

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **May 11, 2023**

PHUNWARE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-37862

(Commission File Number)

30-1205798

(IRS Employer Identification No.)

1002 West Avenue, Austin, Texas

(Address of principal executive offices)

78701

(Zip Code)

Registrant's Telephone Number, Including Area Code: **(512) 693-4199**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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
Warrants to purchase one share of Common Stock	PHUNW	The NASDAQ Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Current Report on Form 8-K (this "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*" in our filings with the Securities and Exchange Commission (SEC), including our reports on Forms 10-K, 10-Q, 8-K and other filings that we make with the SEC from time to time. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under "*Risk Factors*" 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.

Item 2.02 Results of Operations and Financial Condition.

On May 11, 2023, Phunware, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter ended March 31, 2023. A copy of the press release issued concerning the foregoing results is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information contained herein, including Exhibit 99.1, is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing with the Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

The Company is making reference to non-GAAP financial information in the press release. A reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures is contained in the attached Exhibit 99.1 press release.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<i>Exhibit No.</i>	<i>Exhibit Title</i>
99.1*	Press Release dated May 11, 2023 titled “Phunware Reports First Quarter 2023 Financial Results”
104	Cover Page Interactive Data File (embedded within the inline XBRL document)

* Furnished herewith

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 hereunto duly authorized.

Dated: May 11, 2023

Phunware, Inc.

By: /s/ Matt Aune
Matt Aune
Chief Financial Officer

Phunware Reports First Quarter 2023 Financial Results

AUSTIN, Texas, May 11, 2023 – Phunware, Inc. (NASDAQ: PHUN) (“Phunware” or the “Company”), the pioneer of Location Based SaaS and offers the only fully integrated enterprise cloud platform for mobile that enables brands to engage, manage and monetize their anytime, anywhere users worldwide, today announced financial results for the quarter ended March 31, 2023.

“This past quarter we expanded our breadth of reach and depth of engagement with major brands for our market-leading Location Based Platform,” said Russ Buyse, CEO of Phunware. “We are thrilled to add Siemens as a channel partner through their Siemens Connect Ecosystem. Partners like Siemens are a prime example of the types of relationships we intend to forge and will be a key accelerator for bookings on our Platform in 2023 and beyond. I’m also encouraged by the progress made by major brands moving deeper through our sales pipeline. At the same time, our product team made huge strides in realizing our vision for Contextual Engagement on our Platform. Phunware gives brands the tools and reach to enhance the consumer experience, increase customer satisfaction and provide a strong return on investment. Looking ahead, we intend to continue ramping our go-to-market efforts to capture as much market share as possible.”

First Quarter 2023 Financial Results

- Net revenues for the quarter totaled \$4.7 million
- Platform revenues were \$1.3 million
- Hardware revenues were \$3.4 million
- Net loss was \$(4.3) million
- Net loss per share was \$(0.04)
- Non-GAAP Adjusted EBITDA loss was \$(5.6) million

Recent Business Highlights

- Notable Corporate and Product Developments:
 - Phunware to Present at the 18th Annual Needham Technology & Media Conference on May 16, 2023
 - Received Notice of Allowance for United States Patent for Innovative Geofence Event Prediction Technology
 - Released Experience Optimizer for Mobile Applications
 - Announced Stock Repurchase Plan
 - Notable Customer and Partner Wins:
 - Announced Siemens Connect partnership and the impact on its Smart Infrastructure offerings
 - Joined Siemens Connect Ecosystem
 - Announced Contract Expansion with VHC Health
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Conference Call Information

Phunware management will host a conference call today (**May 11, 2023**) at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time) to discuss its financial results for the quarter ended March 31, 2023.

Interested parties may access the conference call by dialing 888-506-0062 in the United States, or 973-528-0011 from international locations with access code: 196075. The conference call will be broadcast live and available for replay here and via the investor relations section of the Company's website at investors.phunware.com.

