

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

FORM 8-K

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

Date of Report (Date of earliest event reported): May 10, 2022

POWERFLEET, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39080
(Commission
File Number)

83-4366463
(IRS Employer
Identification No.)

123 Tice Boulevard, Woodcliff Lake, New Jersey
(Address of Principal Executive Offices)

07677
(Zip Code)

Registrant's telephone number, including area code (201) 996-9000

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--|--------------------------|--|
| Common Stock, par value \$0.01 per share | PWFL | The Nasdaq Global Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2022, PowerFleet, Inc. (the "Registrant") issued a press release regarding financial results for the fiscal quarter ended March 31, 2022. A copy of the press release is being furnished as Exhibit 99.1 to this report.

The information in this report is being furnished pursuant to Item 2.02 of Form 8-K. In accordance with General Instruction B.2. of Form 8-K, the information in this report, including Exhibit 99.1, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such a filing.

Forward-Looking Statements

This report, including Exhibit 99.1 furnished herewith, contains forward looking statements within the meaning of federal securities laws. Forward-looking statements include statements with respect to the Registrant's beliefs, plans, goals, objectives, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond the Registrant's control, and which may cause its actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. For example, forward-looking statements include statements regarding: prospects for additional customers; potential contract values; market forecasts; projections of earnings, revenues, synergies, accretion or other financial information; emerging new products; and plans, strategies and objectives of management for future operations, including growing revenue, controlling operating costs, increasing production volumes, and expanding business with core customers. The risks and uncertainties referred to above include, but are not limited to, future economic and business conditions, the ability to recognize the anticipated benefits of the acquisition of Pointer Telocation Ltd. ("Pointer"), which may be affected by, among other things, the loss of key customers or reduction in the purchase of products by any such customers, the failure of the market for the Registrant's products to continue to develop, the possibility that the Registrant may not be able to integrate successfully the business, operations and employees of I.D. Systems, Inc. ("I.D. Systems") and Pointer, the inability to protect the Registrant's intellectual property,

the inability to manage growth, the effects of competition from a variety of local, regional, national and other providers of wireless solutions, and other risks detailed from time to time in the Registrant's filings with the Securities and Exchange Commission, including the Registrant's annual report on Form 10-K for the year ended December 31, 2021. These risks could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Registrant. Unless otherwise required by applicable law, the Registrant assumes no obligation to update any forward-looking statements, and expressly disclaims any obligation to do so, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press release, dated May 10, 2022. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURE

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

POWERFLEET, INC.

By: /s/ Ned Mavrommatis
Name: Ned Mavrommatis
Title: Chief Financial Officer

Date: May 10, 2022



PowerFleet Reports First Quarter 2022 Financial Results

Total Revenue up 14% Year-Over-Year to \$33.2 Million and High Margin, Recurring and Services Revenue up 7% Year-Over-Year to \$18.8 million

Woodcliff Lake, NJ — May 10, 2022 — PowerFleet, Inc. (Nasdaq: PWFL), a global leader of SaaS-based data insight solutions that manage enterprise assets for seamless business operations, reported results for the first quarter ended March 31, 2022.

First Quarter 2022 Financial Highlights

- Total revenue was \$33.2 million, up 14% year-over-year.
- High margin, recurring and services revenue increased 7% year-over-year to \$18.8 million, or 57% of total revenue.
- \$20.9 million in cash and cash equivalents and working capital of \$40.5 million at quarter-end.

Management Commentary

“The first quarter marked a solid start to the year, highlighted by 14% year-over-year revenue growth,” said PowerFleet CEO Steve Towe. “The double-digit growth we realized in the quarter was driven by ongoing deployments with major customers, including Walmart, Albertsons, and American Intermodal Management. Additionally, we saw growth across our core verticals and markets, particularly in Mexico and our Pointer operation, both of which are realizing solid growth with key partners.

“Operationally, we continue to navigate through the global supply chain and electronic component challenges to deliver solutions that our valued customers rely on for their business operations. As we progress through 2022, we expect product gross profit to improve as we begin to realize the benefits from our operational and product reengineering initiatives. Longer term, we are confident these measures will give us better control over our supply chain and how we deliver products to customers. In parallel, we’re working hard to expand recurring revenue while reducing operating expenses through even closer integration of our business units.

