
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

or

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:
Common Stock, par value \$0.0001 per share

Trading Symbol(s)
PHUN

Name of each exchange on which registered:
The NASDAQ Capital Market

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 6, 2026, 20,447,419 shares of common stock, par value \$0.0001 per share, were outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report (the “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 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 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 Report. In addition, even if our results of operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2026 <i>(Unaudited)</i>	December 31, 2025
Assets:		
Current assets:		
Cash and cash equivalents	\$ 97,860	\$ 100,587
Accounts receivable, net of allowance for credit losses of \$113 as of March 31, 2026 and December 31, 2025	474	300
Digital currencies	73	96
Prepaid expenses and other current assets	675	19,164
Total current assets	99,082	120,147
Non-current assets:		
Property and equipment, net	9	11
Right-of-use asset, net	477	552
Other assets	158	158
Total non-current assets	644	721
Total assets	<u>\$ 99,726</u>	<u>\$ 120,868</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,632	\$ 1,070
Accrued expenses	148	19,905
Deferred revenue	1,515	1,386
Lease liability	350	342
PhunCoin subscription payable	1,202	1,202
Total current liabilities	5,847	23,905
Deferred revenue	457	369
Lease liability	187	277
Total noncurrent liabilities	644	646
Total liabilities	6,491	24,551
Commitments and contingencies (See Note 6)	-	-
Stockholders' equity		
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized; 20,203,596 shares issued and 20,193,466 shares outstanding as of March 31, 2026 and 20,198,290 shares issued and 20,188,160 shares outstanding as of December 31, 2025	2	2
Treasury stock	(502)	(502)
Additional paid-in capital	421,650	421,538
Accumulated deficit	(327,915)	(324,721)
Total stockholders' equity	93,235	96,317
Total liabilities and stockholders' equity	<u>\$ 99,726</u>	<u>\$ 120,868</u>

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

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

	Three Months Ended	
	2026	March 31,
		2025
Net revenue	\$ 542	\$ 688
Cost of revenue	158	329
Gross profit	384	359
Operating expenses:		
Sales and marketing	825	896
General and administrative	2,703	3,464
Research and development	878	813
Total operating expenses	4,406	5,173
Operating loss	(4,022)	(4,814)
Other income (expense):		
Interest expense	(9)	(9)
Interest income	857	1,119
Other expense, net	(20)	(19)
Total other income, net	828	1,091
Loss before taxes	(3,194)	(3,723)
Income tax benefit (expense)	—	—
Net loss	<u>\$ (3,194)</u>	<u>\$ (3,723)</u>
Net loss per share, basic and diluted	<u>\$ (0.16)</u>	<u>\$ (0.18)</u>
Weighted-average shares used to compute net loss per share, basic and diluted	20,188,210	20,169,640

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

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

	Common Stock		Treasury stock		Additional Paid-in Capital	Accumulat ed Deficit	Total Stockholde rs' Equity
	Shares	Amount	Shares	Amount			
Balances as of December 31, 2025	20,198,290	\$ 2	(10,130)	\$ (502)	\$ 421,538	\$ (324,721)	\$ 96,317
Release of restricted stock	5,306	-	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	112	-	112
Net loss	-	-	-	-	-	(3,194)	(3,194)
Balances as of March 31, 2026	<u>20,203,596</u>	<u>\$ 2</u>	<u>(10,130)</u>	<u>\$ (502)</u>	<u>\$ 421,650</u>	<u>\$ (327,915)</u>	<u>\$ 93,235</u>

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

	Common Stock		Treasury stock		Additional Paid-in Capital	Accumulat ed Deficit	Total Stockholde rs' Equity
	Shares	Amount	Shares	Amount			
Balances as of December 31, 2024	20,166,665	\$ 2	(10,130)	\$ (502)	\$ 421,003	\$ (313,320)	\$ 107,183
Sales of common stock, net of issuance costs	14,210	-	-	-	80	-	80
Stock-based compensation expense	-	-	-	-	86	-	86
Net loss	-	-	-	-	-	(3,723)	(3,723)
Balances as of March 31, 2025	<u>20,180,875</u>	<u>\$ 2</u>	<u>(10,130)</u>	<u>\$ (502)</u>	<u>\$ 421,169</u>	<u>\$ (317,043)</u>	<u>\$ 103,626</u>

