PHUNWARE, INC.

FORM 10-Q
(Quarterly Report)

Filed 05/15/25 for the Period Ending 03/31/25

Address	1002 WEST AVENUE AUSTIN, TX, 78701
Telephone	512-693-4199
CIK	0001665300
Symbol	PHUN
SIC Code	7374 - Services-Computer Processing and Data Preparation
Industry	Software
Sector	Technology
Fiscal Year	12/31

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, 2025

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	**30-1205798**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1002 West Avenue, Austin, Texas	**78701**
(Address of principal executive offices)	(Zip Code)

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

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

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

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 7, 2025, 20,170,745 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.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2025	December 31, 2024
Assets:	*(Unaudited)*	
Current assets:		
Cash and cash equivalents	$ 109,719	$ 112,974
Accounts receivable, net of allowance for credit losses of $264 and $166 as of March 31, 2025 and December 31, 2024, respectively	697	276
Digital currencies	82	103
Prepaid expenses and other current assets	588	406
Total current assets	111,086	113,759
Non-current assets:		
Property and equipment, net	20	24
Right-of-use asset	770	840
Other assets	158	158
Total non-current assets	948	1,022
Total assets	$ 112,034	$ 114,781
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 4,073	$ 3,754
Accrued expenses	492	148
Deferred revenue	1,124	1,034
Lease liability	320	313
PhunCoin subscription payable	1,202	1,202
Total current liabilities	7,211	6,451
Deferred revenue	660	528
Lease liability	537	619
Total noncurrent liabilities	1,197	1,147
Total liabilities	8,408	7,598
Commitments and contingencies (See Note 7)	-	-
Stockholders' equity		
Common stock, $0.0001 par value, 1,000,000,000 shares authorized; 20,180,875 shares issued and 20,170,745 share outstanding as of March 31, 2025 and 20,166,665 shares issued and 20,156,535 shares outstanding as of December 31, 2024	2	2
Treasury Stock	(502)	(502)
Additional paid-in capital	421,169	421,003
Accumulated deficit	(317,043)	(313,320)
Total stockholders' equity	103,626	107,183
Total liabilities and stockholders' equity	$ 112,034	$ 114,781

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 March 31,	
	2025	**2024**
Net revenues	$ 688	$ 921
Cost of revenues	329	397
Gross profit	359	524
Operating expenses:		
Sales and marketing	896	443
General and administrative	3,464	2,471
Research and development	813	484
Total operating expenses	5,173	3,398
Operating loss	(4,814)	(2,874)
Other income (expense):		
Interest expense	(9)	(108)
Interest income	1,119	140
Gain on extinguishment of debt	-	535
Other (expense) income, net	(19)	15
Total other income	1,091	582
Loss before taxes	(3,723)	(2,292)
Income tax expense	-	-
Net loss	(3,723)	(2,292)
Net loss per share, basic and diluted	$ (0.18)	$ (0.33)
Weighted-average shares used to compute net loss per share, basic & diluted	20,169,640	6,864,226

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	Accumulated Deficit	Total Stockholders' 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	20,180,875	$ 2	(10,130)	$ (502)	$ 421,169	$ (317,043)	$ 103,626

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

	Common Stock		Treasury stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances as of December 31, 2023	3,861,578	$ -	(10,130)	$ (502)	$ 292,467	$ (303,004)	$ (418)	$ (11,457)
Release of restricted stock	16,000	-	-	-	-	-	-	-
Issuance of common stock in lieu of cash bonus & consulting fees	11,453	-	-	-	35	-	-	35
Common Stock issued upon conversion of 2022 Promissory Note	336,550	-	-	-	4,505	-	-	4,505
Sales of common stock & exercise of prefunded warrants, net of issuance costs	3,915,009	1	-	-	23,203	-	-	23,204
Fractional share issuances as a result of reverse stock split	141,631	-	-	-	-	-	-	
Stock-based compensation expense	-	-	-	-	630	-	-	630
Net loss	-	-	-	-	-	(2,292)	-	(2,292)
Balances as of March 31, 2024	8,282,221	$ 1	(10,130)	$ (502)	$ 320,840	$ (305,296)	$ (418)	$ 14,625