Safe Harbor Clause and Forward-Looking Statements

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

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

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

Disclosure Information

Phunware uses and intends to continue to use its Investor Relations website as a means of disclosing material nonpublic information and for complying with its disclosure obligations under Regulation FD. Accordingly, investors should monitor the Company's Investor Relations website, in addition to following the Company's press releases, SEC filings, public conference calls, presentations and webcasts.

About Phunware, Inc.

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

Phunware, Inc. (NASDAQ: PHUN), the pioneer of Location Based SaaS and offers the only fully integrated enterprise cloud platform for mobile that enables brands to engage, manage and monetize their anytime, anywhere users worldwide. Phunware's Software Development Kits (SDKs) include location-based services, mobile engagement, content management, messaging, advertising, loyalty (PhunCoin & PhunToken) and analytics, as well as a mobile application framework of pre-integrated iOS and Android software modules for building in-house or channel-based mobile application and vertical solutions. Phunware helps the world's most respected brands create category-defining mobile experiences, with approximately one billion active devices touching its platform each month when operating at scale. For more information about how Phunware is transforming the way consumers and brands interact with mobile in the virtual and physical worlds, visit <https://phunware.com> and follow @phunware on all social media platforms.

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Phunware Investor Relations:

Matt Glover and John Yi

Gateway Investor Relations

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	<i>(Unaudited)</i>	
Assets		
Current assets:		
Cash	\$ 694	\$ 1,955
Accounts receivable, net of allowance for doubtful accounts of \$198 at March 31, 2023 and December 31, 2022, respectively	1,200	958
Inventory	2,671	2,780
Digital assets	2,530	10,137
Prepaid expenses and other current assets	807	1,033
Total current assets	7,902	16,863
Property and equipment, net	206	221
Goodwill	31,136	31,113
Intangible assets, net	2,357	2,524
Right-of-use asset	3,489	3,712
Other assets	367	402
Total assets	<u>\$ 45,457</u>	<u>\$ 54,835</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 7,765	\$ 7,699
Accrued expenses	2,506	2,895
Lease liability	961	954
Deferred revenue	1,512	2,904
PhunCoin deposits	1,202	1,202
Current maturities of long-term debt, net	5,687	9,667
Warrant liability	3	256
Total current liabilities	19,636	25,577
Deferred revenue	1,072	1,274
Lease liability	2,848	3,103
Total liabilities	<u>23,556</u>	<u>29,954</u>
Commitments and contingencies (Note 8)		
Stockholders' equity		
Common stock, \$0.0001 par value; 1,000,000,000 shares authorized; 104,469,310 shares issued and 104,007,810 shares outstanding as of March 31, 2023 and 103,153,337 shares issued and outstanding as of December 31, 2022, respectively	10	10
Treasury stock at cost; 461,500 and 0 shares at March 31, 2023 and December 31, 2022, respectively	(475)	—
Additional paid-in capital	277,303	275,562
Accumulated other comprehensive loss	(449)	(472)
Accumulated deficit	(254,488)	(250,219)
Total stockholders' equity	<u>21,901</u>	<u>24,881</u>
Total liabilities and stockholders' equity	<u>\$ 45,457</u>	<u>\$ 54,835</u>

Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except per share information)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Net revenues	\$ 4,747	\$ 6,778
Cost of revenues	4,386	5,007
Gross profit	361	1,771
Operating expenses:		
Sales and marketing	1,128	1,485
General and administrative	4,712	4,305
Research and development	1,772	1,003
Total operating expenses	7,612	6,793
Operating loss	(7,251)	(5,022)
Other income (expense):		
Interest expense	(537)	(381)
Impairment of digital assets	(50)	(9,353)
Gain on sale of digital assets	3,214	26
Fair value adjustment of warrant liability	253	(213)
Other income, net	102	26
Total other income (expense)	2,982	(9,895)
Loss before taxes	(4,269)	(14,917)
Income tax expense	—	—
Net loss	(4,269)	(14,917)
Other comprehensive income (loss):		
Cumulative translation adjustment	23	(32)
Comprehensive loss	\$ (4,246)	\$ (14,949)
Loss per share, basic and diluted	\$ (0.04)	\$ (0.15)
Weighted-average common shares used to compute loss per share, basic and diluted	103,169	96,844