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

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

	Three Months Ended March 31,	
	2026	2025
Operating activities		
Net loss	\$ (3,194)	\$ (3,723)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	112	86
Other adjustments	109	132
Changes in operating assets and liabilities:		
Accounts receivable	(174)	(444)
Prepaid expenses and other assets	(11)	(182)
Accounts payable and accrued expenses	305	663
Lease liability payments	(91)	(89)
Deferred revenue	217	222
Net cash used in operating activities	(2,727)	(3,335)
Investing activities		
Net cash for investing activities	-	-
Financing activities		
Proceeds from sales of common stock, net of issuance costs	-	80
Net cash provided by financing activities	-	80
Net change in cash and cash equivalents	(2,727)	(3,255)
Cash and cash equivalents at the beginning of the period	100,587	112,974
Cash and cash equivalents at the end of the period	<u>\$ 97,860</u>	<u>\$ 109,719</u>

Supplemental disclosure of cash flow information

Interest paid	\$ 9	\$ 9
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Phunware, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
(Unaudited)

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

The balance sheet as of December 31, 2025 was derived from our audited consolidated financial statements, but these interim condensed consolidated financial statements do not include all the annual disclosures required by U.S. GAAP. These interim condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto for the year ended December 31, 2025, which are referenced herein. The accompanying interim condensed consolidated financial statements as of March 31, 2026 and for the three months ended March 31, 2026 and 2025, are unaudited. The unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the audited financial statements, pursuant to the rules and regulations of the SEC for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP and the SEC have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary to fairly state our financial position as of March 31, 2026 and the results of operations for the three months ended March 31, 2026 and 2025, and cash flows for the three months ended March 31, 2026 and 2025. The results for the three months ended March 31, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or for any future interim period.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

2. Summary of Significant Accounting Policies

There have been no changes in significant accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2025, except as set forth below.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 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 as 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.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make certain estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates and such differences could be material.

3. Supplemental Information

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 Federal Deposit Insurance Corporation ("FDIC") insured limits. 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. As of March 31, 2026, the Company exceeded FDIC insurance limits in its insured bank accounts by approximately \$2.7 million and held approximately \$94.9 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 condensed consolidated statements of operations. As of December 31, 2025, we exceeded FDIC insurance limits by approximately \$0.3 million in our insured bank accounts and held approximately \$100.0 million non-FDIC insured cash equivalent accounts. The Company had no restricted cash as of March 31, 2026 and December 31, 2025.

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 exchanges or 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 affect 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 credit losses.

	March 31, 2026	December 31, 2025
Customer A	27%	-%
Customer B	25%	-%
Customer C	-%	68%
Customer D	9%	12%

Additional Disclosures

Prepaid expenses and other current assets consisted of the following:

<i>(in thousands)</i>	March 31, 2026	December 31, 2025
Legal settlement	-	18,500
Other prepaid expenses	675	664
Prepaid expenses and other current assets	<u>675</u>	<u>19,164</u>

Accrued expenses consisted of the following:

<i>(in thousands)</i>	March 31, 2026	December 31, 2025
Legal settlement and related legal expenses	\$ -	\$ 19,775
Taxes	48	120
Other	100	10
Total accrued expenses	<u>\$ 148</u>	<u>\$ 19,905</u>

Refer to Note 7, "Commitments and Contingencies" in our Annual Report on Form 10-K filed with the SEC on March 27, 2026 for further discussion on our litigation settlement.

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:

	2026	March 31,	
		2025	
Options	1,883	2,190	
Restricted stock units	21,952	35,420	
Total	<u>23,835</u>	<u>37,610</u>	

4. Revenue

Software subscriptions and services revenue consist of software license subscriptions and application development and support services. Advertising revenue is comprised of in-app advertising. Refer to our revenue recognition policy under the subheading, *Revenue Recognition*, in Note 2, “*Summary of Significant Accounting Policies*,” in our Annual Report on Form 10-K filed with the SEC on March 27, 2026.

Disaggregation of Revenue

The following table sets forth our net revenue by category:

<i>(in thousands)</i>	Three months ended March 31,			
	2026		2025	
Software subscriptions and services	\$	523	\$	635
Advertising		19		53
Net revenue	<u>\$</u>	<u>542</u>	<u>\$</u>	<u>688</u>

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

	Three months ended March 31,			
	2026		2025	
Customer E		20%		35%

We generate revenue in domestic and foreign regions and attribute net revenue to individual countries based on the location of the contracting entity. We derived 98% of our net revenue from within the United States for the three months ended March 31, 2026 and 98% of our net revenue from within the United States for the three months ended March 31, 2025.

