements under this update require disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, require disclosure of other segment items by reportable segment and a description of the composition of other segment items, require annual disclosures under ASC 280 to be provided in interim periods, clarify use of more than one measure of segment profit or loss by the CODM, require that the title of the CODM be disclosed with an explanation of how the CODM uses the reported measures of segment profit or loss to make decisions, and require that entities with a single reportable segment provide all disclosures required by this update and required under ASC 280. The Company adopted ASU 2023-07 for the annual period ending December 31, 2024. The adoption of this standard only impacted our disclosures, which were made on a retrospective basis, with no impact to our results of operations, cash flows or financial condition.

In December 2023, the FASB issued ASU 2023-08, *Intangibles-Goodwill and Other-Crypto Assets* (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets, which requires entities that hold crypto assets to subsequently measure such assets at fair value with changes recognized in net income each reporting period. The guidance also requires crypto assets measured at fair value to be presented separately from other intangible assets on the balance sheet and changes in the fair value measurement of crypto assets to be presented separately on the income statement from changes in the carrying amounts of other intangible assets. The Company implemented this standard during 2024. The Company did not record a cumulative effect adjustment related to the adoption of this standard, as it did not have a material impact on the Company's financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, ("ASU 2023-09"). ASU 2023-09 requires entities to disclose specific tax rate reconciliation categories, as well as income taxes paid disaggregated by jurisdiction, amongst other disclosure enhancements. During 2025, we adopted ASU 2023-09 retrospectively. Accordingly, the prior period rate reconciliation for the year ended December 31, 2024, has been reclassified to conform to the current year presentation. The adoption of this standard resulted in increased disclosures but did not have a material impact on the Company's financial position, results of operations or cash flows. See Note 11 "*Income Taxes*" for further discussion.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"). The amendments in the update require disclosure, in the notes to the financial statements, of specified information about certain costs and expenses. An entity is not precluded from providing additional voluntary disclosures that may provide investors with additional decision-useful information. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is evaluating the disclosure requirements related to this new standard.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270) - Narrow-Scope Improvements*. The amendments in this ASU clarify interim disclosure requirements and the applicability of Topic 270. It does not fundamentally change the nature of interim reporting or expand/reduce disclosure requirements but makes the guidance easier to navigate and apply. This ASU compiles a list of required interim disclosures from across the GAAP Codification into ASC 270, making it easier for preparers to identify what disclosures are required for interim periods. The amendments in this ASU are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. The Company is still evaluating the impact of the adoption of this ASU.

3. Revenue

Disaggregation of Revenue

The following table sets forth our net revenue by category:

<i>(in thousands)</i>	Year ended December 31,	
	2025	2024
Software subscriptions and services	\$ 2,271	\$ 1,907
Advertising	282	1,282
Net revenues	<u>\$ 2,553</u>	<u>\$ 3,189</u>

We generate revenue in domestic and foreign regions and attribute net revenue to individual countries based on the location of the contracting entity. Revenue by geographic location is as follows:

<i>(in thousands)</i>	Year ended December 31,	
	2025	2024
Net revenues		
United States	\$ 2,508	\$ 3,171
International	45	18
Net revenues	<u>\$ 2,553</u>	<u>\$ 3,189</u>

The following table sets forth our concentration of revenue sources as a percentage of total net revenues:

	Year ended December 31,	
	2025	2024
Customer B	12%	0%
Customer C	24%	15%
Customer F	0%	10%

Customer B and C above were from our software subscriptions and services operating segment, whereas Customer F was from our Advertising operating segment.

Deferred Revenue

Deferred revenue consists of customer billings or payments received in advance of the recognition of revenue under arrangements with customers. We recognize deferred revenue as revenue only when revenue recognition criteria are met. During the year ended December 31, 2025, we recognized revenue of \$1.21 million that was included in our deferred revenue balance as of December 31, 2024. Remaining performance obligations were \$4.19 million as of December 31, 2025, of which we expect to recognize 48% as revenue over the next 12 months and the remainder thereafter.

4. Digital Assets

We have ownership of and control over our digital assets and we use third-party custodial services or self-custody solutions to secure them. The digital assets are initially recorded at cost and, upon our adoption of ASU 2023-08, are subsequently remeasured at fair value with changes in fair value recorded in net income in each reporting period.

We determine the fair value of our digital assets in accordance with ASC 820, *Fair Value Measurement*, based on quoted prices on the active exchange(s) that we have determined is the principal market for bitcoin, ethereum and other digital asset holdings (Level 1 inputs).

Changes in our digital asset holdings for the years ended December 31, 2025 and 2024 were as follows:

<i>(in thousands)</i>	Bitcoin	Ethereum	Other	Total
Balance at December 31, 2023	\$ 17	\$ 52	\$ 6	\$ 75
Unrealized change in digital assets	60	(26)	(6)	28
Balance as of December 31, 2024	<u>\$ 77</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 103</u>
Unrealized change in digital assets	(5)	(2)	-	(7)
Balance as of December 31, 2025	<u>\$ 72</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 96</u>

As of December 31, 2025, we held approximately 0.82 Bitcoin and 8.02 Ethereum.

5. Accrued Expenses

Accrued expenses consisted of the following:

<i>(in thousands)</i>	December 31,	
	2025	2024
Legal settlement and related legal expenses	\$ 19,775	\$ -
Taxes	120	95
Other	10	53
Total accrued expenses	<u>\$ 19,905</u>	<u>\$ 148</u>

Refer to Note 7, "*Commitments and Contingencies*," for further discussion on our litigation settlement.

6. Leases

As of December 31, 2025, we lease one corporate office located in Austin, Texas with a termination date in September 2027.

On June 3, 2022, we entered into a lease agreement pursuant to which we lease approximately 7,458 square feet in Austin, Texas, which we intend to use as professional office space for our corporate headquarters. The lease commenced on June 10, 2022 and has a term of sixty-four (64) months, with an option to renew the lease for an additional five-year term at the conclusion of the initial term. The lease provided for rent abatement until September 30, 2022. Beginning on October 1, 2022, initial base rent payments were approximately \$28 thousand per month, subject to escalations contained therein. In addition, we are responsible for payments equal to our proportionate share of operating expenses, which is currently estimated to be approximately \$10 thousand per month, plus electrical and janitorial services, which are to be contracted and paid separately by us. As a result of entering into this lease agreement,

we recorded a right-of-use asset and corresponding lease liability of approximately \$1.5 million on the commencement date noted above.

The weighted-average remaining lease term for our operating leases as of December 31, 2025 and 2024 was 1.75 years and 2.75 years, respectively. As our leases generally do not include an implicit rate, we compute our incremental borrowing rate based on information available at the lease commencement date applying a rate to each lease. This approach requires significant judgment. We used incremental borrowing rates that match the duration of the remaining lease terms of our operating leases on a fully collateralized basis at the time we enter into the lease to initially measure our lease liability. The weighted average incremental borrowing rate used to measure our lease liability was 6.00% and 5.98% as of December 31, 2025 and 2024, respectively.

We recognize lease expense on a straight-line basis over the lease term with variable lease expense recognized in the period in which the costs are incurred. The components of lease expense are included in general and administrative expense in the consolidated statements of operations and comprehensive loss. Rent expense for continuing operations under operating leases totaled \$0.3 million and \$0.6 million for the years ended December 31, 2025 and 2024, respectively.

Future minimum annual lease payments under the Company's operating leases are as follows:

<i>(in thousands)</i>	Amount
2026	\$ 370
2027	284
	\$ 654
Less: Portion representing interest	(35)
Total	<u>\$ 619</u>

7. Commitments and Contingencies

Litigation

The Company legal proceeding styled *Phunware, Inc., v. Wilson Sonsini Goodrich & Rosati, Professional Corporation*, Does 1-25, Case No. 21CV381517, filed in the Superior Court of the State of California for the County of Santa Clara and removed to arbitration in California, was settled in 2024. The Company paid approximately \$2.2 million of the outstanding amount alleged to be owed by Phunware to WSGR in this proceeding, which had previously been recorded in accounts payable in the consolidated balance sheet.

The Company legal proceeding styled *Wild Basin Investments, LLC, et al. v. Phunware, Inc., et al.*, filed in the Court of Chancery of the State of Delaware (Cause No. 2022-0168-LWW) (the "Wild Basin Litigation"), was partially settled in 2024 for a payment of \$2.8 million from the Company's insurers to the Plaintiffs and a payment of \$0.2 million from the Company's insurers to Phunware.

In December 2025, the parties to the Wild Basin Litigation and the legal proceeding styled *Phunware, Inc., v. Wilson Sonsini Goodrich & Rosati, Professional Corporation*, Does 1-25, Case No. 21CV386411, filed in the Superior Court of the State of California for the County of Santa Clara and removed to arbitration in California, engaged in further settlement discussions and settled those proceedings pursuant to a Settlement Agreement and Mutual Release of Claims on or about February 25, 2026, and the proceedings were dismissed with prejudice on or about March 17, 2026. These settlements resolved, among other things, the outstanding accounts payable invoices that were previously alleged to be owed by the Company to WSGR. In connection with these settlements, the Company recorded approximately \$4.7 million in other income, net and \$3.8 million in additional legal fees and costs in general and administrative expenses in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2025 related to the foregoing.

Further reference is made to Note 13, "*Related Party Transactions*" for discussion regarding an additional related party legal proceeding.

From time to time, we are and may become involved in various legal proceedings in the ordinary course of business. The outcomes of our legal proceedings are inherently unpredictable, subject to significant uncertainties, and could be material to our operating results and cash flows for a particular reporting period. In addition, for the matters disclosed above or in Note 13 that do not include an estimate of the amount of loss or range of losses, such an estimate is not possible, and we may be unable to estimate the possible loss or range of losses that could potentially result from the application of non-monetary remedies.

8. PhunCoin

Offerings of PhunCoin Rights

In June 2018, we launched an offering pursuant to Rule 506(c) of Regulation D as promulgated under the Securities Act of rights to acquire PhunCoin (the "Rights"). In 2019, we commenced an offering of additional Rights to acquire PhunCoin pursuant to Regulation CF promulgated under the Securities Act. For both offerings of Rights, we accepted payment in the form of cash and digital assets. The amount of PhunCoin to be issued to each purchaser of Rights is equal to the dollar amount paid by the purchaser divided by the price of the PhunCoin at the time of issuance of the PhunCoin during the launch of the Token Ecosystem (as defined below) before taking into consideration any applicable discount rate, which is based on the time of the purchase.

We received aggregate net cash proceeds from our Rights offerings of \$1.2 million. Proceeds from the Rights are recorded as PhunCoin deposits in the consolidated balance sheet as of December 31, 2025 and 2024. We currently do not plan to raise additional material proceeds through the sales of PhunCoin Rights.