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,	
	2025	2024
Operating activities		
Net loss	$ (3,723)	$ (2,292)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on extinguishment of debt	-	(535)
Stock-based compensation	86	630
Other adjustments	132	329
Changes in operating assets and liabilities:		
Accounts receivable	(444)	(82)
Prepaid expenses and other assets	(182)	(11)
Accounts payable and accrued expenses	663	(2,893)
Lease liability payments	(89)	(185)
Deferred revenue	222	(286)
Net cash used in operating activities from continued operations	(3,335)	(5,325)
Net cash used in operating activities from discontinued operations	-	(205)
Net cash used in operating activities	(3,335)	(5,530)
Investing activities		
Net cash provided by (used in) investing activities	-	-
Financing activities		
Proceeds from sales of common stock, net of issuance costs	80	23,204
Net cash provided by financing activities	80	23,204
Effect of exchange rate on cash	-	(41)
Net (decrease) increase in cash and cash equivalents	(3,255)	17,633
Cash and cash equivalents at the beginning of the period	112,974	3,934
Cash and cash equivalents at the end of the period	$ 109,719	$ 21,567
Supplemental disclosure of cash flow information		
Interest paid	$ 9	$ 4
Income taxes paid	$ -	$ 26
Supplemental disclosures of non-cash financing activities:		
Issuance of common stock upon conversion of the 2022 Promissory Note	$ -	$ 4,505
Issuance of common stock for payment of bonuses and consulting fees	$ -	$ 35

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

Phunware, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
(In thousands, except share and per share information)
(Unaudited)

1. The Company and Basis of Presentation

The Company

Phunware, Inc. and its subsidiaries (the “Company”, "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 anytime, anywhere users worldwide. Our technology is available in a cloud-based prepackaged vertical solution application, Software Development Kit ("SDK") form for organizations developing their own application and customized development services. We also provide advertising services that drive mobile audience building, user acquisition, application discovery, audience engagement and audience monetization. Founded in 2009, we are a Delaware corporation headquartered in Austin, Texas.

Basis of Presentation

The condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“U.S. GAAP”) 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, 2024 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, 2024, which are referenced herein. The accompanying interim condensed consolidated financial statements as of March 31, 2025 and for the three months ended March 31, 2025 and 2024, 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 Securities and Exchange Commission (“SEC”) for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP 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, 2025 and the results of operations for the three months ended March 31, 2025 and 2024, and cash flows for the three months ended March 31, 2025 and 2024. The results for the three months ended March 31, 2025 are not necessarily indicative of the results to be expected for the year ending December 31, 2025 or for any future interim period.

Certain reclassifications to prior year presentation have been made to our condensed consolidated statements of operations. We have displayed individual line items that we previously considered to be immaterial and combined individual line items that we considered to be immaterial to conform to current year presentation.

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.

Nasdaq listing

On April 13, 2023, we received a notice from The Nasdaq Stock Market LLC (“Nasdaq”) indicating that the Company was not in compliance with Nasdaq Listing Rule 5550(a)(2) (the “Bid Price Requirement”) because the bid price of the Company’s common stock on the Nasdaq Capital Market had closed below $1.00 per share for the previous 30 consecutive business days. The notice from Nasdaq stated that, under Nasdaq Listing Rule 5810(c)(3)(A), we had been provided a period of 180 calendar days, or until October 10, 2023, to regain compliance with the Bid Price Requirement. On October 10, 2023, we submitted a request to Nasdaq for an additional 180-day extension to regain compliance with the Bid Price Requirement. On October 12, 2023, the Company received a letter from Nasdaq advising that the Company had been granted a 180-day extension to April 8, 2024, to regain compliance with the Bid Price Requirement, in accordance with Nasdaq Listing Rule 5810(c)(3)(A).

Then, on December 21, 2023, the Company received a letter from Nasdaq notifying the Company that, as of December 20, 2023, the Company’s common stock had a closing bid price of $0.10 or less for ten consecutive trading days and that, consistent with Nasdaq Listing Rule 5810(c)(3)(A)(iii), the Nasdaq had determined to delist the Company’s common stock from the Nasdaq Capital Market. The notice provided the Company an opportunity to appeal the Nasdaq’s decision to delist the Company’s common stock. On December 22, 2023, we submitted a request for a hearing before the Nasdaq Hearings Panel (the “Panel”) to appeal the Nasdaq’s delisting determination.

On February 26, 2024, we effected a reverse stock split of our common stock at a ratio of one-for-fifty in order to regain compliance with the Bid Price Requirement, and on March 12, 2024, we received a letter from Nasdaq notifying us that we demonstrated compliance with the requirements to remain listed on the Nasdaq Capital Market, as required by the Panel. The letter also informed the Company that pursuant to Listing Rule 5815(d)(4)(B), the Company will be subject to a mandatory Panel monitor for a period of one year from the date of the letter. On April 9, 2025, we received a letter from Nasdaq notifying us that the Company is no longer subject to a Panel monitor.