Deferred Revenue

Deferred revenue consists of customer billings or payments received in advance of the recognition of revenue under the arrangements with customers. We recognize deferred revenue as revenue only when revenue recognition criteria are met. During the three months ended March 31, 2026, we recognized revenue of \$0.5 million that was included in our deferred revenue balance as of December 31, 2025.

Remaining Performance Obligations

Remaining performance obligations were \$3.8 million as of March 31, 2026, of which we expect to recognize approximately 53% as revenue over the next 12 months and the remainder thereafter.

5. Leases

Further information regarding our office leases and accounting thereof are located in Note 2, “*Summary of Significant Accounting Policies*,” and Note 6, “*Leases*,” in our Annual Report on Form 10-K filed with the SEC on March 27, 2026.

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 our condensed consolidated statements of operations. Lease expense for the three months ended March 31, 2026 and 2025 was \$0.1 million and 0.1 million, respectively. The weighted-average remaining lease term for operating leases as of March 31, 2026 was 1.5 years.

Future minimum lease obligations are set forth below:

<i>(in thousands)</i>	Lease Obligations	
2026 (Remainder)	\$	279
2027		284
		563
Less: Portion representing interest		(26)
	<u>\$</u>	<u>537</u>

6. Commitments and Contingencies

Litigation

There have been no material changes to the disclosures related to our litigation matters since the filing of our Annual Report on Form 10-K for the year ended December 31, 2025. See Note 7, “*Commitments and Contingencies*” and Note 13, “*Related Party Transactions*,” in our Annual Report on Form 10-K filed with the SEC on March 27, 2026.

7. Stockholders’ Equity

Common Stock

Total common stock authorized to be issued as of March 31, 2026, was 1,000,000,000 shares, with a par value of \$0.0001 per share. As of March 31, 2026 and December 31, 2025, there were 20,193,466 and 20,188,160 shares of our common stock outstanding, respectively.

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 could sell under our at-the-market facility to an aggregate offering price of approximately \$171.5 million. On February 9, 2025, the registration statement which registered the shares issuable under the Amended and Restated Equity Distribution Agreement expired and the agreement with Canaccord terminated.

During the three months ended March 31, 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.

8. Stock-Based Compensation

There have been no material changes to the terms of our various equity incentive plans since the filing of our Annual Report on Form 10-K for the year ended December 31, 2025. Refer to Note 10, “*Stock-Based Compensation*,” in our Annual Report on Form 10-K filed with the SEC on March 27, 2026 for more information.

Stock-Based Compensation

Compensation costs that have been included in our condensed consolidated statements of operations for all stock-based compensation arrangements is set forth below:

<i>(in thousands)</i>	Three months ended March 31,	
	2026	2025
Cost of revenue	17	15
Sales and marketing	9	8
General and administrative	78	67
Research and development	8	(4)
Total stock-based compensation	<u>\$ 112</u>	<u>\$ 86</u>

As of March 31, 2026, there was approximately \$79 of 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 0.67 years.

Restricted Stock Units

A summary of our restricted stock unit activity for the three months ended March 31, 2026 is set forth below:

	Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2025	17,732	\$ 21.17
Granted	9,526	1.76
Released	(5,306)	15.61
Forfeited	-	-
Outstanding as of March 31, 2026	<u>21,952</u>	<u>\$ 14.09</u>

Stock Options

A summary of our stock option activity under the 2018 Equity Incentive Plan (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, 2025	1,000	\$ 85.00		
Granted	-	-		
Exercised	-	-		
Forfeited	-	\$ -		
Outstanding as of March 31, 2026	<u>1,000</u>	\$ 85.00	6.36	\$ -
Exercisable as of March 31, 2026	<u>1,000</u>	\$ 85.00	6.36	\$ -

A summary of our option activity under our 2009 Equity Incentive Plan (the "2009 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, 2025	883	\$ 113.56		
Granted	-	-		
Exercised	-	-		
Forfeited	-	-		
Outstanding as of March 31, 2026	<u>883</u>	\$ 113.56	2.00	\$ -
Exercisable as of March 31, 2026	<u>883</u>	\$ 113.56	2.00	\$ -

Our equity incentive plans had 2,232,794 and 1,232,912 shares of common stock reserved for future issuances as of March 31, 2026 and December 31, 2025, 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 granted 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. As of March 31, 2026, the maximum number of shares of common stock that may be added to the 2018 Plan pursuant to the foregoing is 883.