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Operating activities		
Net loss	\$ (4,269)	\$ (14,917)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount and deferred financing costs	289	155
(Gain) loss on change in fair value of warrant liability	(253)	213
Gain on sale of digital assets	(3,214)	(26)
Impairment of digital assets	50	9,353
Stock-based compensation	1,362	564
Other adjustments	357	(71)
Changes in operating assets and liabilities:		
Accounts receivable	(245)	(248)
Inventory	241	(2,063)
Prepaid expenses and other assets	261	(687)
Accounts payable	67	219
Accrued expenses	(89)	(1,489)
Lease liability payments	(345)	(173)
Deferred revenue	(1,594)	(1,001)
Net cash used in operating activities	<u>(7,382)</u>	<u>(10,171)</u>
Investing activities		
Proceeds received from sale of digital assets	10,790	—
Purchase of digital assets	—	(489)
Capital expenditures	(6)	(80)
Net cash provided by (used in) investing activities	<u>10,784</u>	<u>(569)</u>
Financing activities		
Payments on borrowings	(4,270)	(1,566)
Proceeds from exercise of options to purchase common stock	58	16
Payment for stock repurchase	(475)	—
Net cash used in financing activities	<u>(4,687)</u>	<u>(1,550)</u>
Effect of exchange rate on cash and restricted cash	24	(32)
Net decrease in cash	<u>(1,261)</u>	<u>(12,322)</u>
Cash at the beginning of the period	1,955	23,137
Cash at the end of the period	<u>\$ 694</u>	<u>\$ 10,815</u>

	Three Months Ended March 31,	
	2023	2022
Supplemental disclosure of cash flow information:		
Interest paid	\$ 434	\$ 204
Income taxes paid	\$ —	\$ —
Supplemental disclosures of non-cash financing activities:		
Issuance of common stock in connection with acquisition of Lyte Technology, Inc.	\$ —	\$ 1,125
Issuance of common stock for payment of bonuses previously accrued	\$ 347	\$ —

Non-GAAP Financial Measures and Reconciliation

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"). 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: (i) 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 its ongoing operating performance for a particular period, (ii) our non-GAAP financial measures do not reflect the impact of certain charges resulting from matters we consider not to be indicative of ongoing operations, and (iii) 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. 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.

Reconciliation of GAAP to Non-GAAP Financial Measures (In thousands, except percentages)

<i>(in thousands)</i>	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (4,269)	\$ (14,917)
Add back: Depreciation and amortization	188	186
Add back: Interest expense	537	381
EBITDA	(3,544)	(14,350)
Add Back: Stock-based compensation	1,362	564
Add Back: Impairment of digital currencies	50	9,353
(Less)/Add back: Fair value adjustment for warrant liabilities	(253)	213
Less: Gain on sale of digital assets	(3,214)	(26)
Adjusted EBITDA	\$ (5,599)	\$ (4,246)

<i>(in thousands, except percentages)</i>	Three Months Ended March 31,	
	2023	2022
Gross profit	\$ 361	\$ 1,771
Add back: Stock-based compensation	253	46
Adjusted gross profit	\$ 614	\$ 1,817
Adjusted gross margin	12.9 %	26.8 %

Supplemental Information
(In thousands, except percentages)

<i>(in thousands, except percentages)</i> Net Revenues	Three Months Ended March 31,		Change	
	2023	2022	Amount	%
Platform revenue	\$ 1,345	\$ 2,492	\$ (1,147)	(46.0)%
Hardware revenue	3,402	4,286	(884)	(20.6)%
Net revenues	\$ 4,747	\$ 6,778	\$ (2,031)	(30.0)%
Platform revenue as percentage of total revenue	28.3 %	36.8 %		
Hardware revenue as percentage of total revenue	71.7 %	63.2 %		