On November 7, 2024, the Company received a letter from Nasdaq notifying the Company that, as a result of the resignation of Stephen Chen from the Company's audit committee effective October 22, 2024, the Company was not in compliance with Nasdaq's audit committee compositions requirements set forth in Nasdaq Listing Rule 5605. Pursuant to Nasdaq Listing Rule 5605(c)(2)(A), the Company must have an audit committee of at least three members, each of whom must be an independent director as defined under Nasdaq Listing Rule 5605(a)(2) and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in Rule 100A-3(c) under the Exchange Act). With Mr. Chen's resignation, the Company's audit committee was at the time comprised of only two members, Elliot Han and Rahul Mewawalla, each of whom met the independence requirements set forth in Nasdaq Listing Rule 5605(a)(2) and Rule 10-A3(b)(1) of the Exchange Act. On February 28, 2025, the board of directors of the Company appointed Ms. Quyen Du to the board of directors and audit committee. The board of directors determined that Ms. Du meets the independence requirements set forth in Nasdaq Listing Rule 5605(a)(2) and Rule 10-A3(b)(1) of the Exchange Act. After giving effect to Ms. Du's appointment, the audit committee of the board of directors is comprised of three independent members as required by Nasdaq Listing Rule 5605(c)(2)(A). On March 6, 2025, the Company received a letter from Nasdaq notifying the Company that this matter was now closed.

On January 10, 2025, the Company received a written notice from Nasdaq notifying the Company that it was not in compliance with the rules for continued listing as set forth in Nasdaq Listing Rules 5620(a) and 5810(c)(2)(G) because the Company did not hold an annual meeting of stockholders within 12 months of year-end for the fiscal year ended as of December 31, 2023. Under Nasdaq rules, the Company had 45 days to submit a plan to Nasdaq to regain compliance, and if accepted, Nasdaq could grant an exception of up to 180 calendar days from the fiscal year end, or until June 30, 2025, to regain compliance. On February 14, 2025, the Company submitted a letter to Nasdaq outlining its plan to become compliant with the above continued listing rule and has begun preparations to hold the 2024 annual stockholders meeting in May 2025. On May 6, 2025, we held our 2024 annual meeting of stockholders. On May 13, 2025, the Company received a letter from Nasdaq acknowledging compliance had been regained and notifying the Company that this matter was now closed.

There can be no assurance the Company will maintain compliance with the rules above or any other Nasdaq Listing Rules.

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, 2024, 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 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* ("ASU 2023-09"). ASU 2023-09 requires entities to disclose specific tax rate reconciliation categories, as well as income taxes paid disaggregated by jurisdiction, amongst other disclosure enhancements. For public entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is evaluating the disclosure requirements related to the new standard.

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 federally insured limits.

There is currently no clearing house for our digital assets, including our bitcoin holdings, nor is there a central or major depository for the custody of our digital assets. There is a risk that some or all of our digital asset holdings could be lost or stolen. There can be no assurance that the custodians will maintain adequate insurance or that such coverage will cover losses with respect to our digital asset holdings. Further, transactions denominated in digital assets are irrevocable. Stolen or incorrectly transferred digital assets may be irretrievable. As a result, any incorrectly executed transactions could adversely 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, 2025	December 31, 2024
Customer A	17%	-%
Customer B	17%	23%
Customer C	17%	-%
Customer D	15%	-%
Customer E	-%	23%
Customer F	4%	13%

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:

	March 31,	
	2025	2024
Options	2,190	13,011
Restricted stock units	35,420	78,387
Total	37,610	91,398

4. Revenue

Software subscriptions and services revenue consist of platform license subscriptions and application development 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 31, 2025.

Disaggregation of Revenue

The following table sets forth our net revenues by category:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Software subscriptions and services	$ 635	$ 454
Advertising	53	467
Net revenues	$ 688	$ 921

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
Customer B	35%	13%
Customer G	-%	33%

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% and 100% of our net revenues from within the United States for the three months ended March 31, 2025 and 2024, respectively.

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, 2025, we recognized revenue of $502 that was included in our deferred revenue balance as of December 31, 2024.

Remaining Performance Obligations

Remaining performance obligations were $5,168 as of March 31, 2025, of which we expect to recognize approximately 34% as revenue over the next 12 months and the remainder thereafter.

5. Debt

2022 Promissory Note

Refer to Note 8, "*Debt,"* in our Annual Report on Form 10-K filed with the SEC on March 31, 2025 for further information on our 2022 Promissory Note.

During the first quarter of 2024, we issued 336,500 shares of our common stock to the holder of the 2022 Promissory Note, which amounted to aggregate principal and interest payments in the amount of $4,505. These conversions were made pursuant to the terms of the amended 2022 Promissory Note. In addition, conversions were made in connection with the Company granting the holder additional conversion rights. As a result, the noteholder agreed to waive an aggregate of $535 in principal and accrued interest, which was recorded as a gain on extinguishment of debt in the statement of operations for the three months ended March 31, 2024. As a result of the conversions, the 2022 Promissory Note has been paid-in-full.