Furthermore, there were 79,543 and 63,167 shares of common stock available for sale and reserved for issuance under our 2018 Employee Stock Purchase Plan as of March 31, 2026 and December 31, 2025, respectively.

9. Segment Reporting

Business segments are components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker (the "CODM") to assess operating performance and allocate resources. Our CODM is our chief executive officer. Our operations are organized by management into operating segments by line of business. The CODM evaluates performance and allocates resources based on the segment operating income (loss) of the operating segments. The Company does not allocate its corporate expense function across its operating segments. We have two reportable segments: (i) software subscriptions and services and (ii) advertising. Certain reclassifications have been made to prior years' figures for compensation and consulting and professional services to conform to current year presentation. No segment-level asset information has been disclosed as our CODM does not review asset information by segment.

Reportable segment information is set forth below:

(in thousands)	Software Subscriptions & Services	Advertising	Corporate	Three months ended March 31, 2026
Net revenue	\$ 523	\$ 19	\$ -	\$ 542
Cost of revenue	146	12	-	158
Gross profit	377	7	-	384
Operating expenses:				
Compensation	755	83	388	1,226
Consulting and professional fees	371	1	1,893	2,265
Facilities and insurance	7	1	404	412
Stock-based compensation	15	2	78	95
Other segment expenses ⁽¹⁾	197	1	210	408
Total operating expenses	1,345	88	2,973	4,406
Operating loss	(968)	(81)	(2,973)	(4,022)
Other income	-	-	828	828
Loss before taxes	<u>\$ (968)</u>	<u>\$ (81)</u>	<u>\$ (2,145)</u>	<u>\$ (3,194)</u>

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<i>(in thousands)</i>	Software Subscriptions & Services	Advertising	Corporate	Three months ended March 31, 2025
Net revenue	\$ 635	\$ 53	\$ -	\$ 688
Cost of revenue	302	27	-	329
Gross profit	333	26	-	359
Operating expenses:				
Compensation	798	121	432	1,351
Consulting and professional fees	279	-	2,448	2,727
Facilities and insurance	20	1	523	544
Stock-based compensation	-	4	67	71
Other segment expenses ⁽¹⁾	108	6	366	480
Total operating expenses	1,205	132	3,836	5,173
Operating loss	(872)	(106)	(3,836)	(4,814)
Other income	-	-	1,091	1,091
Loss before taxes	<u>\$ (872)</u>	<u>\$ (106)</u>	<u>\$ (2,745)</u>	<u>\$ (3,723)</u>

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

10. Subsequent Events

In April 2026, we granted equity awards of 253,953 restricted stock units to certain non-employee board members and a former board member pursuant to the Company's Outside Director Compensation Policy with a grant date fair value of \$1.85. The awards vested immediately.

Item 2. 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 condensed consolidated financial statements and the related notes thereto presented in “Part I – Item 1. Financial Statements.” 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 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 condensed consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Overview

We offer 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 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:
 - Analytics (SDK that provides data related to application use and engagement);
 - Content Management (SDK that allows application administrators to create and manage app content in a cloud-based portal);
 - Alerts, Notifications & Messaging (SDK that enables brands to send messages to app users through the app); and
 - 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.
- 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 investments into artificial intelligence (AI). We use, and plan to use, AI in various contexts within our internal systems and our software platform, products and services offerings.

The AI technology we have initially used in the context of our platform to date is generative AI. We actively utilize generative AI tools to streamline internal processes and workflows for mobile app creation and development. We presently utilize generative AI in product features which are available for purchase by customers. We also plan to use predictive and agentic AI tools in the future to further enhance these processes and to create additional platforms, products and services involving predictive and agentic AI and related small language models. By developing and 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 all sizes of businesses and enterprises, specifically in the hospitality, healthcare and other large property-related verticals.