“Our companywide focus in 2022 is on establishing a world-class SaaS and AI platform to maximize the impact we make for our customers and increase the wallet share we can derive in the future. PowerFleet is well positioned to capitalize on this opportunity thanks to the depth and breadth of our technology, specifically the rich history of innovative devices, sensors, suite of software applications and data, coupled with the growing need for real-time AI-based insights across our SaaS offerings. We are executing to plan and are confident the successful realization of our vision will create a highly scalable, repeatable, and profitable global organization for the years ahead.”

First Quarter 2022 Financial Results

Total revenue increased 14% to \$33.2 million from \$29.0 million in the same year-ago period.

Services revenue was \$18.8 million, or 57% of total revenue, an improvement compared to \$17.6 million, or 61% of total revenue, in the same year-ago period. Product revenue, which drives future services revenue, was \$14.4 million, or 43% of total revenue, compared to \$11.4 million, or 39% of total revenue, in the same year-ago period.



Gross profit was \$14.4 million, or 43% of total revenue, compared to \$14.5 million, or 50% of total revenue, in the same year-ago period. Service gross profit was \$12.0 million, or 64% of total service revenue, compared to \$11.2 million, or 64% of total service revenue, in the same year-ago period. Product gross profit was \$2.4 million, or 17% of total product revenue, compared to \$3.3 million, or 29% of total product revenue, in the same year-ago period. In Q1 2022, product gross profit was impacted by product mix, higher costs associated with supply chain issues and electronic component shortages and inflation.

Selling, general and administrative expenses were \$14.9 million, compared to \$16.1 million in the prior quarter and \$13.6 million in the same year-ago period. Research and development expenses were \$3.2 million, compared to \$2.7 million in the same year-ago period.

Net loss attributable to common stockholders totaled \$4.1 million, or \$(0.12) per basic and diluted share (based on 35.3 million weighted average shares outstanding), compared to net loss attributable to common stockholders of \$3.0 million, or \$(0.09) per basic and diluted share, in the same year-ago period (based on 33.3 million weighted average shares outstanding).

Non-GAAP net loss, a non-GAAP metric, totaled \$2.2 million, or \$(0.06) per basic and diluted share (based on 35.3 million weighted average basic and diluted shares outstanding), compared to non-GAAP net income of \$61,000, or \$0.00 per basic and diluted share (based on 33.3 million weighted average basic shares outstanding and 41.8 million weighted average diluted shares outstanding), in the same year-ago period (See the section below titled “Non-GAAP Financial Measures” for more information about non-GAAP net income and its reconciliation to GAAP net income/loss).

Adjusted EBITDA loss, a non-GAAP metric, totaled \$993,000, compared to adjusted EBITDA of \$1.4 million in the same year-ago period (See the section below titled “Non-GAAP Financial Measures” for more information about adjusted EBITDA and its reconciliation to GAAP net income/loss).

At quarter-end, the company had \$20.9 million in cash and cash equivalents. The company’s working capital position at quarter-end was \$40.5 million.

Investor Conference Call

PowerFleet management will discuss these results and business outlook on a conference call today (Tuesday, May 10, 2022) at 8:30 a.m. Eastern time (5:30 a.m. Pacific time).

PowerFleet management will host the presentation, followed by a question-and-answer session.

Toll Free: 888-506-0062
International: 973-528-0011
Entry code: 949768

The conference call will be broadcast simultaneously and available for replay [here](#) and in via the investor section of the company's website at ir.powerfleet.com.

If you have any difficulty connecting with the conference call, please contact PowerFleet's investor relations team at 949-574-3860.