6. Leases

Further information regarding our other office leases and accounting thereof are located in Note 2, "*Summary of Significant Accounting Policies,"* and Note 9, "*Leases,"* in our Annual Report on Form 10-K filed with the SEC on March 31, 2025.

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 statement of operations. Lease expense for the three months ended March 31, 2025 and 2024 was $84 and $170, respectively. The weighted-average remaining lease term for operating leases as of March 31, 2025 was 2.5 years.

Future minimum lease obligations are set forth below:

Future minimum lease obligations years ending December 31,		Lease Obligations
2025 (Remainder)	$	272
2026		370
2027		284
		926
Less: Portion representing interest		(69)
	$	857

7. Commitments and Contingencies

Litigation

On March 30, 2021, Phunware filed an action against its former counsel Wilson Sonsini Goodrich & Rosati, PC ("WSGR"), which is styled *Phunware, Inc., v. Wilson Sonsini Goodrich & Rosati, Professional Corporation, Does 1-25*, Case No. 21CV381517, in the Superior Court of the State of California for the County of Santa Clara. On July 30, 2021, Phunware filed a second action against WSGR in the Superior Court of the State of California for the County of Santa Clara, which is styled *Phunware, Inc., v. Wilson Sonsini Goodrich & Rosati, Professional Corporation, Does 1-25*, Case No. 21CV386411. The two actions were then removed to arbitration. Phunware sought affirmative relief in these actions, as stated in the complaints, for damages according to proof, interest and costs of suit. WSGR filed crossclaims against Phunware in these actions related to services provided by WSGR to Phunware and sought to recover fees related to the services at issue in these actions and interest. In March 2024, WSGR and Phunware settled their claims in the arbitration proceeding relating to Case No. 21CV381517 and Phunware paid approximately $2,194 of the outstanding amount alleged to be owed by Phunware to WSGR in that proceeding. The Phunware and WSGR claims related to Case No. 21CV386411 remain pending in arbitration and the remaining balance of the payables amount alleged to be owed by Phunware will continue to be arbitrated. On August 16, 2024, the Company and WSGR entered into an agreed stay of that arbitration proceeding, which provides for a mutually agreed upon stay of that proceeding until the earlier to occur of (a) August 30, 2025 (subject to either party's right to move to lift the stay earlier than that date for good cause) and (b) the settlement or issuance of a judgment in the Wild Basin litigation, as more fully described below. The outcome of this proceeding and the related Phunware and WSGR claims is uncertain. There is $2,159 in accounts payable in our condensed consolidated balance sheets as of March 31, 2025 and December 31, 2024, relating to these WSGR claims.

On February 18, 2022, certain stockholders filed a lawsuit against Phunware and certain of its prior and then existing individual officers and directors. The case, captioned Wild Basin Investments, LLC, et al. v. Phunware, Inc., et al., was filed in the Court of Chancery of the State of Delaware (Cause No. 2022-0168-LWW). Plaintiffs allege that they invested in Phunware through various early rounds of financing while the Company was private and that following completion of the business combination transactions resulting in Phunware becoming a public company these stockholders received new shares of Phunware common stock and Phunware warrants that were but should not have been subjected to a 180-day "lock up" period. Plaintiffs also allege that Phunware's stock price dropped significantly during the lock up period and seek damages, costs and professional fees. On or about October 24, 2024, Plaintiffs, Phunware and individual director and officer defendants entered into a Confidential Settlement Agreement, and on about October 28, 2024, Phunware, the individual director and officer defendants and the applicable Phunware insurers entered into a Settlement Agreement and Mutual Release (collectively, the "Settlement Agreements"). The Settlement Agreements collectively provide for, among other things, the settlement and release of the Plaintiffs' claims against the individual director and officer defendants, certain agreements between the Plaintiffs and Phunware, including the Plaintiffs' agreement to stay collection of any judgment obtained by the Plaintiffs against Phunware until the settlement or conclusion of the pending WSGR arbitration proceeding. Further, the Settlement Agreements provided for a payment of $2.8 million from the Company's insurers to the Plaintiffs, as well as a payment of $0.2 million from the insurers to Phunware and the release of the insurers' subrogation claims against Phunware recoveries from WSGR or its insurers in the WSGR arbitration proceeding. Phunware's insurers made the $2.8 million and $0.2 million payments on or about December 4, 2024. The Plaintiffs claims against Phunware in this lawsuit remain in effect. A bench trial occurred in March 2025, and we expect the court to render an order or ruling in the case sometime during the third quarter of 2025. We intend to vigorously defend against the remaining claims in this lawsuit and any appeals. We have not recorded a liability related to this matter because any potential loss is not currently probable or possible to reasonably estimate. Additionally, we cannot presently estimate the range of loss, if any, that may result from this lawsuit.