We recently developed an AI Concierge generative AI product feature with functionalities to serve as a human-like interface in our mobile apps for hospitality customers to enhance customer engagement with guests and other visitors and provide customers with innovative opportunities to further monetize their products and services with those users. We are selling this AI product feature to current and existing customers. We also designed and demonstrated, at a major hospitality conference, an agentic AI hospitality-related product feature with functionalities to interact with and perform tasks for customer guests and are further developing this type of AI product feature and related functionalities as part of our platform for current and existing customers. For instance, we anticipate this type of AI product feature will be able to provide information about and book reservations for guests at restaurants located on customer properties and for other events. Our agentic AI product feature is still in the development and testing phase.

We continue to invest in AI, including generative, predictive and agentic AI, and in the integration of AI capabilities into our platforms, products and services. We will continue to evaluate our investments in AI and align investment and resource allocation in the platforms, 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. Refer to "Risk Factors", located in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on March 27, 2026.

We intend to continue investing in AI, and continue innovating and evolving our platforms, products and services, for long-term growth and enterprise value. 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 platforms, 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 condensed 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 75% of our backlog as of March 31, 2026 will be invoiced during the subsequent 12-month period.
- 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 and subscriptions bookings:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2026	2025
Bookings	\$ 92	\$ 359

The follow table sets forth our backlog and deferred revenue:

<i>(in thousands)</i>	March 31, 2026	December 31, 2025
Backlog	\$ 1,667	\$ 2,275
Deferred revenue	1,972	1,755
Total backlog and deferred revenue	\$ 3,639	\$ 4,030

Non-GAAP Financial Measures

Adjusted Gross Profit, Adjusted Gross Margin and Adjusted EBITDA

We report our financial results in accordance with accounting principles generally accepted in the United States of America (“GAAP”). We also use certain non-GAAP financial measures that fall within the meaning of Securities and Exchange Commission 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 (derived from the GAAP measure of gross profit), adjusted gross margin (derived from the GAAP measure of gross margin) and adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) (derived from the GAAP measure of net loss) (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>	Three months ended March 31,	
	2026	2025
Gross profit	\$ 384	\$ 359
Gross margin	70.8 %	52.2 %
Net loss	\$ (3,194)	\$ (3,723)

Non-GAAP Financial Measures <i>(in thousands, except percentages)</i>	Three Months Ended March 31,	
	2026	2025
Adjusted gross profit ⁽¹⁾	\$ 401	\$ 374
Adjusted gross margin ⁽¹⁾	74.0 %	54.4 %
Adjusted EBITDA ⁽²⁾	\$ (3,928)	\$ (4,743)

⁽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 revenue 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 revenue.

(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 (minus) (i) depreciation, (ii) interest expense, (iii) (interest income), (iv) income tax expense, and further adjusted for (v) stock-based compensation expense, (vi) 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>	Three Months Ended March 31,	
	2026	2025
Gross profit	\$ 384	\$ 359
Add back: Stock-based compensation	17	15
Adjusted gross profit	<u>\$ 401</u>	<u>\$ 374</u>
Adjusted gross margin	74.0 %	54.4 %

<i>(in thousands)</i>	Three Months Ended March 31,	
	2026	2025
Net loss	\$ (3,194)	\$ (3,723)
Add back: Depreciation	2	4
Add back: Interest expense	9	9
Less: Interest income	(857)	(1,119)
EBITDA	(4,040)	(4,829)
Add back: Stock-based compensation	112	86
Adjusted EBITDA	<u>\$ (3,928)</u>	<u>\$ (4,743)</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 software 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, software subscriptions and services gross profit may fluctuate from period to period.

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.

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, travel expenses, other employee related costs such as 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, software platform and AI development and maintenance 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.

Results of Operations**Net Revenue**

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,		Change	
	2026	2025	Amount	%
Revenue				
Software subscriptions and services	\$ 523	\$ 635	\$ (112)	(17.6%)
Advertising	19	53	(34)	(64.2%)
Net revenue	<u>\$ 542</u>	<u>\$ 688</u>	<u>\$ (146)</u>	<u>(21.2%)</u>
Software subscriptions and services as a percentage of total revenue	96.5%	92.3%		
Advertising as a percentage of total revenue	3.5%	7.7%		

Net revenue decreased by approximately \$0.15 million, or (21.2%), for the three months ended March 31, 2026, compared to the corresponding period in 2025, as a result of a decrease in development fees related to customer contract deliveries.