Issuance of PhunCoin

PhunCoin is expected to be issued to Rights holders the earlier of (i) the launch of our blockchain technology enabled rewards marketplace and data exchange ("Token Ecosystem" or "Token Generation Event"), (ii) one (1) year after the issuance of the Rights to the purchaser or (iii) the date we determine that we have the ability to enforce resale restrictions with respect to PhunCoin pursuant to applicable federal securities laws. Proceeds from the Rights offerings are generally not refundable if the Token Generation Event is not consummated.

We have notified holders of the PhunCoin Rights to request they complete additional information needed for issuance. We are currently reviewing additional requirements required to transfer PhunCoin to the holder of Rights. We are currently researching and assessing future opportunities and next steps for PhunCoin and the development of the Token Ecosystem. Holders of the Rights may be transferred PhunCoin even if the Token Ecosystem is not yet fully developed. PhunCoin may not be able to be fully utilized until the Token Ecosystem is fully developed.

There can be no assurance as to when (or if) we will be able to successfully issue PhunCoin or complete the development of the Token Ecosystem. The Company is currently assessing multiple aspects of the Token Ecosystem, as well as researching aspects related to the compliant transfer and trading of PhunCoin. The continued adjustment of dates to complete the development of the Token Ecosystem have been and may be adjusted based on user feedback, additional aspects of the Token Ecosystem currently under development and the ability to meet evolving applicable requirements; therefore, a specific development completion date for the Token Ecosystem is difficult to determine at this time, as it is based on many external factors outside of our control.

Termination of the Token Rights Agreements

Termination of the Token Rights Agreements occurs on the earlier of (i) PhunCoin being issued to the Rights holder pursuant to the provisions noted above, (ii) the payment, or setting aside of payment with respect to a dissolution event (as described below) or (iii) twelve months from the date of the respective Token Rights Agreement with the Rights holder. Upon termination of any Token Rights Agreement, we have no further obligation to the respective Rights holder. While each Token Rights Agreement has terminated in accordance with its respective terms (with respect to all Rights holders), as of the date of this Annual Report, we intend to transfer PhunCoin to the holders of the Rights, unless otherwise agreed with the Rights holder.

Dissolution Event

A dissolution event occurs if there has been (i) a voluntary termination of our operations, (ii) a general assignment for the benefit of creditors, (iii) a change of U.S. laws that make the use or issuance of PhunCoin or the Token Generation Event impractical or unfeasible or (iv) any other liquidation, dissolution or winding up of the Company.

In the event a dissolution event occurs prior to the termination of the Token Rights Agreement, if there are any remaining proceeds from the Rights offering that have not been utilized by us in our operations or for the development of the Token Ecosystem, such remaining proceeds would be distributed pro rata to purchasers in the Rights offering following any distributions to holders of our capital stock or debt, if any.

No Voting Rights or Profit Share

Rights holders (and eventual PhunCoin holders) have no voting rights and are not entitled to share in the profits or residual interest of Phunware or any subsidiaries of the Company. However, PhunCoin holders will be provided fractional economic interests in the Token Ecosystem, including monthly PhunCoin or other distributions to PhunCoin holders, based on their respective ownership percentage of and other elections with respect to PhunCoin, totaling 2.5% or more of certain Token Ecosystem revenues.

PhunCoin Warrants

In 2018, we issued warrants to receive PhunCoin to sixty-eight (68) stockholders. At the time of issuance, we determined there should be no value assigned to the rights to receive PhunCoin under these warrants issued to the stockholders, for the following reasons: (i) the PhunCoin-related rights in these warrants (x) lacked characteristics of financial instruments and derivatives, and (y) did not obligate us to achieve the Token Generation Event or launch and distribute PhunCoin to the warrant holders and (ii) there was not a market for PhunCoin and they did not exist. Should we complete a Token Generation Event, the warrant holders would receive their requisite amount of PhunCoin.

9. Stockholders' Equity

Common Stock

Total common stock authorized to be issued as of December 31, 2025 was 1,000,000,000 shares with a par value of \$0.0001 per share. At December 31, 2025 and 2024, there were 20,188,160 and 20,156,535 shares outstanding, respectively. Dividends are paid on a when-and-if-declared basis. We did not declare any dividends during 2025 or 2024.

On February 1, 2022, we filed a shelf registration statement on Form S-3 for sale of securities for proceeds in the amount of up to \$200 million (File No. 333-262461) (the "Original Registration Statement"). The Original Registration Statement was declared effective February 9, 2022. On November 1, 2024, we filed a registration statement on Form S-3 pursuant to Rule 462(b) of the Securities Act which increased the aggregate amount of securities we may offer under the Original Registration Statement by a proposed additional aggregate offering price of approximately \$12.4 million, which represents 20% of the maximum aggregate offering price of unsold securities under the Original Registration Statement. Sales of shares of our common stock described below were made pursuant to the aforementioned registration statements. On February 9, 2025, both registration statements expired.

On January 31, 2022, we entered into an At Market Issuance Sales Agreement with H.C. Wainwright & Co., LLC ("Wainwright"), pursuant to which we could offer and sell, from time to time, shares of our common stock, par value \$0.0001 per share, for aggregate gross proceeds of up to \$100 million, through or to Wainwright, as agent or principal. We terminated our agreement with Wainwright effective June 3, 2024.

On June 4, 2024, we entered into an Equity Distribution Agreement with Canaccord Genuity LLC ("Canaccord"), as representative of certain agents, pursuant to which we could offer and sell, from time to time, shares of our common stock, par value \$0.0001 per share, for aggregate gross proceeds of up to \$120 million, through the agents. Additionally, on November 1, 2024, we entered into an Amended and Restated Equity Distribution Agreement with Canaccord, as representative of certain agents, pursuant to which we increased the aggregate amount of shares of our common stock that we may sell under our at-the-market facility to an aggregate offering price of approximately \$171.5 million. The Equity Distribution Agreement with Canaccord terminated on February 9, 2025.

During 2025, we sold an aggregate of 14,210 shares of our common stock under our Equity Distribution Agreement with Canaccord for aggregate gross cash proceeds of \$0.1 million.

During 2024, we sold an aggregate of 12,025,688 shares of our common stock under our Sales Agreement with Wainwright and Equity Distribution Agreement with Canaccord for aggregate gross cash proceeds of \$104.5 million. Transaction costs were \$2.9 million.

In a series of offerings during the first quarter of 2024, we sold an aggregate of 2,696,000 shares of our common stock and issued pre-funded warrants to purchase up to 974,000 shares of our common stock. The aggregate gross proceeds from the offerings were \$22.6 million. Aggregate transaction costs, including placement agent fees, were approximately \$1.9 million. The holders of the pre-funded warrants exercised their rights to purchase all 974,000 shares of our common stock.

During 2022, we entered into a note purchase agreement and completed the sale of an unsecured promissory note (the "2022 Promissory Note"). After deducting all transaction fees paid by us at closing, net cash proceeds to the Company at closing were \$11.8 million. During 2024, we issued 336,500 shares of our common stock to the holder of the 2022 Promissory Note, which amounted to aggregate principal and interest payments in the amount of \$4.5 million. These conversions were made pursuant to the terms of the amended 2022 Promissory Note. As a result of the conversions, the 2022 Promissory Note has been paid-in-full.

10. Stock-Based Compensation

A summary of our various equity incentive plans is set forth below:

2023 and 2022 Inducement Plans

In 2023, our board of directors adopted three inducement plans; the Phunware, Inc. 2023B Inducement Plan, the Phunware, Inc. 2023 Inducement Plan and the Phunware, Inc. 2022 Inducement Plan (collectively, the "Inducement Plans"). As permitted by Nasdaq Stock Market rules, our stockholders were not required to approve the Inducement Plans. The plans collectively provide of up to 53,412 shares of our common stock under awards granted to newly hired employees. An "award" is any right to receive common stock of the Company consisting of nonstatutory stock options, stock appreciation rights, restricted stock awards or restricted stock units. Shares will be delivered electronically to the holder shortly after exercise or vest date pursuant to an effective registration statement.

2018 Equity Incentive Plan

In 2018, our board of directors adopted, and our stockholders approved, the 2018 Equity Incentive Plan, as amended (the "2018 Plan"). The purposes of the 2018 Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to employees, directors and consultants who perform services for the Company, and to promote the success of our business. These incentives are provided through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares. Shares will be delivered electronically to the holder shortly after exercise or vest date pursuant to an effective registration statement.

The number of shares of common stock available for issuance under the 2018 Plan will also include an annual increase on the first day of each fiscal year, equal to the lesser of 5% of the outstanding shares of common stock on the last day of the immediately preceding fiscal year or such other amount as our board of directors may determine.

2018 Employee Stock Purchase Plan

Also, in 2018, our board of directors adopted, and our stockholders approved, the 2018 Employee Stock Purchase Plan (the "2018 ESPP"). The purpose of the 2018 ESPP is to provide eligible employees with an opportunity to purchase shares of our common stock at a discount through accumulated contributions generally in the form of payroll deductions of up to 15% of eligible compensation, subject to caps of \$25,000 in any calendar year and 80 shares on any purchase date. The 2018 ESPP provides for 24-month offering periods, generally beginning in June and December of each year, and each offering period consists of four six-month

purchase periods. The first purchase under the 2018 ESPP was in December 2021. Participation ends automatically upon termination of employment with the Company.

On each purchase date, participating employees will purchase shares of our common stock at price per share equal to 85% of the lesser of the fair market value of our common stock on (i) the first trading day of the applicable offering period and (ii) the last trading day of each purchase period in the applicable offering period. If the price per share of our common stock on any purchase date in the offering period is lower than the stock price on the enrollment date of that offering period, the offering period will immediately reset after the purchase of shares on such purchase date and automatically roll into a new offering period. Shares will be delivered electronically to the participant shortly after the purchase date pursuant to an effective registration statement.

We use a Black-Scholes option pricing model to determine the fair value of shares to be purchased under the 2018 ESPP.

The number of shares of common stock that may be made available for sale under the 2018 ESPP also includes an annual increase on the first day of each fiscal year beginning for the fiscal year following the fiscal year in which the first enrollment date (if any) occurs equal to the lesser of (i) 16,377 shares of common stock; (ii) 1.5% of the outstanding shares of common stock on the last day of the immediately preceding fiscal year; or such other amount as the administrator may determine. The 2018 ESPP had 63,167 and 46,791 shares of common stock available for sale and reserved for issuance as of December 31, 2025 and 2024, respectively.

2009 Equity Incentive Plan

In 2009, we adopted the 2009 Equity Incentive Plan (the "2009 Plan"), which allowed for the granting of incentive and non-statutory stock options, as defined by the Internal Revenue Code, to employees, directors and consultants. The exercise price of the options granted was generally equal to the value of our common stock on the date of grant, as determined by our board of directors. The awards are exercisable and vested, generally over four years, in accordance with each option agreement. The term of each option is no more than ten years from the date of the grant. The 2009 Plan allowed for options to be immediately exercisable, subject to the Company's right of repurchase for unvested shares at the original exercise price. There were no unvested shares subject to repurchase provisions outstanding as of December 31, 2025 and 2024. Upon exercise, shares will be delivered electronically to the holder pursuant to an effective registration statement. Effective with the adoption of the 2018 Plan, no additional grants will be made under the 2009 Plan.

