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

FORM 10-Q

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

For the quarterly period ended June 30, 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: 001-39080

POWERFLEET, INC.
(Exact name of registrant as specified in its charter)

Delaware	**83-4366463**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
123 Tice Boulevard **Woodcliff Lake, New Jersey**	**07677**
(Address of principal executive offices)	(Zip Code)

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 $0.01 per share	AIOT	The Nasdaq Global 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** ☒

The number of shares of the registrant's common stock, $0.01 par value per share, outstanding as of the close of business on August 7, 2025 was 133,443,292.

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POWERFLEET, INC. AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements (Unaudited)

POWERFLEET, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except per share data)
(Unaudited)

	March 31, 2025		June 30, 2025	
ASSETS				
Current assets:				
Cash and cash equivalents	$	44,392	**$**	**31,196**
Restricted cash		4,396		**4,447**
Accounts receivables, net of allowance for credit losses of $4,057 and $8,437 as of March 31, 2025 and June 30, 2025, respectively		78,623		**81,482**
Inventory, net		18,350		**23,892**
Prepaid expenses and other current assets		23,319		**26,762**
Total current assets		169,080		**167,779**
Fixed assets, net		58,011		**62,712**
Goodwill		383,146		**394,668**
Intangible assets, net		258,582		**263,745**
Right-of-use asset		12,339		**11,935**
Severance payable fund		3,796		**4,097**
Deferred tax asset		3,934		**3,926**
Other assets		21,183		**21,920**
Total assets	$	910,071	**$**	**930,782**
LIABILITIES				
Current liabilities:				
Short-term bank debt and current maturities of long-term debt	$	41,632	**$**	**37,426**
Accounts payable		41,599		**48,341**
Accrued expenses and other current liabilities		45,327		**48,755**
Deferred revenue - current		17,375		**17,116**
Lease liability - current		5,076		**4,965**
Total current liabilities		151,009		**156,603**
Long-term debt - less current maturities		232,160		**232,954**
Deferred revenue - less current portion		5,197		**5,133**
Lease liability - less current portion		8,191		**7,994**
Accrued severance payable		6,039		**6,754**
Deferred tax liability		57,712		**57,387**
Other long-term liabilities		3,021		**3,077**
Total liabilities		463,329		**469,902**
Commitments and Contingencies (Note 22)				
STOCKHOLDERS' EQUITY				
Preferred stock; authorized 50,000 shares, $0.01 par value		—		**—**
Common stock; authorized 175,000 shares, $0.01 par value; 135,379 and 135,506 shares issued at March 31, 2025 and June 30, 2025, respectively; shares outstanding, 133,316 and 133,443 at March 31, 2025 and June 30, 2025, respectively		1,343		**1,343**
Additional paid-in capital		671,400		**673,253**

Accumulated deficit	(205,783)	**(216,017)**
Accumulated other comprehensive (loss) income	(8,850)	**13,669**
Treasury stock; 2,063 and 2,063 common shares at cost at March 31, 2025 and June 30, 2025, respectively	(11,518)	**(11,518)**
Total Powerfleet, Inc. stockholders' equity	446,592	**460,730**
Non-controlling interest	150	**150**
Total equity	446,742	**460,880**
Total liabilities and stockholders' equity	$ 910,071	**$ 930,782**

See accompanying notes to condensed consolidated financial statements.

POWERFLEET, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,	
	2024	**2025**
Revenues:		
Products	$ 18,738	**$ 17,657**
Services	56,692	**86,464**
Total revenues	75,430	**104,121**
Cost of revenues:		
Cost of products	12,751	**13,228**
Cost of services	23,031	**34,412**
Total cost of revenues	35,782	**47,640**
Gross profit	39,648	**56,481**
Operating expenses:		
Selling, general and administrative expenses	54,782	**53,663**
Research and development expenses	3,101	**4,857**
Total operating expenses	57,883	**58,520**
Loss from operations	(18,235)	**(2,039)**
Interest income	304	**196**
Interest expense, net	(2,691)	**(6,786)**
Other expense, net	(624)	**(1,243)**
Net loss before income taxes	(21,246)	**(9,872)**
Income tax expense	(1,053)	**(362)**
Net loss before non-controlling interest	(22,299)	**(10,234)**
Non-controlling interest	(13)	**—**
Net loss	(22,312)	**(10,234)**
Preferred stock dividend	(25)	**—**
Net loss attributable to common stockholders	$ (22,337)	**$ (10,234)**
Net loss per share attributable to common stockholders - basic and diluted	$ (0.21)	**$ (0.08)**
Weighted average common shares outstanding - basic and diluted	107,136	**133,313**

See accompanying notes to condensed consolidated financial statements.