Cost of Revenue, Gross Profit and Gross Margin

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,		Change	
	2026	2025	Amount	%
Cost of Revenue				
Software subscriptions and services	\$ 146	\$ 302	\$ (156)	(51.7%)
Advertising	12	27	(15)	(55.6%)
Total cost of revenue	<u>\$ 158</u>	<u>\$ 329</u>	<u>\$ (171)</u>	<u>(52.0%)</u>
Gross Profit				
Software subscriptions and services	\$ 377	\$ 333	\$ 44	13.2%
Advertising	7	26	(19)	(73.1%)
Total gross profit	<u>\$ 384</u>	<u>\$ 359</u>	<u>\$ 25</u>	<u>7.0%</u>
Gross Margin				
Software subscriptions and services	72.1%	52.4%		
Advertising	36.8%	49.1%		
Total gross margin	70.8%	52.2%		

Total gross profit increased minimally by approximately \$0.03 million, or 7.0%, for the three months ended March 31, 2026, compared to the corresponding period in 2025. Cost of revenue decreased and gross margin percentage increased as a result of fewer employees working on customer-related projects.

Operating Expenses

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,		Change	
	2026	2025	Amount	%
Operating expenses				
Sales and marketing	\$ 825	\$ 896	\$ (71)	(7.9%)
General and administrative	2,703	3,464	(761)	(22.0%)
Research and development	878	813	65	8.0%
Total operating expenses	<u>\$ 4,406</u>	<u>\$ 5,173</u>	<u>\$ (767)</u>	<u>(14.8%)</u>

Sales and Marketing

Sales and marketing expense decreased approximately \$0.07 million, or (7.9%) for the three months ended March 31, 2026, compared to the corresponding period in 2025, due to a decrease in full-time headcount, offset by an increase in sales and marketing related consultants.

General and Administrative

General and administrative expense decreased approximately \$0.76 million, or (22.0%), for the three months ended March 31, 2026, compared to the corresponding period in 2025, primarily due to a decrease in legal expenses and other professional fees.

Research and Development

Research and development expense increased approximately \$0.07 million, or 8.0%, for the three months ended March 31, 2026, compared to the corresponding period in 2025, primarily due to headcount being dedicated to more research and development projects.

Other Expense

<i>(in thousands)</i>	Three Months Ended March 31,	
	2026	2025
Other income (expense)		
Interest expense	\$ (9)	\$ (9)
Interest income	857	1,119
Other income, net	(20)	(19)
Total other income	<u>\$ 828</u>	<u>\$ 1,091</u>

During the three months ended March 31, 2026 and 2025, we recorded other income of approximately \$0.83 million and \$1.09 million, respectively, primarily as a result of interest income earned from cash and cash equivalents.

Liquidity and Capital Resources

As of March 31, 2026, we held total cash of approximately \$97.9 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 Quarterly Report on Form 10-Q.

Our future capital requirements will depend on many factors, including our pace of growth, subscription renewal activity, the timing and extent of spending to support development efforts, additional investments in AI technology platform and systems 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, digital assets and build and develop additional platforms and systems for our products and services and create new products and services. 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>	Three Months Ended March 31,	
	2026	2025
Consolidated statement of cash flows		
Net cash used in operating activities	\$ (2,727)	\$ (3,335)
Net cash for investing activities	\$ -	\$ -
Net cash provided by financing activities	\$ -	\$ 80

Operating Activities

The primary source of cash from operating activities is receipts from sales of our various product and service offerings to customers. The 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 \$2.7 million of cash from operating activities during the three months ended March 31, 2026, resulting in a net loss of \$3.2 million. The net loss included non-cash charges of \$0.1 million, primarily consisting of stock-based compensation. In addition, certain changes in our operating assets and liabilities resulted in a cash increase of \$0.3 million.

We utilized \$3.3 million of cash from operating activities during the three months ended March 31, 2025, resulting in a net loss of \$3.7 million. The net loss included non-cash charges of \$0.2 million, primarily consisting of stock-based compensation. In addition, certain changes in our operating assets and liabilities resulted in a cash increase of \$0.2 million, primarily relating to an increase in accounts payable and accrued expenses partially offset by an increase in accounts receivable.

Investing Activities

We did not have any investing activities during the three months ended March 31, 2026 and 2025.

Financing Activities

We did not have any financing activities during the three months ended March 31, 2026. Our financing activities during the three months ended March 31, 2025 consisted of sales of our common stock. Refer to the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information on the Company's financing activities.