Additional Disclosures

Our stock benefit plans had 1,232,912 and 220,006 shares of common stock reserved for future issuances under our equity incentive plans as of December 31, 2025 and December 31, 2024, respectively. In addition, the shares of common stock reserved for issuance under the 2018 Plan also will include any shares of common stock subject to stock options, restricted stock units or similar awards granted under the 2009 Plan, that, on or after the adoption of the 2018 Plan, expire or otherwise terminate without having been exercised in full and shares of common stock issued pursuant to awards granted under the 2009 Plan that are forfeited. As of December 31, 2025, the maximum number of shares of common stock that may be added to the 2018 Plan pursuant to the foregoing is 883.

Restricted Stock Units

A summary of our restricted stock unit activity is set forth below:

	Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2024	38,420	\$ 23.01
Granted	-	-
Released	(17,415)	26.48
Forfeited	(3,273)	14.43
Outstanding as of December 31, 2025	17,732	\$ 21.17

During 2024, we granted 84,089 restricted stock units to board members and external consultants with an average grant date fair value of \$5.63. Each of the restricted stock unit grants vested immediately. The restricted stock unit grants were valued based on the fair value of our common stock on the date of grant.

Stock Options

A summary of our stock option activity under the 2018 Plan and related information is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2024	2,500	\$ 56.89	3.19	\$ -
Granted	-	-		
Exercised	-	-		
Cancelled/Expired	(1,500)	38.15		
Outstanding and exercisable as of December 31, 2025	<u>1,000</u>	\$ 85.00	6.61	\$ -

A summary of our stock option activity under the 2009 Plan and related information is set forth below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2024	1,190	\$ 91.61	2.50	\$ -
Granted	-	-		
Exercised	-	-		
Cancelled/Expired	(307)	28.48		
Outstanding and exercisable as of December 31, 2025	<u>883</u>	\$ 113.56	2.24	\$ -

We have historically used the Black-Scholes option pricing model to estimate the fair value of our stock option awards.

Stock-Based Compensation

Compensation cost that has been included in our consolidated statements of operations and comprehensive loss for all stock-based compensation arrangements is set forth below:

<i>(in thousands)</i>	Year ended December 31,	
	2025	2024
Cost of revenues	\$ 62	\$ 179
Sales and marketing	34	65
General and administrative	351	1,341
Research and development	8	71
Total stock-based compensation	<u>\$ 455</u>	<u>\$ 1,656</u>

As of December 31, 2025, there was approximately \$0.2 million total unrecognized compensation cost related to our stock benefit plans. These unrecognized compensation costs are expected to be recognized over an estimated weighted-average period of approximately 0.56 years.

11. Income Taxes

Deferred income taxes are recognized for the tax consequences in future years for differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the combination of the tax payable for the year and the change during the year in deferred tax assets and liabilities.

For the years ended December 31, 2025 and 2024, we had net losses before income taxes of \$11.4 million and \$10.3 million, respectively.

The difference between income taxes expected at the U.S. federal statutory income tax rate of 21% and the reported income tax (benefit) expense are summarized as follows:

<i>(in thousands, except percentages)</i>	Year ended December 31,			
	2025		2024	
Income tax (benefit) at statutory rate (continuing operations)	\$ (2,398)	21.0%	\$ (2,156)	21.0%
State income tax (benefit) expense, net of federal benefit	395	(3.5)%	464	(4.5)%
Tax credits	-	0.0%	(3)	0.0%
Changes in valuation allowance	1,873	(16.4)%	1,930	(18.8)%
Nontaxable or nondeductible items	9	(0.1)%	34	(0.3)%
Other reconciling items	102	(0.9)%	(228)	2.2%
Income tax (benefit) expense	<u>\$ (19)</u>	<u>0.2%</u>	<u>\$ 41</u>	<u>(0.4)%</u>

The state and local income tax benefit, net of federal impact, was approximately \$0.4 million for the year ended December 31, 2025. This expense is primarily driven by income tax filings and the recognition of state net operating losses in California, Massachusetts, and New York State, which collectively represent the majority of the Company's state and local income tax impact. The Company's state tax rate varies based on the apportionment of income to these and other jurisdictions. The income tax paid for the years ended December 31, 2025 and 2024 were \$25 thousand and \$14 thousand, respectively.

The provision expense for income taxes consist of the following:

<i>(in thousands)</i>	Year ended December 31,	
	2025	2024
Current:		
State	\$ (19)	\$ 41
Total current	(19)	41
Deferred:		
Total deferred	-	-
Total income tax (benefit) expense	<u>\$ (19)</u>	<u>\$ 41</u>

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The components of net deferred income taxes consist of the following:

<i>(in thousands)</i>	December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss	\$ 66,904	\$ 60,925
Unrealized loss on digital assets	86	91
Tax credits	1,593	1,593
Reserves and accruals		
	28	53
Leases - lease liability	140	226
Amortization of acquired intangibles	220	4,080
Other deferred tax assets	203	490
Gross deferred tax assets	69,174	67,458
Less valuation allowance	(68,945)	(67,072)
Total deferred tax assets	<u>229</u>	<u>386</u>
Deferred tax liabilities:		
Leases - right of use asset	(125)	(204)
Other deferred tax liabilities	(104)	(182)
Total deferred tax liabilities	(229)	(386)
Net deferred tax liabilities	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2025, we had net operating loss ("NOL") carryforwards of approximately \$276.4 million and \$247.8 million for federal and state income tax purposes, respectively. The federal net operating losses of \$85.7 million which were generated in tax years beginning before January 1, 2018, will begin to expire in 2030 if not utilized. The balance of the net operating losses, \$190.7 million do not expire. The state net operating losses expire at various times depending on the state with a majority beginning to expire in 2030 if not utilized.

As of December 31, 2025, we had research and development ("R&D") credit carryforwards of approximately \$2.3 million and \$1.2 million for federal and state income tax purposes, respectively. The federal and Texas R&D credits will begin to expire in 2034, unless previously utilized. California R&D credits carry forward indefinitely.

Utilization of the NOL and tax credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code (IRC) of 1986, as amended (the "Code"), as well as similar state and foreign provisions. These ownership changes may limit the amount of NOL and tax credit carryforwards that can be utilized annually to offset future taxable income. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than fifty (50) percentage points of the outstanding stock of a company by certain stockholders.

As of December 31, 2025, we had not yet completed an analysis of the deferred tax assets for our NOL and tax credits. The future utilization of our net operating loss to offset future taxable income may be subject to an annual limitation under IRC Section 382 as a result of ownership changes that may have occurred previously or that could occur in the future. We have not yet determined whether such an ownership change has occurred. In order to make this determination, we will need to complete an analysis regarding the limitation of the net operating loss.

We have established a full valuation allowance for our deferred tax assets due to uncertainties that preclude us from determining that it is more likely than not that we will be able to generate sufficient taxable income to realize such assets. We monitor positive and negative factors that may arise in the future as we assess the need for a valuation allowance against our deferred tax assets. As of December 31, 2025 and 2024, we have a valuation allowance of approximately \$68.9 million and \$67.1 million, respectively, against our deferred tax assets.

The technical merits of a tax position derive from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does

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not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate resolution with a taxing authority.

Uncertain tax positions are evaluated based upon the facts and circumstances that exist at each reporting period. Subsequent changes in judgment based upon new information may lead to changes in recognition, de-recognition, and measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits:

<i>(in thousands)</i>	December 31,	
	2025	2024
Unrecognized tax benefits, beginning of period	\$ 1,757	\$ 1,757
Tax positions taken in prior periods:		
Gross increases	-	-
Gross decreases	-	-
Tax positions taken in current period:		
Gross increases	-	-
Settlements	-	-
Lapse of statute of limitations	-	-
Unrecognized tax benefits, end of period	<u>\$ 1,757</u>	<u>\$ 1,757</u>

Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. We have no accrual for interest and penalties on the consolidated balance sheets and has not recognized interest and/or penalties in the consolidated statements of operations and comprehensive loss for the years ended December 31, 2025 and 2024.

We are subject to taxation in the United States and various state jurisdictions. Our tax years from inception are subject to examination by the United States and state taxing authorities due to the carryforward of unutilized NOLs.

We have ownership interest in controlled foreign corporations. During 2025, we analyzed the potential impact of the Global Intangible Low-Taxed Income and the Base Erosion and Anti-Abuse Tax provisions of the Tax Cuts and Jobs Act signed into law in 2017. Based on the foreign subsidiaries' tax position, we will not incur any impact relating to these two provisions.

The One Big Beautiful Bill Act of 2024 (the "OBBBA") was enacted in the United States on July 4, 2025. The OBBBA includes a U. S. income tax provision for the reinstatement of immediate expensing of domestic research and experimentation ("R&E") expenditures under Section 174 and acceleration of remaining unamortized R&E capitalized in tax year 2024, resulting in a one-time accelerated amortization deduction of approximately \$15.9 million. The OBBBA did not have a material impact on the Company's effective tax rate for the year ended December 31, 2025, but resulted in a significant reduction in the Company's intangible deferred tax asset and corresponding valuation allowance offset.

12. Segment Reporting

Business segments are components of an enterprise about which discrete financial information is available that is evaluated regularly by the CODM to assess operating performance and allocate resources. Our CODM is our Interim CEO. Our operations are organized by management into operating segments by line of business. Our CODM evaluates performance and allocates resources based on segment operating income (loss) of operating segments. The Company does not allocate its general and administrative expense function across its operating segments. We have two reportable segments: (i) software subscriptions and services and (ii) advertising. No segment-level asset information has been disclosed as our CODM does not review asset information by segment.

Reportable segment information for the years ended December 31, 2025 and 2024, including significant expenses, are set forth below:

<i>(in thousands)</i>	Software Subscriptions & Services	Advertising	Corporate	Year ended December 31, 2025
Net revenues	\$ 2,271	\$ 282	\$ -	\$ 2,553
Cost of revenues	1,134	128	-	1,262
Gross profit	1,137	154	-	1,291
Operating expenses:				
Compensation	3,283	530	1,915	5,728
Consulting and professional fees	951	-	11,113	12,064
Facilities and insurance	48	4	1,718	1,770
Stock-based compensation	25	16	352	393
Other segment expenses ⁽¹⁾	518	26	1,311	1,855
Total operating expenses	4,825	576	16,409	21,810
Operating loss	(3,688)	(422)	(16,409)	(20,519)
Other income, net	-	-	9,099	9,099
Net loss from continued operations before taxes	<u>\$ (3,688)</u>	<u>\$ (422)</u>	<u>\$ (7,310)</u>	<u>\$ (11,420)</u>

<i>(in thousands)</i>	Software Subscriptions & Services	Advertising	General & Administrative	Year ended December 31, 2024
Net revenues	\$ 1,907	\$ 1,282	\$ -	\$ 3,189
Cost of revenues	1,270	465	-	1,735
Gross profit	637	817	-	1,454
Operating expenses:				
Compensation	2,960	498	2,142	5,600
Consulting and professional fees	691	-	4,533	5,224
Facilities and insurance	34	5	1,642	1,681
Stock-based compensation	135	-	1,342	1,477
Other segment expenses ⁽¹⁾	539	8	814	1,361
Total operating expenses	4,359	511	10,473	15,343
Operating loss	(3,722)	306	(10,473)	(13,889)
Other income, net	-	-	3,614	3,614
Net income (loss) from continued operations before taxes	<u>\$ (3,722)</u>	<u>\$ 306</u>	<u>\$ (6,859)</u>	<u>\$ (10,275)</u>

⁽¹⁾Other segment expenses represent marketing, information technology related expenses, travel and other general operating expenses.