It is possible that the ultimate resolution of the foregoing matters, or other similar matters, if resolved in a manner unfavorable to us, may be materially adverse to our business, financial condition, results of operations or liquidity.

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

8. Stockholders' Equity

Common Stock

Total common stock authorized to be issued as of March 31, 2025, was 1,000,000,000 shares, with a par value of $0.0001 per share. As of March 31, 2025 and December 31, 2024, there were 20,170,745 and 20,156,535 shares of our common stock outstanding, respectively.

On January 31, 2022, we entered into an At Market Issuance Sales Agreement with H.C. Wainwright & Co., LLC ("Wainwright"), pursuant to which we could offer and sell, from time to time, shares of our common stock, par value $0.0001 per share, for aggregate gross proceeds of up to $100 million, through or to Wainwright, as agent or principal. During the three months ended March 31, 2024, we sold an aggregate of 245,009 shares of our common stock under our sales agreement with Wainwright for aggregate gross cash proceeds of $2.5 million. We terminated our agreement with Wainwright effective June 3, 2024.

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

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. 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. 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.

9. 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. Refer to Note 13, "*Stock-Based Compensation*," in our Annual Report on Form 10-K filed with the SEC on March 31, 2025 for more information.

Stock-Based Compensation

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

	Three months ended March 31,	
Stock-based compensation	**2025**	**2024**
Cost of revenues	$ 15	$ 45
Sales and marketing	8	14
General and administrative	67	556
Research and development	(4)	15
Total stock-based compensation	$ 86	$ 630

As of March 31, 2025, there was approximately $517 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 1.29 years.

Restricted Stock Units

A summary of our restricted stock unit activity for the three months ended March 31, 2025 is set forth below:

	Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2024	38,420	$ 23.01
Granted	-	-
Released	-	-
Forfeited	(3,000)	14.00
Outstanding as of March 31, 2025	35,420	$ 23.77

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, 2024	2,500	$ 56.89		
Granted	-	-		
Exercised	-	-		
Forfeited	(1,500)	$ 38.15		
Outstanding as of March 31, 2025	1,000	$ 85.00	7.36	$ -
Exercisable as of March 31, 2025	1,000	$ 85.00	7.36	$ -

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, 2024	1,190	$ 91.61		
Granted	-	-		
Exercised	-	-		
Forfeited	-	0		
Outstanding as of March 31, 2025	1,190	$ 91.61	2.25	$ -
Exercisable as of March 31, 2025	1,190	$ 91.61	2.25	$ -

Our stock benefit plans had 1,232,332 and 220,006 shares of common stock reserved for future issuances under our equity incentive plans as of March 31, 2025 and December 31, 2024, respectively. In addition, the shares of common stock reserved for issuance under the 2018 Plan also will include any shares of common stock subject to stock options 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, 2025, the maximum number of shares of common stock that may be added to the 2018 Plan pursuant to the foregoing is 1,190.

Furthermore, there were 63,167 and 46,791 shares of common stock available for sale and reserved for issuance under our 2018 Employee Stock Purchase Plan as of March 31, 2025 and December 31, 2024, respectively.

10. 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. 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:

	Software Subscriptions & Services	Advertising	Corporate	Three months ended March 31, 2025
Net revenues	$ 635	$ 53	$ -	$ 688
Cost of revenues	302	27	-	329
Gross profit	333	26	-	359
Operating expenses:				
Compensation	798	121	587	1,506
Consulting and professional fees	279	-	2,293	2,572
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	$ (872)	$ (106)	$ (2,745)	$ (3,723)

	Software Subscriptions & Services	Advertising	Corporate	Three months ended March 31, 2024
Net revenues	$ 454	$ 467	$ -	$ 921
Cost of revenues	214	183	-	397
Gross profit	240	284	-	524
Operating expenses:				
Compensation	714	115	501	1,330
Consulting and professional fees	3	-	777	780
Facilities and insurance	1	-	424	425
Stock-based compensation	29	-	555	584
Impairment of goodwill	-	-	-	-
Other segment expenses[1]	61	4	214	279
Total operating expenses	808	119	2,471	3,398
Operating loss	(568)	165	(2,471)	(2,874)
Other income	-	-	582	582
Income (loss) before taxes	$ (568)	$ 165	$ (1,889)	$ (2,292)

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

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 mobile-application cloud-based platform that equips companies with the products, solutions and services necessary to engage, manage and monetize their mobile application portfolios. Our offerings include:

- A cloud-based application framework vertical solution license for iOS and Android-based mobile applications (apps). We have focused a majority of our recent sales efforts on addressing the patient experience for healthcare and the luxury guest experience for hospitality. However, our product 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.
- Enterprise mobile software development kits (SDKs) including business intelligence and analytics, content management, alerts, notifications and messaging, and location-based services;
- Development services for customers who wish to have 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 the development of a new generative AI-driven software development platform to enable businesses of any size to design, create, build, and deploy high-quality custom mobile applications in shorter periods of time. The platform will be designed to utilize generative AI in a manner that will enable businesses to develop and monetize custom mobile app solutions more quickly and at a lower cost, making them more accessible to small and medium-sized businesses.