Non-GAAP Financial Measures

To supplement its financial statements presented in accordance with Generally Accepted Accounting Principles (GAAP), PowerFleet provides certain non-GAAP measures of financial performance. These non-GAAP measures include non-GAAP net income (loss), non-GAAP net income (loss) per basic and diluted share and adjusted EBITDA. Reference to these non-GAAP measures should be considered in addition to results prepared under current accounting standards, but are not a substitute for, or superior to, GAAP results. These non-GAAP measures are provided to enhance investors' overall understanding of PowerFleet's current financial performance. Specifically, PowerFleet believes the non-GAAP measures provide useful information to both management and investors by excluding certain expenses, gains and losses that may not be indicative of its core operating results and business outlook. These non-GAAP measures are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as an alternate to net income or cash flow from operating activities as an indicator of operating performance or liquidity. Because PowerFleet's method for calculating the non-GAAP measures may differ from other companies' methods, the non-GAAP measures may not be comparable to similarly titled measures reported by other companies. Reconciliation of all non-GAAP measures included in this press release to the nearest GAAP measures can be found in the financial tables included in this press release.

PowerFleet, Inc. and Subsidiaries Reconciliation of GAAP to Adjusted EBITDA Financial Measures (Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|----------------|
| | 2021 | 2022 |
| Net loss attributable to common stockholders | \$ (2,983,000) | \$ (4,124,000) |
| Non-controlling interest | - | 1,000 |
| Preferred stock dividend and accretion | 1,196,000 | 1,196,000 |
| Interest (income) expense, net | 458,000 | 431,000 |
| Other (income) expense, net | - | 1,000 |
| Income tax (benefit) expense | 473,000 | (703,000) |
| Depreciation and amortization | 2,141,000 | 2,089,000 |
| Stock-based compensation | 1,097,000 | 457,000 |
| Foreign currency translation | (1,019,000) | (341,000) |
| Adjusted EBITDA | \$ 1,363,000 | \$ (993,000) |



PowerFleet, Inc. and Subsidiaries Reconciliation of GAAP to Non-GAAP Net Income (Loss) Financial Measures (Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|----------------|
| | 2021 | 2022 |
| Net loss attributable to common stockholders | \$ (2,983,000) | \$ (4,124,000) |
| Preferred stock dividend and accretion | 1,196,000 | 1,196,000 |
| Other (income) expense, net | - | 1,000 |
| Intangible assets amortization expense | 1,299,000 | 1,274,000 |
| Stock-based compensation | 1,097,000 | 457,000 |
| Foreign currency translation | (1,019,000) | (341,000) |
| Non-cash portion of income tax expense | 471,000 | (706,000) |
| Non-GAAP net income (loss) | \$ 61,000 | \$ (2,243,000) |
| Non-GAAP net income (loss) - basic | \$ 0.00 | \$ (0.06) |
| Non-GAAP net income (loss) - diluted | \$ 0.00 | \$ (0.06) |
| Weighted average common shares outstanding - basic | 33,259,000 | 35,332,000 |
| Weighted average common shares outstanding - diluted | 41,771,000 | 35,332,000 |

About PowerFleet

PowerFleet® Inc. (NASDAQ: PWFL; TASE: PWFL) is a global leader of subscription-based wireless solutions that manage enterprise assets for seamless business operations. PowerFleet's patented technologies are the proven solution for organizations that must monitor and analyze their assets to improve safety, increase efficiency, reduce costs, and drive profitability. Our offerings are sold under the global brands PowerFleet, Pointer, and Cellocator. PowerFleet's global headquarters are in Woodcliff Lake, New Jersey, with additional offices around the globe. For more information, please visit www.powerfleet.com, the content of which does not form a part of this press release.



Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws. Forward-looking statements include statements with respect to PowerFleet's beliefs, plans, goals, objectives, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond PowerFleet's control, and which may cause its actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. For example, forward-looking statements include statements regarding prospects for additional customers; potential contract values; market forecasts; projections of earnings, revenues, synergies, accretion, or other financial information; emerging new products; and plans, strategies, and objectives of management for future operations, including growing revenue, controlling operating costs, increasing production volumes, and expanding business with core customers. The risks and uncertainties referred to above include, but are not limited to, future economic and business conditions, the ability to recognize the anticipated benefits of the acquisition of Pointer, which may be affected by, among other things, the loss of key customers or reduction in the purchase of products by any such customers, the failure of the market for PowerFleet's products to continue to develop, the possibility that PowerFleet may not be able to integrate successfully the business, operations and employees of I.D. Systems and Pointer, the inability to protect PowerFleet's intellectual property, the inability to manage growth, the effects of competition from a variety of local, regional, national and other providers of wireless solutions, and other risks detailed from time to time in PowerFleet's filings with the Securities and Exchange Commission, including PowerFleet's annual report on Form 10-K for the year ended December 31, 2021. These risks could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, PowerFleet. Unless otherwise required by applicable law, PowerFleet assumes no obligation to update the information contained in this press release, and expressly disclaims any obligation to do so, whether a result of new information, future events, or otherwise.

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PowerFleet, Inc. and Subsidiaries Condensed Consolidated Statements of Operations Data

| | Three Months Ended March 31, | |
|--|---------------------------------|---------------------|
| | 2021 (Unaudited) | 2022 (Unaudited) |
| Revenue: | | |
| Products | \$ 11,420,000 | \$ 14,392,000 |
| Services | 17,571,000 | 18,769,000 |
| | <u>28,991,000</u> | <u>33,161,000</u> |
| Cost of revenue: | | |
| Cost of products | 8,152,000 | 11,978,000 |
| Cost of services | 6,369,000 | 6,784,000 |
| | <u>14,521,000</u> | <u>18,762,000</u> |
| Gross Profit | <u>14,470,000</u> | <u>14,399,000</u> |
| Operating expenses: | | |
| Selling, general and administrative expenses | 13,608,000 | 14,912,000 |
| Research and development expenses | 2,745,000 | 3,229,000 |
| | <u>16,353,000</u> | <u>18,141,000</u> |
| Loss from operations | (1,883,000) | (3,742,000) |
| Interest income | 12,000 | 13,000 |
| Interest expense | (470,000) | (444,000) |
| Foreign currency translation of debt | 1,027,000 | 544,000 |
| Other (expense) income, net | - | (1,000) |
| Net loss before income taxes | <u>(1,314,000)</u> | <u>(3,630,000)</u> |
| Income tax benefit (expense) | <u>(473,000)</u> | <u>703,000</u> |

| | | |
|--|----------------|----------------|
| Net loss before non-controlling interest | (1,787,000) | (2,927,000) |
| Non-controlling interest | - | (1,000) |
| Net loss | (1,787,000) | (2,928,000) |
| Accretion of preferred stock | (168,000) | (168,000) |
| Preferred stock dividend | (1,028,000) | (1,028,000) |
| Net loss attributable to common stockholders | \$ (2,983,000) | \$ (4,124,000) |
| Net loss per share - basic and diluted | \$ (0.09) | \$ (0.12) |
| Weighted average common shares outstanding - basic and diluted | 33,259,000 | 35,332,000 |