13. Related Party Transactions

On July 13, 2025, the Company and Rahul Mewawalla, a Class I Director and the Company's then Chairperson of the Board, executed an Executive Chairman and Chief AI Architect Agreement (the "EC Agreement"). Among other provisions, the EC Agreement provided for (i) cash compensation in the amount of \$50,000 per month, payable per the Company's regular payroll cycle for a term of six months, (ii) continued cash and equity compensation that is due and payable in accordance with the Company's compensation policy for its board members and (iii) nomination of Mr. Mewawalla as a member of the Board at the Company's 2026 annual meeting of stockholders.

On August 4, 2025, the Board formed a special committee consisting of its other two disinterested independent directors to consider the circumstances under which the EC Agreement was entered into. The special committee concluded that Mr. Mewawalla made intentional, material misrepresentations to induce the Company to enter into the EC Agreement and that there was a proper basis to rescind the EC Agreement. The Company then rescinded the EC Agreement and notified Mr. Mewawalla in writing of such rescission on August 7, 2025. The Company did not and has not paid any compensation under the EC Agreement.

On October 1, 2025, Mr. Mewawalla filed a demand for arbitration and statements of claims against the Company with the American Arbitration Association (Case No. 01-25-004-9738) alleging, among other things, that the Company breached the EC Agreement, the Company's rescission of the EC Agreement was not justified, unpaid compensation, retaliation/wrongful termination, defamation and violations of other Washington state employment-related laws. Mr. Mewawalla seeks relief of amounts allegedly due, double damages where applicable, interest, fees, cost and punitive damages where applicable. He further sought interim and injunctive relief, including a declaration that the EC Agreement remains in force and continued service and compliance with the EC Agreement. The Company responded to Mr. Mewawalla's initial arbitration demand claims for injunctive relief on November 6, 2025. On December 15, 2025, the arbitrator issued an order denying his motion for interim and injunctive relief. Mr. Mewawalla filed an amended statement of claim against the Company on January 16, 2026, in which he alleges, among other things, amended claims and various specific categories and amounts of damages which collectively exceed \$34 million. The Company filed its response to the amended statement of claims on February 6, 2026. The arbitration hearing is currently scheduled to occur in September 2026. The Company believes its rescission of the EC Agreement was proper and in accordance with applicable law and rejects all of Mr. Mewawalla's allegations, claims and asserted damages amounts. The Company plans to vigorously dispute and defend against all allegations, claims and asserted damages amounts made by Mr. Mewawalla in this arbitration.

We have not recorded a liability related to this matter because any potential loss is not currently possible to reasonably estimate. Additionally, we cannot presently estimate the range of loss, if any, that may result from this arbitration. It is possible that the ultimate resolution of the foregoing matter, or other similar matters, if resolved in a manner unfavorable to us, may be materially adverse to our business, financial condition, results of operations or liquidity.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

On November 1, 2024, CBIZ CPAs acquired the attest business of Marcum LLP (“Marcum”). On July 23, 2025, the Company was notified by Marcum that Marcum resigned as the Company’s independent registered public accounting firm as a result of such acquisition, and the Company’s Audit Committee approved such resignation.

During the fiscal years ended December 31, 2024 and 2023 and through July 23, 2025, there were no (i) “disagreements” (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and Marcum LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Marcum, would have caused Marcum to make reference to the subject matter of the disagreement in their reports on the financial statements for such years, or (ii) “reportable events” (as described in Item 304(a)(1)(v) of Regulation S-K), except for the following material weaknesses in the Company’s internal control over financial reporting:

- ineffective design of information technology general controls related to user access, program change and appropriate segregation of duties for certain information technology systems; and
- as a result of cost cutting measures and headcount turnover in the Company’s accounting function, ineffective design and implementation of business process controls due to a lack of segregation of duties between preparer and reviewer.

The Company provided Marcum with a copy of the foregoing disclosures prior to its filing of the Current Report on Form 8-K dated July 29, 2025 (the “Form 8-K”), and requested, in accordance with applicable practices, that Marcum furnish a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the statements in the Form 8-K. Marcum returned a letter dated as of July 28, 2025, stating that it agrees with such statements and is included as Exhibit 16.1 to the Form 8-K.

On July 23, 2025, with the approval of the Company’s Audit Committee, CBIZ CPAs was engaged as the Company’s new independent registered public accounting firm for the fiscal year ending December 31, 2025.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Certifying Officers (as defined below), or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Interim Chief Executive Officer and Vice President of Accounting and Financial Reporting (together, the “Certifying Officers”), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2025. Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were not effective as of December 31, 2025.

Management’s Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Under the supervision and with the participation of our management, including our Certifying Officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the

Treadway Commission for newly public companies (COSO). Based on this evaluation and the material weaknesses described below, our management concluded that our internal control over financial reporting was not effective as of December 31, 2025.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In 2023, as a result of cost cutting measures and headcount turnover in our accounting function, management identified a material weakness in internal control over financial reporting as business process controls across the Company's financial reporting processes were not effectively designed and implemented due to a lack of segregation of duties between preparer and reviewer. During 2024, the Company began implementing additional review controls to ensure proper segregation of duties in our financial reporting processes. However, the Company's Chief Financial Officer departed the Company on November 30, 2024. This has resulted in a delay in the completion of the implementation of our remediation plan. The Company is actively conducting a search for qualified candidates to fill an accounting position to enhance staffing levels and remediate the identified material weakness in internal control over financial reporting related to segregation of duties.

Management believes that the remediation measures described above, if successfully implemented, will strengthen our internal control over financial reporting and remediate the material weaknesses we have identified. However, the material weaknesses in our internal control over financial reporting will not be considered remediated until the new controls are fully implemented, in operation for a sufficient period of time, tested and concluded by management to be designed and operating effectively.

Management will seek to update current processes and/or provide sufficient resources toward the proper mitigation of these material control weaknesses. Management is committed to continuous improvement of our internal control over financial reporting and will continue to diligently review our financial reporting controls and procedures. However, we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts.

Changes in Internal Control over Financial Reporting

As previously disclosed, management identified a material weakness in internal control over financial reporting related to the design of information technology general controls ("ITGCs") related to user access, program change and appropriate segregation of duties for certain IT applications. We implemented additional ITGCs to manage user access and program changes across our key systems. During 2025, management tested and evaluated the additional ITGCs that were implemented as a result of the material weakness and determined the ITGCs implemented were designed and operating effectively as of December 31, 2025.

Except as set forth above, there were no changes in our internal control over financial reporting identified in conjunction with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitation on the Effectiveness of Controls

Our management, including our Certifying Officers, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth the current ages and the names and positions of our directors and executive officers as of December 31, 2025:

Name	Age	Position
Executive Officers		
Jeremy Krol	48	Interim Chief Executive Officer and Class I Director
Brendhan Botkin	46	Vice President of Accounting & Financial Reporting
Chris Olive	56	Chief Legal Officer
Non-Employee Directors		
Quyen Du ⁽¹⁾⁽²⁾⁽³⁾	50	Class III Director
Elliot Han ⁽¹⁾⁽²⁾⁽³⁾	49	Class II Director, Chairperson
Ed Lu ⁽¹⁾⁽²⁾⁽³⁾	49	Class I Director

⁽¹⁾Member of the Audit Committee

⁽²⁾Member of the Compensation Committee

⁽³⁾Member of the Nominating and Corporate Governance Committee

Executive Officers

Each of our executive officers serves at the discretion of our board of directors (the "Board") and will hold office until his successor is duly appointed and qualified or until his earlier resignation or removal. The following biographical descriptions set forth certain information with respect to our executive officers based on information furnished to us by each such officer.

Jeremy Krol joined Phunware in January 2025 as Executive Vice President and Chief Operating Officer. Mr. Krol was appointed as the Company's Interim Chief Executive Officer in July 2025 and as a Class I director of the Company in October 2025. Mr. Krol was then elected as a Class I director of the Company at the 2025 annual meeting of stockholders of the Company on December 17, 2025. Mr. Krol has served as a sub-contractor to Switch Advisory Group since June 2024, in which he provided consulting services to the Company, including but not limited to fractional Chief Operating Officer services. From 2019 to 2024, Mr. Krol served as a startup advisor for Platform Calgary, which is a technology accelerator hub for technology startups. Mr. Krol holds a Bachelor of Engineering (Aerospace) degree from Carleton University and a Master of Business Administration degree from the University of Calgary.

We believe Mr. Krol is qualified to serve as a member of our Board because of his experience in operations and technology.

Brendhan Botkin joined Phunware in April 2017 as our Controller. Mr. Botkin was appointed as Vice President of Accounting and Financial Reporting of the Company in 2021 and, in that capacity, currently acts as the Principal Accounting and Financial Officer of the Company. Before joining Phunware, Mr. Botkin served as Chief Financial Officer at Acuity Healthcare Solutions, a provider of in-home post-hospitalization care from 2016 to 2017, and at Circular Energy, a Texas-based renewable energy company, from 2014 to 2015. From 2011 to 2014, Mr. Botkin served as the Corporate Controller at Vast.com. Earlier in his career he served as Chief Financial Officer of Propane Direct Enterprises from 2009 to 2011. He has also held consulting roles, including at Tatum LLC from 2007 to 2009. Mr. Botkin began his career in public accounting at Ernst & Young in Austin, Texas, and KPMG in Atlanta, Georgia. Mr. Botkin holds a Bachelor of Science in Business Administration – Accounting from Auburn University and a Master in Professional Accounting (MPA) from the University of Texas at Austin. Mr. Botkin is a Certified Public Accountant (CPA) licensed in the State of Texas.

Chris Olive joined Phunware in April 2022 as Chief Legal Officer. Prior to his tenure at Phunware, Mr. Olive was a partner at Bracewell LLP based in Dallas, Texas, from 2006 to 2022. Mr. Olive has extensive transactional and regulatory experience, including finance, financial instruments, banking, mergers and acquisitions, asset purchases and other strategic transactions, digital assets and related corporate securities and other regulatory matters. Prior to Bracewell LLP, Mr. Olive was an associate at Jones Day and served in the United States Army Judge Advocate General's Corps. Mr. Olive holds a BBA in Finance with honors from the

University of Miami, a JD from the Southern Methodist University School of Law and an LLM in Banking & Finance Law with distinction from the University of London.