The "artificial intelligence" (AI) in the context of the Company's platform will initially be generative pre-trained transformer (GPT) technology. We plan to use such AI in various contexts within our internal systems, product offerings and new software development platform, including the following:

- **Creator.phunware.com.** We have created, deployed and are testing creator.phunware.com, an online platform which is the first step in the Company's new software development platform initiative. This platform will in the future utilize generative AI (initially GPT technology) to simplify the mobile app request, submission, creation, development, customization and completion processes for customers. The platform is designed to include a Sales Companion GPT, a generative AI assistant that will guide customers step-by-step through the onboarding and sales processes, helping guide customer decisions in creating, developing, customizing and completing their mobile apps, making them even more intuitive, efficient and less expensive.
- **Generative AI Tools for Internal Systems.** We actively utilize generative AI tools to streamline internal processes and workflows for mobile app creation and development. We also plan to use predictive AI tools in the future to further enhance these processes. By applying these technologies, we expect to improve the quality and personalization of our mobile apps for customers and drastically reduce the time required to adapt our mobile app development framework to meet specific customer needs. We anticipate that these efficiencies will enable the Company to reduce mobile app development costs

significantly and make high-quality customized mobile apps more accessible and affordable for small to medium sized businesses ("SMBs") and enterprises.

- **AI Features and Functionalities for Engagement and Monetization.** We are also developing AI Personal Concierge features and functionalities to serve as a human-like interface in our mobile apps for customers and users thereof to enhance engagement and provide our customers with innovative opportunities to further monetize their products and services with users.
- **Automation Technology.** In the future, we plan to further integrate generative AI into our App Creator process to facilitate collection and evaluation of inputs - such as customer-provided content, branding materials, and other relevant information - and automatically generate necessary configuration files.

We intend to continue investing for long-term growth. We have 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 also expect to continue investing in the development and improvement of new and existing products and services to address customers' needs. We currently do not expect to be profitable in the near future.

Key Business Metrics

Our management regularly monitors certain financial measures to track the progress of our business against internal goals and targets. We believe that the most important of these measures include 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 52% of our backlog as of March 31, 2025 will be invoiced during the subsequent 12-month period, primarily due to the fact that our contracts are typically one to three years in length.
- Deferred revenue consists of amounts that have been invoiced but have not yet been recognized as revenues as of the end of a reporting period. Together, the sum of deferred revenue and backlog represents the total billed and unbilled contract value yet to be recognized in revenues and provides visibility into future revenue streams.

The following table sets forth our software and subscriptions bookings:

	Three Months Ended March 31,	
(in thousands)	2025	2024
Bookings	$ 359	$ 597

The follow table sets forth our deferred revenue and backlog:

(in thousands)	March 31, 2025	December 31, 2024
Backlog	$ 3,139	$ 3,635
Deferred revenue	1,784	1,562
Total backlog and deferred revenue	$ 4,923	$ 5,197

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	**Three months ended March 31,**	
(in thousands, except percentages)	**2025**	**2024**
Gross profit	$ 359	$ 524
Gross margin	52.2%	56.9%
Net loss	$ (3,723)	$ (2,292)

	Three Months Ended March 31,	
(in thousands, except percentages)	**2025**	**2024**
Adjusted gross profit [(1)]	$ 374	$ 569
Adjusted gross margin [(1)]	54.4%	61.8%
Adjusted EBITDA [(2)]	$ (4,743)	$ (2,225)

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

revenue adjustments, stock-based compensation and amortization of intangible assets. We define adjusted gross margin as adjusted gross profit as a percentage of net revenues.

(2) Adjusted EBITDA is a non-GAAP financial measure. We believe adjusted EBITDA provides helpful information with respect to operating performance as viewed by management, including a view of our business that is not dependent on (i) the impact of our capitalization structure and (ii) items that are not part of day-to-day operations. We define adjusted EBITDA as net loss plus (i) interest expense, net of interest income (ii) income tax expense, (iii) depreciation, and further adjusted for (iv) non-cash impairment, (v) valuation adjustments and (vi) stock-based compensation expense.

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.