PowerFleet, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet Data

| | As of | |
|---|-------------------|-------------------------------|
| | December 31, 2021 | March 31, 2022 (Unaudited) |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 26,452,000 | \$ 20,559,000 |
| Restricted cash | 308,000 | 308,000 |
| Accounts receivable, net | 32,094,000 | 31,861,000 |
| Inventory, net | 18,243,000 | 20,313,000 |
| Deferred costs - current | 1,762,000 | 1,416,000 |
| Prepaid expenses and other current assets | 9,051,000 | 10,716,000 |
| Total current assets | 87,910,000 | 85,173,000 |
| Deferred costs - less current portion | 249,000 | 224,000 |
| Fixed assets, net | 8,988,000 | 8,532,000 |
| Goodwill | 83,487,000 | 83,487,000 |
| Intangible assets, net | 26,122,000 | 24,848,000 |
| Right of use asset | 9,787,000 | 9,597,000 |
| Severance payable fund | 4,359,000 | 4,282,000 |
| Deferred tax asset | 4,262,000 | 4,977,000 |
| Other assets | 4,703,000 | 4,778,000 |
| Total assets | \$ 229,867,000 | \$ 225,898,000 |
| LIABILITIES | | |
| Current liabilities: | | |
| Short-term bank debt and current maturities of long-term debt | \$ 6,114,000 | \$ 6,006,000 |
| Accounts payable and accrued expenses | 29,015,000 | 28,777,000 |
| Deferred revenue - current | 6,519,000 | 7,168,000 |
| Lease liability - current | 2,640,000 | 2,718,000 |
| Total current liabilities | 44,288,000 | 44,669,000 |
| Long-term debt, less current maturities | 18,110,000 | 16,258,000 |
| Deferred revenue - less current portion | 4,428,000 | 4,466,000 |
| Lease liability - less current portion | 7,368,000 | 7,128,000 |
| Accrued severance payable | 4,887,000 | 4,857,000 |
| Deferred tax liability | 5,220,000 | 5,305,000 |
| Other long-term liabilities | 706,000 | 738,000 |
| Total liabilities | 85,007,000 | 83,421,000 |
| MEZZANINE EQUITY | | |
| Convertible redeemable Preferred stock: Series A | 52,663,000 | 53,859,000 |
| STOCKHOLDERS' EQUITY | | |
| Total Powerfleet, Inc. stockholders' equity | 92,111,000 | 88,516,000 |
| Non-controlling interest | 86,000 | 102,000 |
| Total equity | 92,197,000 | 88,618,000 |
| Total liabilities and stockholders' equity | \$ 229,867,000 | \$ 225,898,000 |



PowerFleet, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flow Data

| | Three Months Ended March 31, | |
|---|------------------------------|----------------------|
| | 2021 | 2022 |
| Cash flows from operating activities | | |
| Net loss | \$ (1,787,000) | \$ (2,928,000) |
| Adjustments to reconcile net loss to cash (used in) provided by operating activities: | | |
| Non-controlling interest | - | 1,000 |
| Inventory reserve | 74,000 | 53,000 |
| Stock based compensation expense | 1,357,000 | 457,000 |
| Depreciation and amortization | 2,144,000 | 2,089,000 |
| Right-of-use assets, non-cash lease expense | 768,000 | 658,000 |
| Bad debt expense | 268,000 | 252,000 |
| Deferred income taxes | 473,000 | (703,000) |
| Other non-cash items | 88,000 | 556,000 |
| Changes in: | | |
| Accounts receivable | (3,355,000) | (533,000) |
| Inventory | (829,000) | (1,929,000) |
| Prepaid expenses and other assets | 214,000 | (1,337,000) |
| Deferred costs | 723,000 | 372,000 |
| Deferred revenue | 1,230,000 | 689,000 |
| Accounts payable and accrued expenses | 164,000 | 809,000 |
| Lease liabilities | (748,000) | (631,000) |
| Net cash (used in) provided by operating activities | <u>784,000</u> | <u>(2,125,000)</u> |
| Capital expenditures | <u>(597,000)</u> | <u>(610,000)</u> |
| Net cash (used in) provided by investing activities | <u>(597,000)</u> | <u>(610,000)</u> |
| Cash flows from financing activities: | | |
| Net proceeds from stock offering | 26,867,000 | - |
| Payment of preferred stock dividends | (1,028,000) | - |
| Repayment of long-term debt | (1,315,000) | (1,497,000) |
| Short-term bank debt, net | 91,000 | - |
| Proceeds from exercise of stock options, net | 70,000 | - |
| Purchase of treasury stock upon vesting of restricted stock | (347,000) | (181,000) |
| Net cash (used in) provided by financing activities | <u>24,338,000</u> | <u>(1,678,000)</u> |
| Effect of foreign exchange rate changes on cash and cash equivalents | <u>(1,701,000)</u> | <u>(1,480,000)</u> |
| Net (decrease) increase in cash, cash equivalents and restricted cash | 22,824,000 | (5,893,000) |
| Cash, cash equivalents and restricted cash - beginning of period | <u>18,435,000</u> | <u>26,760,000</u> |
| Cash, cash equivalents and restricted cash - end of period | <u>\$ 41,259,000</u> | <u>\$ 20,867,000</u> |