Non-Employee Directors

The following biographical descriptions set forth certain information with respect our non-employee directors based on information furnished to us by each such director.

Elliot Han was appointed to serve as a Class II non-employee director in January 2024 and as Chairperson of the Board in October 2025. Since February 2025, Mr. Han has served as Chief Investment Officer of C1 Fund Inc., a NYSE-listed closed-end fund focused on investments in the private digital-asset ecosystem. Since September 2023, he has also served as a Partner at PGP Capital Advisors, a boutique investment and merchant banking firm, where he focuses on mergers and acquisitions and corporate finance transactions in both domestic and international markets. Mr. Han has broad experience and expertise in corporate finance, corporate development and strategy, corporate law, investment management, start-up operations, and financial technology. He has held senior leadership roles at several global financial institutions, including Cantor Fitzgerald (Head of FinTech/Blockchain, Crypto & Digital Assets Investment Banking and Head of Technology Equity Capital Markets), the New York Stock Exchange (Head of FinTech & Consumer Tech Capital Markets), and Goldman Sachs (Executive Director and Operating Officer for UK and Emerging Markets Investment Banking). He also served on the management team of the Argon Group, a blockchain technology and advisory company. Earlier in his career, he practiced corporate law at Freshfields Bruckhaus Deringer and began his finance career at Credit Suisse/CSFB. Since 2018, Mr. Han has been a Managing Partner at Sunkist ARC Partners, an investment firm focused on high-growth technology and digital-asset opportunities. He also serves as a board trustee and is an active limited partner and investor across various technology companies, funds, and educational institutions. Mr. Han holds a B.A. from Columbia University, a Master's degree from Oxford University, and law and M.A. degrees from Cambridge University.

We believe Mr. Han's extensive corporate finance, corporate development and strategy, technology, corporate law and digital asset finance expertise qualifies him to serve as a director of the Company.

Quyen Du was appointed to serve as a Class III non-employee director in March 2025. Ms. Du brings 25 years' experience in strategy and corporate development to the Company. Based in Texas, she is a recognized leader in finance, media and entertainment, recently serving as Head of Corporate Strategy & Development, Innovations and Research for Condé Nast (NYC) from June 2022 to August 2024. Ms. Du adds a depth of experience working in a wide range of roles across corporate strategy, finance and investments, business development, distribution and partnerships. Her previous experience includes her work from September 2019 to May 2022 for Fandom, Inc., one of the world's largest entertainment fan community platforms, where she led corporate development and was responsible for driving acquisitive growth opportunities. Ms. Du also held various executive positions at NBC Universal from 2012 to 2017 and 2007 to 2011, where she worked on transformative M&A deals, corporate digital strategy and new market entry initiatives, including across digital native, streaming, commerce, data, gaming and audio. She has also held a studio distribution planning position at Disney and a business development role at Showtime. Ms. Du earned bachelor degrees in Business Administration and Economics from the University of California, Berkeley, and a Master's in Business Administration from Columbia University.

We believe Ms. Du's extensive corporate finance, corporate development and strategy, media and entertainment expertise qualifies her to serve as a director of the Company.

Ed Lu was appointed to serve as a Class I non-employee director in December 2025. Mr. Lu brings over 25 years of financial, strategic and operational leadership experience to the Company, including over 14 years of service as Chief Financial Officer of companies backed by venture capital and private equity. Mr. Lu's expertise includes finance, accounting, risk management, corporate development, capital markets, human resources and organizational design. Mr. Lu has served as the Chief Financial Officer and Chief Operating Officer of Fandom, Inc., with oversight over all financial, planning, accounting, controllership and corporate development functions since joining the company in October 2018, and in 2025 added oversight of operations to his executive responsibilities. Mr. Lu also has direct boardroom and governance experience, including serving as a director of Outpost Games and as a board advisor and strategic advisor across multiple early to mid-stage companies such as Duopeak Inc. Mr. Lu earned a B.A. in Economics with Honors and Distinction and a minor in Business Administration from the University of California, Berkeley. Mr. Lu

also earned a M.S. in Management Science & Engineering with a concentration in Entrepreneurial Finance and Strategy from Stanford University. Finally, Mr. Lu obtained an executive education in board governance at Stanford Directors' College in 2021.

We believe Mr. Lu's financial and corporate governance experience and his operational expertise in digital media, gaming, entertainment platforms and technology-enabled services qualifies him to serve as a director of the Company.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who beneficially own more than 10% of the Company's common stock (collectively, "Reporting Persons") to file with the SEC reports regarding their ownership and changes in our ownership of our securities. We believe that, during 2025, our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements, except for a late Form 3 filing on February 26, 2025 by Jeremy Krol to report initial holding of 0 shares of the Company's common stock and a late Form 4 filing by Chris Olive on October 31, 2025 to report sales of the Company's common stock for taxes, which occurred on August 4, 2025.

CORPORATE GOVERNANCE

Board Composition

Our business affairs are managed under the direction of the Board. The Board currently consists of four members, three of whom qualify as independent within the meaning of the independent director guidelines of the Nasdaq Stock Market ("Nasdaq"). Mr. Krol, who also serves as Interim Chief Executive Officer of the Company, is not considered independent.

The Board is divided into three staggered classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the same class whose term is then expiring, as follows:

- the Class I directors are currently Jeremy Krol and Ed Lu, and their terms will expire at the 2028 Annual Meeting of Stockholders;
- the Class II director is currently Elliot Han, and his term will expire at the 2026 Annual Meeting of Stockholders; and
- the Class III director is currently Quyen Du, and her term will expire at the 2027 Annual Meeting of Stockholders.

Our Certificate of Incorporation and Amended and Restated Bylaws provide that the number of directors shall consist of one or more members and may be increased or decreased from time to time by a resolution of the Board. Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors. This classification of the Board may have the effect of delaying or preventing changes in control of our Company.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Our Board has adopted Corporate Governance Guidelines that address items such as the qualifications and responsibilities of our directors and director candidates and corporate governance policies and standards applicable to us in general. In addition, our Board has adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our Corporate Governance Guidelines and Code of Business Conduct and Ethics is posted on the Governance portion of the investor relations page of our website at <https://investors.phunware.com>. We will post amendments to our Code of Business Conduct and Ethics or waivers of our Code of Business Conduct and Ethics for directors and executive officers that are required to be disclosed by the rules of the SEC or Nasdaq on the same website.

Audit Committee

We have established a designated standing audit committee. Messrs. Elliot Han and Ed Lu and Ms. Du, each of whom is a non-employee member of the Board, comprised our Audit Committee as of December 31, 2025. Mr. Han is the Chairperson of our Audit Committee. We have determined that each of the members of our Audit Committee satisfies the requirements for independence and financial literacy under the rules of Nasdaq and the SEC. During the fiscal year ended December 31, 2025, the committee met four times. The Audit Committee is responsible for, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing, with management and the independent registered public accounting firm, our interim and year-end financial statements;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing the Company’s policies on and overseeing risk assessment and risk management, including enterprise risk management;
- reviewing the adequacy and effectiveness of our internal control policies and procedures and the Company’s disclosure controls and procedures;
- reviewing related person transactions; and
- approving or, as required, pre-approving, all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

The Board has adopted a written charter for the Audit Committee that satisfies the applicable rules and regulations of the SEC and the listing standards of Nasdaq. Our Audit Committee charter can be found on the "Governance Documents" section of our Investor Relations website at <https://investors.phunware.com/governance-docs>.

Audit Committee Financial Expert

The Board has determined that Mr. Elliot Han and Mr. Ed Lu each qualify as an independent director pursuant to Nasdaq's governance listing standards and meet the qualifications of an "audit committee financial expert," as defined under the applicable rules and regulations of the SEC. In making this determination, our Board has considered prior experience, business acumen and independence.

Insider Trading Policy

We have adopted an Insider Trading Policy and Guidelines with Respect to Certain Transactions in Securities (the "Insider Trading Policy") containing policies and procedures governing the purchase, sale and/or other dispositions of our securities by Insiders (including officers and directors as well as certain other employees identified pursuant to the Insider Trading Policy), or by us. Such policies and procedures are reasonably designed to promote compliance with insider trading laws, rules and regulations, and any listing standards applicable to us.

Item 11. Executive Compensation.

Phunware's named executive officers (each a "NEO") consist of the person or persons who served as our principal executive officer ("PEO") and either (i) the next two most highly compensated executive officers who served as of the year ended December 31, 2025 and (ii) up to two individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer as of December 31, 2025. Those individuals are:

Jeremy Krol, Interim Executive Officer

Stephen Chen, Former Interim Chief Executive Officer

Chris Olive, Chief Legal Officer

Brendhan Botkin, Vice President, Accounting & Financial Reporting

Summary Compensation Table

The following table sets forth information regarding the total compensation paid to our named executive officers for the last two fiscal years ended December 31, 2025 and 2024:

Name and Principal Position	Fiscal Year	Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Stock Awards (\$) ⁽²⁾	All other Compensation (\$) ⁽³⁾	Total (\$)
Jeremy Krol, Interim Chief Executive Officer ⁽⁴⁾	2025	295,561	6,549	-	5,307	307,417
Stephen Chen, Interim Chief Executive Officer ⁽⁵⁾	2025	176,042	-	-	1,910	177,952
	2024	54,167	-	-	682	54,849
Michael Snavelly, Former Chief Executive Officer ⁽⁶⁾	2024	283,814	-	-	273,764	557,578
Chris Olive, Chief Legal Officer ⁽⁷⁾	2025	300,000	-	-	20,292	320,292
	2024	300,000	-	-	15,215	315,215
Brendhan Botkin, Vice President, Accounting & Financial Reporting ⁽⁸⁾	2025	282,200	12,500	-	8,500	303,200
	2024	279,650	-	-	6,851	286,501

⁽¹⁾Reflects actual earnings, which may differ from approved based salaries due to the effective date of salary increases.

⁽²⁾Amounts represent the aggregate grant date fair value of stock options or restricted stock unit awards, computed in accordance with FASB ASC 718-10-25. The actual value realized by the named executive officer with respect to stock awards will depend on whether the award vests and, if it vests, the market value of our stock on the date such stock is sold.

⁽³⁾Amounts shown in this column include contributions Phunware made on behalf of the named executive officer for inclusion in our medical benefits programs, severance and/or commission payments.