	Three Months Ended March 31,	
(in thousands, except percentages)	**2025**	**2024**
Gross profit	$ 359	$ 524
Add back: Stock-based compensation	15	45
Adjusted gross profit	$ 374	$ 569
Adjusted gross margin	54.4%	61.8%

	Three Months Ended March 31,	
(in thousands)	**2025**	**2024**
Net loss	$ (3,723)	$ (2,292)
Add back: Depreciation	4	4
Add back: Interest expense	9	108
Less: Interest income	(1,119)	(140)
EBITDA	(4,829)	(2,320)
Add back: Stock-based compensation	86	630
Less: Gain on extinguishment of debt	-	(535)
Adjusted EBITDA	$ (4,743)	$ (2,225)

Components of Results of Operations

Revenue and Gross Profit

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

Software Subscriptions and Services

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

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

Advertising 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, along with travel expenses, other employee related costs, including stock-based compensation and expenses related to marketing programs and promotional activities. Our sales and marketing expense may increase in absolute dollars as we increase our sales and marketing organizations as we plan to increase revenue but may fluctuate as a percentage of our total revenue from period to period.

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

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

Interest Expense

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

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Results of Operations

Net Revenues

(in thousands, expect percentages)	Three Months Ended March 31, 2025	2024	Change Amount	%
Revenue				
Software subscriptions and services	$ 635	$ 454	$ 181	39.9%
Advertising	53	467	(414)	(88.7%)
Total revenue	$ 688	$ 921	$ (233)	(25.3%)
Software subscriptions and services as a percentage of total revenue	92.3%	49.3%		
Advertisings as a percentage of total revenue	7.7%	50.7%		
Platform revenues as a percentage of total revenue	100.0%	100.0%		

Net revenues decreased $0.2 million, or (25.3%), for the three months ended March 31, 2025 compared to the corresponding period in 2024, as a result of a decrease in advertising campaigns, which was partially offset by an increase in software development revenue as a result of delivered customer projects.

Cost of Revenues, Gross Profit and Gross Margin

(in thousands, expect percentages)	Three Months Ended March 31, 2025	2024	Change Amount	%
Cost of Revenue				
Software subscriptions and services	$ 302	$ 214	$ 88	41.1%
Advertising	27	183	(156)	(85.2%)
Total cost of revenue	$ 329	$ 397	$ (68)	(17.1%)
Gross Profit				
Software subscriptions and services	$ 333	$ 240	$ 93	38.8%
Advertising	26	284	(258)	(90.8%)
Total gross profit	$ 359	$ 524	$ (165)	(31.5%)
Gross Margin				
Software subscriptions and services	52.4%	52.9%		
Advertising	49.1%	60.8%		
Total gross margin	52.2%	56.9%		

Total gross profit decreased 0.2 million, or (31.5%), three months ended March 31, 2025 compared to the corresponding period in 2024, primarily as a result of the revenue items described above.

Operating Expenses

(in thousands, except percentages)	Three Months Ended March 31, 2025	2024	Change Amount	%
Operating expenses				
Sales and marketing	$ 896	$ 443	$ 453	102.3%
General and administrative	3,464	2,471	993	40.2%
Research and development	813	484	329	68.0%
Total operating expenses	$ 5,173	$ 3,398	$ 1,775	52.2%

Sales and Marketing

Sales and marketing expense increased $0.5 million, or 102.3% for the three months ended March 31, 2025, compared to the corresponding periods of 2024, primarily due to an increase in corporate marketing and sales consultants.

General and Administrative

General and administrative expense increased $1.0 million, or 40.2%, for the three months ended March 31, 2025 compared to the corresponding period of 2024, due to a $1.5 million increase in professional fees, mainly related to legal fees for the Company's Wild Basin litigation. This increase was partially offset by a $0.5 million decrease in stock-based compensation expense.

Research and Development

Research and development expense increased $0.3 million, or 68.0%, for the three months ended March 31, 2025, compared to the corresponding periods of 2024, primarily as a result of an increase in payroll and related expenses as a result of higher headcount and an increase in consulting fees for engineering consultants.

Other expense

	Three Months Ended March 31,	
(in thousands, except percentages)	2025	2024
Other income (expense)		
Interest expense	$ (9)	$ (108)
Interest income	1,119	140
Gain (loss) on extinguishment of debt	-	535
Other income, net	(19)	15
Total other income (expense)	$ 1,091	$ 582

During the three months ended March 31, 2025, we recorded other income of $1.1 million, primarily as a result of interest income from cash and cash equivalents. During the three months ended March 31, 2024, we recorded other income of approximately $0.6 million, primarily as a result of gain on extinguishment of debt on our 2022 Promissory Note, as amended.

Liquidity and Capital Resources

As of March 31, 2025, we held total cash of $109.7 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.

On February 1, 2022, we filed a Form S-3, which was subsequently declared effective by the SEC on February 9, 2022, pursuant to which we could issue up to $200 million in common stock, preferred stock, warrants and units. Contained therein, was a prospectus supplement pursuant to which we could sell up to $100 million of our common stock in an “at the market offering” pursuant to an At Market Issuance Sales Agreement we entered into with H.C. Wainwright & Co., LLC (“Wainwright”) on January 31, 2022. We terminated our agreement with Wainwright effective June 3, 2024.