Contractual Obligations

Information set forth in Note 5, "Leases," in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Off-Balance Sheet Arrangements

Through March 31, 2026, 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.

Recent Accounting Pronouncements

Refer to Note 2, “*Summary of Significant Accounting Policies*,” in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for analysis of recent accounting pronouncements applicable to our business.

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.

Except for the changes described in Note 2, “*Summary of Significant Accounting Policies*,” in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, there have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 27, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and 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 defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this Report.

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.

As previously disclosed, 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 implemented additional review controls to ensure proper segregation of duties in our financial reporting processes. Then, the Company's Chief Financial Officer departed the Company on November 30, 2024, which resulted in a delay in the completion of the implementation of our remediation plan for this material weakness. However, the Company recently engaged with an independent contractor who is a senior-level finance and accounting professional to perform specific functions and serve as a reviewer as appropriate to remediate the material weakness and otherwise implement a framework for appropriate segregation of duties as noted above.

Management believes that the remediation measures described above, when successfully implemented, will strengthen our internal control over financial reporting and remediate the material weakness we have identified. However, the material weakness in our internal control over financial reporting will not be considered fully 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 update current processes and/or provide sufficient resources to properly mitigate this material weakness. 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 guarantee 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

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 March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on 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.

PART II - OTHER INFORMATION

Item 1. 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, were 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.

On July 13, 2025, the Company and Rahul Mewawalla, then a Class I Director and 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 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 proceeding is currently in the discovery phase and the hearing is currently scheduled to occur in September 2026. The Company believes its rescission of the EC Agreement was proper, in accordance with applicable law and rejects all of Mr. Mewawalla's allegations, claims and asserted damages amounts. The Company is vigorously disputing and defending against all allegations, claims and asserted damages amounts made by Mr. Mewawalla in this arbitration.

The information set forth under the "*Litigation*" subheading in Note 6, "*Commitments and Contingencies*" in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

Important risk factors that could affect our operations and financial performance, or that could cause results or events to differ from current expectations, are described in Part I, Item 1A, “*Risk Factors*” of our Annual Report on Form 10-K filed with the SEC on March 27, 2026 for the year ended December 31, 2025 and the information set forth below or contained elsewhere in this Report. The risks and uncertainties described within our Form 10-K for the year ended December 31, 2025 and set forth below are not the only risks 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.

Activist investors could cause us to incur substantial costs, divert management's attention and cause a disruption to or uncertainty about the strategic direction of our business.

Publicly-traded companies have increasingly become subject to activist investor campaigns. We have received communications by an activist investor urging us to take certain corporate actions. Activist investors may propose changes to our board composition, executive compensation or other governance policies. Responding to actions of an activist investor may be a significant distraction for our management team and could require us to expend significant time and resources, including legal, insurance, administrative and proxy solicitation expenses and associated costs. In addition, perceived uncertainties as to our future direction that can arise from potential changes sought by activist investors may lead to the perception of a change in the strategic direction of the business, instability or lack of continuity which may be exploited by our competitors, may cause concern to our current or potential customers or other partners, may result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel and business partners. Any of these conditions could materially affect our business, results of operations, cash flows and financial condition or cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Unless otherwise noted, the exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference (as stated therein) as part of this Quarterly Report on Form 10-Q.

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).
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 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. 001-37862) filed with the SEC on February 28, 2024.)
4.1	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 July 14, 2025 (Incorporated by reference to Exhibit 10.2 of the Registrant’s Form 8-K (File No. 001-37862), filed with the SEC on July 17, 2025).
10.2	Amendment No. 1 to Confidential 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).
31.1*	Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2*	Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1*(1)	Certification of the Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350
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

(1) The certifications attached as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

May 11, 2026

Phunware, Inc.

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

May 11, 2026

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

CERTIFICATION

I, Jeremy Krol, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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)) 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: May 11, 2026

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

CERTIFICATION

I, J. Brendhan Botkin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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)) 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: May 11, 2026

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

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Jeremy Krol, Interim Chief Executive Officer (Principal Executive Officer) of Phunware, Inc. (the "Company"), and J. Brendhan Botkin, Vice President of Accounting and Financial Reporting (Principal Financial and Accounting Officer) of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2026, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 11, 2026

Phunware, Inc.

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

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

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Phunware, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