⁽⁴⁾Mr. Krol joined the Company as its Chief Operating Officer on January 31, 2025. Mr. Krol was appointed the Company's Chief Executive Officer effective July 14, 2025, upon the termination of Mr. Chen. Mr. Krol was paid a sign-on bonus of 8,943.13 Canadian Dollars (CAD) pursuant to the terms of his employment agreement as Chief Operating Officer. Mr. Krol's compensation figures above have been translated into United States Dollars (USD). Mr. Krol was further appointed to our Board on October 16, 2025. He will not receive additional compensation as a member of our Board.

⁽⁵⁾Mr. Chen was appointed as our Interim Chief Executive Officer on October 25, 2024 and terminated from the Company on July 13, 2025. During 2024, Mr. Chen received additional compensation as a member of our board earned prior to his appointment as Interim Chief Executive Officer, which is excluded above. Subsequent to the date of his appointment as Chief Executive Officer, Mr. Chen did not receive additional compensation as a member of our Board. See *Director Compensation* below.

⁽⁶⁾Mr. Snavelly joined the Company as its Chief Revenue Officer on September 12, 2023. Mr. Snavelly was appointed the Company's Chief Executive Officer effective October 25, 2023. Mr. Snavelly was paid a sign-on bonus of \$5,000 pursuant to the terms of his employment agreement as Chief Revenue Officer and \$10,000 pursuant to the terms of his employment agreement as Chief Executive Officer. Mr. Snavelly resigned from the Company on October 22, 2024 and was paid a severance of approximately \$262,500 upon his departure in accordance with his employment agreement.

⁽⁷⁾Mr. Olive joined the Company as its Chief Legal Officer on April 1, 2022.

⁽⁸⁾Mr. Botkin joined the Company as its Controller on April 10, 2017. He has served as Vice President of Accounting and Financial Reporting since July 1, 2021.

Executive Employment Agreements

We entered into employment agreements with each of the named executive officers noted above, of which only Jeremy Krol, Chris Olive and Brendhan Botkin remain currently employed by the Company. The employment agreements with our NEOs generally provide for at-will employment and set forth each named executive officer's base salary, bonus target, severance eligibility and eligibility for other standard employee benefit plan participation.

Pursuant to the employment agreements, certain current and future significant employees, including the named executive officers identified above, are eligible for severance benefits under certain circumstances. The actual amounts that would be paid or distributed as a result of a termination of employment occurring in the future may be different than those presented below as many factors will affect the amount of any payments and benefits upon a termination of employment. For example, some of the factors that could affect the amounts payable include base salary and annual bonus target percentage. Although the Company has entered into a written agreement to provide severance payments and benefits in connection with a termination of employment under particular circumstances, the Company, or an acquirer, may mutually agree with an executive officer or significant employee to provide payments and benefits on terms that vary from those currently contemplated. In addition to the amounts presented below, each eligible executive officer or significant employee would also be able to exercise any previously-vested stock options that he or she held, in accordance with the terms of those grants and the respective plans pursuant to which they were granted. Finally, the eligible executive officer or significant employee may also receive any benefits accrued under our broad-based benefit plans, in accordance with those plans and policies.

Mr. Chen's Employment Agreement

We entered into an employment agreement, dated as of October 22, 2024, with Stephen Chen, who served as our Interim Chief Executive Officer. Mr. Chen's employment terminated on July 13, 2025.

The employment agreement had an indefinite term, subject to termination by either party. The Company and Mr. Chen may terminate the employment agreement at any time with or without cause, provided that Mr. Chen provided at least thirty (30) days' written notice to the Company if without good reason. The employment agreement included non-competition and non-solicitation covenants applicable during and for the 24-month period following Mr. Chen's employment.

The employment agreement provided for an annual base salary of \$325,000 and a target annual bonus to be between 50% and 200% of the base salary, with the actual award value to be determined by the Company or the Board in its sole discretion based on factors including the strength of Mr. Chen's performance and the performance of the Company. Furthermore, within ninety (90) days following the effective date of the employment agreement, the Company would provide Mr. Chen a grant of options to purchase shares of the Company's common stock, which grant of options will have the number of options, exercise prices, dates and vesting schedules based on specified performance thresholds as determined by the Board and its Compensation Committee. The grant of options would be made under the Company's equity incentive plan.

Mr. Snavelly's Employment Agreement

We entered into an employment agreement, dated as of October 25, 2023, with Michael Snavelly, who served as our Chief Executive Officer until October 22, 2024.

The employment agreement provided for an initial base salary of \$350,000 per year, a sign-on bonus of \$10,000, eligibility in the Company's bonus programs established by the Board or any committee of the board and eligibility to participate in our employee benefit programs. Under the terms of his employment agreement, the Company provided Mr. Snavelly an initial grant of 30,000 restricted stock units with various vesting dates and a separate grant of \$750,000 restricted stock units on or before January 31, 2024 with vesting to commence on March 31, 2024.

Effective October 22, 2024, the Company entered into a Confidential Separation and General Release Agreement with Michael Snavelly, the Company's former Chief Executive Officer and director. The Separation Agreement provides that Mr. Snavelly's employment with the Company terminated effective October 22, 2024. The Separation Agreement provided for a general release of claims by Mr. Snavelly. Pursuant to the Separation Agreement, Mr. Snavelly received an amount equal to \$262,500 which represented

nine (9) months of earnings and continued coverage under the Company's group health plan, including reimbursement for premiums for such coverage, through July 31, 2025.

Mr. Olive's Employment Agreement

We entered into an employment agreement, as amended and restated in September 2022, with Chris Olive, who serves as our Chief Legal Officer. The agreement has an initial term of four years from his April 2022 hire date and automatically renews for additional one year terms, unless either party provides ninety (90) day notice. If a change in control, as defined in the agreements, occurs when there are fewer than twelve (12) months remaining during the initial term or an additional term, the term of the employment agreement will extend automatically through the date that is twelve (12) months following the effective date of the change in control.

The employment agreement provides for an initial base salary of \$300,000 per year, eligibility in the Company's bonus programs established by the Board or any committee of the Board, and eligibility to participate in our employee benefit programs. Under the terms of his employment agreement, the Company provided Mr. Olive a one-time grant of 10,000 restricted stock units (adjusted for reverse stock split) on September 16, 2022. The restricted stock units granted to Mr. Olive are subject to a separate award agreement, which outlines the specifics of such grant, including but not limited to, the vesting schedule, forfeiture for cause provisions, the Company's buyback rights and other restrictions and terms.

Mr. Olive is eligible to receive the following payments and benefits in connection with a termination not in connection with a Change in Control, as defined in the agreements:

- continuing payments of severance pay at a rate equal to their base salary rate, as then in effect, for six (6) months from the date of termination;
- coverage under our group health insurance plans or payment of the full amount of health insurance premiums as provided under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") for up to six (6) months after termination; and
- the immediate vesting of all equity awards granted on or after the effective date of the employment agreement.

In the case of a Change in Control, if Mr. Olive is terminated without cause, either during the three months before or in the year after a Change in Control, then he will be entitled to receive the following payments and benefits:

- a lump sum severance payment equal to: (i) the amount of base salary in effect on the date of termination that he would have otherwise received had he remained employed by the Company through the twelve (12) month anniversary of the Change in Control, and (ii) an amount equal to the average annualized bonus earned by him for the two (2) calendar years prior to the calendar year during which the Change in Control occurs, but in no event will the amount be less than his annual target bonus for the year during which the termination occurs, or if greater, his annual target bonus for the year during which the closing of the Change in Control occurs;
- the immediate vesting of all equity awards granted on or after the effective date of the employment agreement; and
- coverage under our group health insurance plans or payment of the full amount of health insurance premiums as provided under COBRA for up to twelve (12) months after termination.

Mr. Botkin's Employment Agreement

We entered into an employment agreement, effective as of May 1, 2020 with Brendhan Botkin who serves as our Vice President of Accounting and Financial Reporting. The agreement has an initial term of one year from May 1, 2020 and automatically renews for additional one year terms, unless either party provides ninety (90) day notice. If a change in control, as defined in the agreements, occurs when there are fewer than twelve (12) months remaining during the initial term or an additional term, the term of

the employment agreement will extend automatically through the date that is twelve (12) months following the effective date of the change in control.

The employment agreement provides for an initial base salary, eligibility in the Company's bonus programs established by the Board or any committee of the Board, and eligibility to participate in our employee benefit programs. Further, the employment agreement provides that Mr. Botkin is eligible to receive awards of stock options, restricted stock units or other equity awards pursuant to any plans or arrangements the Company may have in effect from time to time. The Board (or any committee of the Board) will determine in its discretion whether Employee will be granted any such equity awards and the terms of any such award in accordance with the terms of any applicable plan or arrangement that may be in effect from time to time.

Mr. Botkin is eligible to receive the following payments and benefits in connection with a termination not in connection with a Change in Control, as defined in the agreements:

- continuing payments of severance pay at a rate equal to their base salary rate, as then in effect, for two (2) months from the date of termination;
- coverage under our group health insurance plans or payment of the full amount of health insurance premiums as provided under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") for up to two (2) months after termination; and

In the case of a Change in Control, if Mr. Botkin is terminated without cause, either during the three months before or in the year after a Change in Control, then he will be entitled to receive the following payments and benefits:

- a lump sum severance payment equal to: (i) the amount of base salary in effect on the date of termination that he would have otherwise received had he remained employed by the Company through the six (6) month anniversary of the Change in Control, and (ii) an amount equal to the average annualized bonus earned by him for the two (2) calendar years prior to the calendar year during which the Change in Control occurs, but in no event will the amount be less than his annual target bonus for the year during which the termination occurs, or if greater, his annual target bonus for the year during which the closing of the Change in Control occurs;
- the immediate vesting of all equity awards granted on or after the effective date of the employment agreement; and
- coverage under our group health insurance plans or payment of the full amount of health insurance premiums as provided under COBRA for up to six (6) months after termination.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding stock options and other equity awards held by each of our named executive officers as of December 31, 2025, after giving effect to the reverse stock split of the Company's common stock at a ratio of one-for-fifty that occurred in 2024:

Name	Grant Date	Options Awards				Restricted Stock Unit Awards	
		Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration Date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
		Exercisable	Unexercisable				
Chris Olive ⁽¹⁾	9/16/2022	-	-	-	-	810 ⁽¹⁾	1,499
	8/31/2023	-	-	-	-	2,086 ⁽¹⁾	3,859
Brendhan Botkin ⁽²⁾	5/25/2023	-	-	-	-	1,333 ⁽²⁾	2,466
	8/31/2023	-	-	-	-	1,666 ⁽²⁾	3,082

⁽¹⁾Mr. Olive was granted 10,000 restricted stock units on September 16, 2022. The restricted stock units vest at various rates with 2,708 restricted stock units vesting on May 8, 2023, 811 restricted stock units vesting on each of August 8, 2023 and November 8, 2023 and 810 restricted stock units vesting on each of May 8, 2024, August 8, 2024, November 8, 2024, May 8, 2025, August 8, 2025, November 8, 2025 and March 31, 2026, subject to his continued employment with the Company on each such vesting date. Mr. Olive was also granted 6,260 restricted stock units on August 31, 2023. The restricted stock units vest annually commencing on August 1, 2024, with a final vesting date of August 3, 2026, subject to his continued employment on each such vesting date.