On June 4, 2024, we entered into an Equity Distribution Agreement with Canaccord Genuity LLC (“Canaccord”), as representative of certain agents, pursuant to which we could offer and sell, from time to time, shares of our common stock for aggregate gross proceeds of up to $120 million, through the agents. On November 1, 2024, we entered into an Amended and Restated Equity Distribution Agreement (amending the June 4, 2024 Equity Distribution Agreement) with Canaccord, and filed a registration statement on Form S-3MEF relating to the Company's existing registration statement on Form S-3 originally filed in 2022, pursuant to which we increased the aggregate amount of shares of our common stock that we were entitled to sell under our at-the-market facility to an aggregate offering price of approximately $171.5 million. During the three months ended March 31, 2025, we sold an aggregate of 14,210 shares of our common stock under our At Market Issuance Sales Agreement with Wainwright and Equity Distribution Agreement with Canaccord for aggregate gross cash proceeds of approximately $0.1 million. On February 9, 2025, the aforementioned registration statement on Form S-3 expired (including the subsequent registration statement on Form S-3MEF), and as a result, the Amended and Restated Equity Distribution Agreement with Canaccord terminated.

Although we expect to generate operating losses and negative operating cash flows in the future, based on the financing events described above, 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 spend to support development efforts, additional investments in AI technology and infrastructure, the expansion of sales and marketing activities and the market acceptance of our products and services. We believe that it is likely we will in the future enter into arrangements to acquire or invest in additional companies and assets, technologies, intellectual property rights and digital assets. We may be required to seek additional equity or debt financings. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired and/or on acceptable terms, our business, operating results and financial condition could be adversely affected.

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

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

	Three Months Ended March 31,	
(in thousands, except percentages)	**2025**	**2024**
Consolidated statement of cash flows		
Net cash used in operating activities	$ (3,335)	$ (5,530)
Net cash provided by investing activities	$ -	$ -
Net cash provided by financing activities	$ 80	$ 23,204

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 $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.

We utilized $5.5 million of cash from operating activities during the three months ended March 31, 2024, resulting in a net loss of $2.3 million. The net loss included non-cash charges of $0.4 million, primarily consisting of stock-based compensation. In addition, certain changes in our operating assets and liabilities resulted in a cash decrease of $3.5 million, primarily relating to a decrease in accounts payable and accrued expenses.

Investing Activities

We did not have any investing activities during the three months ended March 31, 2025 and 2024.

Financing Activities

Our financing activities during the three months ended March 31, 2025 and 2024 consisted of various 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 6, "*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, 2025, 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 Item I, Part I 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 Item I, Part I 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, 2024 filed with the SEC on March 31, 2025.

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

Under the supervision and with the participation of our management, including our 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.

Changes in Internal Control over Financial Reporting

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, management identified a material weakness in internal control over financial reporting related to the design of information technology general controls (“ITGCs”) related to user access, program change and appropriate segregation of duties for certain IT applications. We implemented additional ITGCs to manage user access and program changes across our key systems; however, the Company needs more time to fully remediate this material weakness.

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

Management believes that the remediation measures described above, if 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 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 is committed to continuous improvement of our internal control over financial reporting and will continue to diligently review our financial reporting controls and procedures. However, we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts. Management will test, evaluate and audit the implementation of these new processes and internal controls to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in the Company’s financial statements.

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

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, 2025 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 information set forth under the "*Litigation*" subheading in Note 7, "*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 31, 2025 for the year ended December 31, 2024 or contained elsewhere in this Report. The risks and uncertainties described within our Form 10-K for the year ended December 31, 2024 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.

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. 00-37862) 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 January 31, 2025 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K (File No. 001-37862), filed with the SEC on February 6, 2025).
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 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 15, 2025	**Phunware, Inc.**	
	By:	*/s/ Stephen Chen*
	Name:	Stephen Chen
	Title:	Interim Chief Executive Officer (Principal Executive Officer)
May 15, 2025	By:	*/s/ J. Brendhan Botkin*
	Name:	J. Brendhan Botkin
	Title:	Vice President of Accounting and Financial Reporting (Principal Accounting and Financial Officer)

Exhibit 31.1

CERTIFICATION

I, Stephen Chen, 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 15, 2025

/s/ Stephen Chen
Stephen Chen
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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 15, 2025

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

Exhibit 32.1

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), Stephen Chen, 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, 2025, 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 15, 2025

Phunware, Inc.

By:	*/s/ Stephen Chen*
Name:	Stephen Chen
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.