⁽²⁾Mr. Botkin was granted 4,000 restricted stock units on May 25, 2023. The restricted stock units vest annually commencing on June 1, 2024, with a final vesting date of June 1, 2026, subject to his continued employment with the Company on each such vesting date. Mr. Botkin was also granted 5,000 restricted stock units on August 31, 2023. The restricted stock units vest annually commencing on August 1, 2024, with a final vesting date of August 3, 2026, subject to his continued employment with the Company on each such vesting date.

Director Compensation

Effective June 13, 2024, the Board adopted an Outside Director Compensation Policy under which the non-employee members of the Board of Directors ("Outside Directors") are compensated.

The Outside Director Compensation Policy provides:

Annual Cash Retainer

Each Outside Director will be paid an annual cash retainer of \$75,000. There are no per-meeting attendance fees for attending Board meetings.

Chairman / Committee Membership Annual Cash Retainer:

Each Outside Director who serves as chairman of the Board or chairman or member of a committee of the Board will be paid additional annual fees as follows:

Position	Amount
Chairman of the Board	\$45,000
Chairman of Audit Committee	\$25,000
Member of Audit Committee (other than the Chairman of the Audit Committee)	\$12,500
Chairman of Compensation Committee	\$20,000
Member of Compensation Committee (other than the Chairman of the Compensation Committee)	\$10,000
Chairman of Nominating and Governance Committee	\$15,000
Member of Nominating and Governance Committee (other than the Chairman of the Nominating and Governance Committee)	\$ 7,500

Each annual cash retainer and additional annual fees is paid quarterly in advance on the first business day of each quarter.

Equity Compensation

Outside Directors are entitled to receive all types of Awards under the Company’s Equity Incentive Plan (the “Plan”) (or the applicable equity plan in place at the time of grant), including discretionary Awards. All grants of Awards to Outside Directors (each, a “Policy Grant”).

Initial Award. Upon first becoming an Outside Director, an individual will be eligible to receive an award consisting of restricted stock units covering a number of Shares having a grant date aggregate fair market value of \$150,000 (the “Initial Award”). The Initial Award will be granted, vested, and settled on the first trading day within the Company’s second open permissible trading window available following the date on which such individual is first eligible to receive the Initial Award.

Annual Award. On the first trading day within the Company’s second open permissible trading window following the Company’s annual stockholder meeting held during any calendar year, each Outside Director will be automatically granted, vested, and settled an award consisting of restricted stock units covering a number of Shares having a grant date aggregate fair market value of \$150,000 as consideration for such Outside Director’s service on the Board for the calendar year in which such grant is made (each, an “Annual Award”); provided, however, that an Outside Director who has received an Initial Award during a particular calendar year is not entitled to an Annual Award for such calendar year.

Performance-Based Compensation. Additional compensation may be awarded to all of the Outside Directors which may be tied to the achievement of specific performance-based criteria as previously established by the Compensation Committee and approved by two-thirds (2/3) of the Directors then serving on the Board. The Compensation Committee shall calculate annually any such additional performance-based compensation in accordance with the performance-based criteria previously approved by the Board in accordance with this Section.

We also reimburse our directors for reasonable travel expenses associated with attending board and committee meetings.

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The Outside Director Compensation Policy also provides that the Company is to maintain directors and officers insurance satisfactory to the Board and an annual budget to be set by the Compensation Committee for continuing education and training of Outside Directors.

The following table sets forth certain information with respect to the compensation paid to our directors, excluding reasonable travel expenses, for the year ended December 31, 2025.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Total (\$)
Quyen Du	93,750	-	93,750
Elliot Han	115,000	-	115,000
Ed Lu	2,877	-	2,877
Rahul Mewawalla	167,308	-	167,308

⁽¹⁾This column reflects the aggregate grant date fair value of restricted stock units granted during 2025 computed in accordance with the provisions of ASC 718, *Compensation-Stock Compensation*. The assumptions that we used to calculate these amounts are discussed in the notes to Phunware's audited consolidated financial statements for the year ended December 31, 2025. These amounts do not reflect the actual economic value that will be realized by the director upon the vesting of the restricted stock units or the sale of the common stock underlying such restricted stock units.

Outstanding Equity Awards as Fiscal Year-End

There were no equity awards outstanding to our non-employee directors as of December 31, 2025.

Equity Award Timing Policies.

We do not have a formal policy or obligation that requires us to award equity or equity-based compensation on specific dates. Our Compensation Committee and Board have adopted a policy with respect to the grant of stock options and other equity incentive awards that generally prohibits the grant of stock options or other equity awards to executive officers during closed quarterly trading windows (as determined in accordance with our insider trading policy). Our Insider Trading Policy also prohibits directors, officers and employees from trading in our common stock while in possession of or on the basis of material non-public information about us. Neither our Board nor our Compensation Committee takes material non-public information into account when determining the timing of equity awards, nor do we time the disclosure of material non-public information for the purpose of impacting the value of executive compensation. We generally issue equity awards to our executive officers on a limited and infrequent basis, and not in accordance with any fixed schedule.

During the last fiscal year, there were no option awards to any named executive officers within four business days preceding the filing of any report of Forms 10-K, 10-Q, or 8-K that discloses material nonpublic information.

Registrant's Action to Recover Erroneously Awarded Compensation

We had no accounting restatements requiring the recovery of erroneously awarded compensation as of December 31, 2025.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth our equity compensation plan information as of December 31, 2025 after giving effect to the reverse stock split of the Company's common stock at a ratio of one-for-fifty that occurred in 2024:

	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (b)	Number of securities remaining available for issuance under equity compensation plans (c)
Equity compensation plans approved by security holders ⁽¹⁾	1,883 ⁽²⁾	\$ 98.39 ⁽³⁾	1,215,500
Equity compensation plans not approved by security holders ⁽⁴⁾	- ⁽⁵⁾	\$ - ⁽³⁾	17,412

⁽¹⁾The following plans have been approved by the Company's stockholders: 2009 Equity Incentive Plan (the "2009 Plan"), 2018 Equity Incentive Plan (the "2018 Plan") and 2018 Employee Stock Purchase Plan (the "2018 ESPP").

⁽²⁾The 2009 Plan terminated on December 26, 2018. The shares reserved for issuance under the 2009 Plan that expire or otherwise terminate without having been exercised in full and shares of common stock issued pursuant to awards granted under the 2009 Plan that are forfeited to or repurchased by us may be added to the 2018 Plan. The 2009 Plan will continue to govern outstanding awards granted thereunder. As of December 31, 2025, the maximum number of shares of common stock that may be added to the 2018 Plan pursuant to the foregoing is equal to 883, which is not included in the column (c) above. In addition, the foregoing excludes unvested restricted stock unit awards granted. As of December 31, 2025, 17,732 restricted stock unit awards were outstanding in the 2018 Plan.

⁽³⁾As there is no exercise price associated with the restricted share awards, such shares are not included in the weighted-average price calculation.

⁽⁴⁾The following plans were adopted by the Company's Board without requiring stockholder approval pursuant to Nasdaq Listing Rule 5635(c)(4): 2022 Inducement Plan, 2023 Inducement Plan and 2023B Inducement Plan

⁽⁵⁾Excludes unvested restricted stock unit awards granted. As of December 31, 2025, no restricted stock unit awards were outstanding in equity compensation plans not approved by security holders.

The number of shares of Common Stock reserved and available for issuance under the 2018 Plan is subject to an automatic annual increase on each January 1st, by an amount equal to five percent (5%) of the number of shares of Common Stock issued and outstanding on the immediately preceding December 31st or such lesser number of shares of Common Stock as approved by the Administrator (as defined in the 2018 Plan). The number of shares of Common Stock reserved and available for issuance under the 2018 ESPP is subject to an automatic annual increase on each January 1st, by the lesser of (i) 16,377 shares of Common Stock, (ii) one and one-half percent (1.5%) of the number of shares of Common Stock issued and outstanding on the immediately preceding December 31st, or (iii) such lesser number of shares of Common Stock as determined by the Administrator (as defined in the 2018 ESPP).

For additional information on the Company's equity compensation plans, refer to Note 10 "Stock-Based Compensation" of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Beneficial Ownership of Principal Shareholders and Management

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 20, 2026, for:

- each stockholder known to us to be beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our directors and director nominees;
- each of our named executive officers; and
- all of our current directors, director nominees and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially own, subject to community property laws where applicable.

Effective February 26, 2024, we implemented a reverse stock split of outstanding shares of our common stock at a ratio of one for fifty. Applicable percentage ownership is based on 20,190,878 shares of our common stock outstanding as of March 20, 2026. In computing the number of shares of our common stock beneficially owned by a person and the percentage ownership of that person, we included outstanding shares of our common stock subject to options or restricted stock units held by that person that are currently exercisable or releasable or that will become exercisable or releasable within 60 days of March 20, 2026. We did not include these shares as outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed on the table below is c/o Phunware, Inc., 1002 West Avenue, Austin, Texas 78701.

Name of Beneficial Owner ⁽¹⁾	Shares	Percentage
Named Executive Officers, Executive Officers and Directors:		
Jeremy Krol	-	-%
Brendhan Botkin	9,854	0.0%
Chris Olive	11,718	0.1%
Quyen Du	-	-%
Elliot Han	25,019	0.1%
Ed Lu	-	-%
All executive officers and directors as a group (6 persons)	46,591	0.2%
Goldenwise Capital Group Ltd. 8 The Green, Ste. R, Dover DE 19901	1,100,905	5.5%

⁽¹⁾Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all ordinary shares beneficially owned by them.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Policy for Related Person Transactions

We have adopted a formal written policy providing that our executive officers, directors, nominees for election as directors, beneficial owners of more than 5% of any class of our capital stock, any member of the immediate family of any of the foregoing persons and any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest, are not permitted to enter into a related party transaction with us without the approval of our nominating and corporate governance committee, subject to the exceptions described below.

A related person transaction is a transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and any related person are, were or will be participants in which the amount involves exceeds \$120,000. Transactions involving compensation for services provided to the Company as an employee or director are not covered by this policy.

The Board has determined that certain transactions will not require the approval of the nominating and corporate governance committee, including certain employment arrangements of executive officers, director compensation, transactions with another company at which a related party's only relationship is as a director, non-executive employee or beneficial owner of less than 10% of that company's outstanding capital stock, transactions where a related party's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis and transactions available to all employees generally.

Related Person Transactions

The following is a summary of our related party transactions since January 1, 2025.

Executive Chair Agreement and Subsequent Rescission Thereto with Rahul Mewawalla. On July 13, 2025, the Company and Rahul Mewawalla, a Class I Director and the Company's then Chairperson of the Board, executed an Executive Chairman and Chief AI Architect Agreement (the "EC Agreement"). Among other provisions, the EC Agreement provided for (i) cash compensation in the amount of \$50,000 per month, payable per the Company's regular payroll cycle for a term of six months, (ii) continued cash and equity compensation that is due and payable in accordance with the Company's compensation policy for its board members and (iii) nomination of Mr. Mewawalla as a member of the Board at the Company's 2026 annual meeting of stockholders.

On August 4, 2025, the Board formed a special committee consisting of its other two disinterested independent directors to consider the circumstances under which the EC Agreement was entered into. The special committee concluded that Mr. Mewawalla made intentional, material misrepresentations to induce the Company to enter into the EC Agreement and that there was a proper basis to rescind the EC Agreement. The Company then rescinded the EC Agreement and notified Mr. Mewawalla in writing of such rescission on August 7, 2025.

Director Independence

Our common stock is listed on Nasdaq. Under the rules of Nasdaq, independent directors must comprise a majority of a listed company's board of directors. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Compensation committee members must also satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act.

In order to be considered independent for purposes of Rule 10A-3 and Rule 10C-1, a member of an audit committee or compensation committee of a listed company may not, other than in his or her capacity as a member of the committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

We have undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, we determined that Ms. Quyen Du, Mr. Elliot Han and Mr. Ed Lu, representing three of our four directors, are considered “independent directors” as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of Nasdaq.

Board Leadership Structure / Lead Independent Director

We believe that the structure of our Board and Board committees provides strong overall management. The Chair of our Board and our Chief Executive Officer roles are separate. Mr. Krol currently serves as our Interim Chief Executive Officer and Elliot Han serves as Chair of our Board. This structure enables each person to focus on different aspects of company leadership. Our Chief Executive Officer is responsible for setting the strategic direction of our company, the general management and operation of the business and the guidance and oversight of senior management. The Chair of our Board monitors the content, quality and timeliness of information sent to our Board and is available for consultation with our Board regarding the oversight of its business affairs. Our independent directors bring experience, oversight and expertise from outside of Phunware, while Mr. Krol brings company-specific experience and expertise.

Limitation on Liability and Indemnification Matters

As permitted under Delaware law, our certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers and may indemnify our employees and other agents, to the fullest extent permitted by Delaware law. Delaware law prohibits our certificate of incorporation from limiting the liability of our directors for any of the following:

- any breach of a director’s duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which a director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our certificate of incorporation will not eliminate a director’s duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also will not affect a director’s responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our amended and restated bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required in our certificate of incorporation and amended and restated bylaws, we have entered into an indemnification agreement with each member of our board of directors. These agreements provide for the indemnification of our directors, officers and some employees for certain expenses and liabilities incurred in connection with any action, suit, proceeding or alternative dispute resolution mechanism, or hearing, inquiry or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of our company, or any of our subsidiaries, by reason of any action or inaction by them while serving as a director, officer, employee, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent or fiduciary of another entity. In the case of an action or proceeding by or in the right of our company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that these charter and bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. Moreover, a stockholder’s investment may be harmed to the extent we pay the costs of settlement and damage awards

against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Item 14. Principal Accounting Fees and Services.

Principal Accountant Fees and Services

The following table sets forth aggregate fees billed to the Company for professional services by our independent registered public accounting firm, CBIZ CPAs P.C. and Marcum LLP for the fiscal years ended December 31, 2025 and 2024, respectively:

	2025	2024
Audit Fees ⁽¹⁾	\$ 248,027	\$ 384,655
Audit-related Fees ⁽²⁾	27,138	178,190
Tax Fees ⁽³⁾	-	-
All Other Fees ⁽⁴⁾	-	-
Total Fees	\$ 275,165	\$ 562,845

(1)“Audit Fees” consist of fees for professional services rendered in connection with the audit of our annual consolidated financial statements, including audited financial statements presented in our annual report on Form 10-K, review of our quarterly financial statements presented in our quarterly report on Form 10-Q and services that are normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years, including audit services in connection with filing registration statements, and amendments thereto.

(2)“Audit-related Fees” consist of fees related to audit and assurance procedures not otherwise included in Audit Fees, including fees related to the application of GAAP to proposed transactions and new accounting pronouncements.

(3)“Tax Fees” consist of tax return preparation, international and domestic tax studies, consulting and planning.

(4)“All Other Fees” consist of the cost of a subscription to an accounting research tool.

Audit Committee Pre-Approval

Our Audit Committee pre-approves all auditing services and permitted non-audit services to be performed for us by our independent auditor, including the fees and terms thereof. All of the services described above were approved by our Audit Committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report:

(1) Consolidated Financial Statements

Our Consolidated Financial Statements are listed in the "Index to the Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

(2) Financial Statements Schedule

All financial statement schedules are omitted because they are not applicable or the amounts are immaterial and not required, or the required information is presented in the Consolidated Financial Statements or notes thereto included in Part II, Item 8 "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

(3) Exhibits

We hereby file as part of this Report the exhibits listed in the attached Exhibit Index. Exhibits which are incorporated herein by reference can be inspected and copied at the public reference facilities maintained by the SEC, 100 F Street, N.E., Room 1580, Washington D.C. 20549. Copies of such material can also be obtained from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates or on the SEC website at www.sec.gov.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K (File No. 001-37862), filed with the SEC on January 2, 2019). Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K (File No. 001-37862), filed with the SEC on January 2, 2019).
3.2	Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K (File No. 001-37862), filed with the SEC on November 4, 2022).
3.3	Certificate of Designation (Incorporated by reference to Exhibit 3.3 of the Registrant's Form 8-K (File No. 001-37862) filed with the SEC on January 2, 2019).
3.4	Certificate of Amendment to the Certificate of Incorporation filed February 23, 2024 (Incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K (File No. 00-37862) filed with the SEC on February 28, 2024.)
4.1	Specimen common stock certificate of the Registrant (Incorporated by reference to Exhibit 4.3 of Stellar's Form S-4/A (File No. 333-224227), filed with the SEC on November 6, 2018).
4.2	Description of Securities (Incorporated by reference to Exhibit 4.15 of the Registrant's Form 10-K (File No. 001-37862), filed with the SEC on March 31, 2021).
10.1+	Confidential Employment Agreement by and between Phunware, Inc. and Jeremy Krol dated January 31, 2025 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K (File No. 001-37862), filed with the SEC on February 6, 2025).
10.2+	Executive Chairman and Chief AI Architect Agreement by and between Phunware, Inc. and Rahul Mewawalla effective July 14, 2025 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K (File No. 001-37862), filed with SEC on July 17, 2025).
10.3+	Confidential Executive Employment Agreement by and between Phunware, Inc. and Jeremy Krol dated July 14, 2025 (Incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K (File No. 001-37862), filed with SEC on July 17, 2025).
10.4+	Separation Agreement and Release by and between Phunware, Inc. and Jeremy Kidd dated December 5, 2025 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K (File No. 001-274862), filed with the SEC on December 5, 2025).
10.5+	Amendment No. 1 to Confidential Executive Employment Agreement by and between Phunware, Inc. and Jeremy Krol dated January 14, 2026 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K/A (File No. 001-37862), filed with the SEC on January 21, 2026).
14.1	Code of Business Conduct and Ethics as of December 26, 2018 (Incorporated by reference to Exhibit 14.1 of the Registrant's Form 10-K (File No. 001-37862), filed with the SEC on March 20, 2019).

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16.1	Letter from Marcum LLP addressed to the Securities and Exchange Commission dated July 28, 2025 (Incorporated by reference to Exhibit 16.1 of the Registrant's Form 8-K (File No. 001-37862), filed with the SEC on July 29, 2025).
19.1	Insider Trading Policy (Incorporated by reference to Exhibit 19.1 of the Registrant's Form 10-K (File No. 001-37862), filed with the SEC on March 31, 2025).
21.1*	List of Subsidiaries of the Registrant.
23.1*	Consent of CBIZ CPAs P.C.
23.2*	Consent of Marcum LLP.
24.1*	Power of Attorney (contained in signature page to this Annual Report on Form 10-K).
31.1*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Executive Incentive Compensation Recoupment Policy (Incorporated by reference to Exhibit 97.1 of the Registrant's Form 10-K (File No. 001-37862), filed with the SEC on March 15, 2024).
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded with the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

* Filed herewith

** Furnished herewith

+ Indicates a management contract or compensatory plan or arrangement

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PHUNWARE, INC.

Date: March 26, 2026

By: /s/ Jeremy Krol
 Title: Interim Chief Executive Officer
 (Principal Executive Officer)

Date: March 26, 2026

By: /s/ J. Brendhan Botkin
 Title: Vice President of Accounting and Financial Reporting
 (Principal Accounting and Financial Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Jeremy Krol and J. Brendhan Botkin, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to act on, sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy, and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeremy Krol Jeremy Krol	Interim Chief Executive Officer and Director (Principal Executive Officer)	March 26, 2026
/s/ J. Brendhan Botkin J. Brendhan Botkin	Vice President of Accounting and Financial Reporting (Principal Accounting and Financial Officer)	March 26, 2026
/s/ Quyen Du Quyen Du	Director	March 26, 2026
/s/ Elliot Han Elliot Han	Director	March 26, 2026
/s/ Ed Lu Ed Lu	Director	March 26, 2026

List of Subsidiaries of the Registrant

Subsidiaries:

Phunware OpCo, Inc. (EIN: 26-4413774)

GoTV Networks, Inc. (Delaware corporation)

Taurus Merger Company, LLC (Delaware corporation)

GoTV Studios, LLC (California LLC)

Phunware NL Cooperatief U.A.

SendDroid, LLC (Delaware LLC)

Simplikate Systems LLC (Delaware LLC)

30 Second Software, Inc. (Delaware corporation)

Chengdu Digby Technology Co., Ltd. (Chinese company)

Rain Acquisition Sub, Inc.

Dutch Holdings CV (Netherlands)

Phunware Europe BV

PhunToken International (Cayman Islands)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-231104, 333-236145, 333-251903, 333-262168, 333-269155, 333-276651, 333-287288 and 333-292757) of our report dated March 26, 2026 with respect to the consolidated financial statements of Phunware, Inc. included in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ CBIZ CPAs P.C.

Houston, TX
March 26, 2026

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-231104, 333-236145, 333-251903, 333-262168, 333-269155, 333-276651, 333-287288 and 333-292757) of our report dated March 31, 2025 with respect to the consolidated financial statements of Phunware, Inc. as of and for the year ended December 31, 2024 included in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ Marcum LLP

Houston, TX
March 26, 2026

CERTIFICATION

I, Jeremy Krol, certify that:

1. I have reviewed this Annual Report on Form 10-K of Phunware Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2026

By: /s/ Jeremy Krol
Jeremy Krol
Interim Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, J. Brendhan Botkin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Phunware Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 26, 2026

By: /s/ J. Brendhan Botkin

J. Brendhan Botkin
Vice President of Accounting and Financial Reporting
(Principal Accounting and Financial Officer)