POWERFLEET, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive (Loss) Income
(In thousands)
(Unaudited)

	Three Months Ended June 30,	
	2024	**2025**
Net loss attributable to common stockholders	$ (22,337)	**$ (10,234)**
Foreign currency translation adjustment	418	**22,519**
Total other comprehensive income	418	**22,519**
Comprehensive (loss) income	$ (21,919)	**$ 12,285**

See accompanying notes to condensed consolidated financial statements.

POWERFLEET, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Changes in Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock							
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non-Controlling Interest	Total Stockholder's Equity
Balance as of April 1, 2024	38,709	$ 387	$ 202,607	$ (154,796)	$ (985)	$ (8,682)	$ 105	$ 38,636
Net loss attributable to common stockholders	—	—	(25)	(22,312)	—	—	—	(22,337)
Net income attributable to non-controlling interest	—	—	—	—	—	—	13	13
Foreign currency translation adjustment	—	—	—	—	418	—	8	426
Issuance of restricted shares	54	1	(1)	—	—	—	—	—
Shares issued for transaction bonus	174	1	888	—	—	—	—	889
Shares issued in connection with MiX Combination	70,704	707	361,298	—	—	—	—	362,005
Acquired through MiX Combination	—	—	7,818	—	—	—	5	7,823
Shares withheld pursuant to vesting of restricted stock	—	—	—	—	—	(2,836)	—	(2,836)
Stock-based compensation	—	—	5,929	—	—	—	—	5,929
Balance as of June 30, 2024	**109,641**	**$ 1,096**	**$ 578,514**	**$ (177,108)**	**$ (567)**	**$ (11,518)**	**$ 131**	**$ 390,548**
Balance as of April 1, 2025	135,379	$ 1,343	$ 671,400	$ (205,783)	$ (8,850)	$ (11,518)	$ 150	$ 446,742
Net loss attributable to common stockholders	—	—	—	(10,234)	—	—	—	(10,234)
Foreign currency translation adjustment	—	—	—	—	22,519	—	—	22,519
Stock-based compensation	—	—	1,853	—	—	—	—	1,853
Issue of stock appreciation rights	127	—	—	—	—	—	—	—
Balance as of June 30, 2025	**135,506**	**$ 1,343**	**$ 673,253**	**$ (216,017)**	**$ 13,669**	**$ (11,518)**	**$ 150**	**$ 460,880**

See accompanying notes to condensed consolidated financial statements.

POWERFLEET, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended June 30,	
	2024	2025
Cash flows from operating activities		
Net loss	$ (22,312)	**$ (10,234)**
Adjustments to reconcile net loss to cash (used in) provided by operating activities:		
Non-controlling interest	13	**—**
Inventory reserve	257	**193**
Stock-based compensation expense	5,929	**1,853**
Depreciation and amortization	10,335	**16,031**
Right-of-use assets, non-cash lease expense	760	**974**
Derivative mark-to-market adjustment	—	**104**
Bad debts expense	1,993	**1,856**
Deferred income taxes	1,021	**(3,157)**
Shares issued for transaction bonuses	889	**—**
Lease termination and modification losses	—	**59**
Other non-cash items	482	**(513)**
Changes in operating assets and liabilities:		
Accounts receivables	(6,973)	**(2,391)**
Inventories	(624)	**(4,733)**
Prepaid expenses and other current assets	(1,518)	**(1,284)**
Deferred costs	(1,789)	**(2,730)**
Deferred revenue	(142)	**(420)**
Accounts payable, accrued expenses and other current liabilities	4,993	**9,637**
Lease liabilities	(927)	**(881)**
Accrued severance payable, net	(2)	**357**
Net cash (used in) provided by operating activities	(7,615)	**4,721**
Cash flows from investing activities		
Acquisition, net of cash assumed	27,531	**—**
Proceeds from sale of fixed assets	—	**16**
Capitalized software development costs	(2,308)	**(3,724)**
Capital expenditures	(5,586)	**(8,114)**
Net cash provided by (used in) investing activities	19,637	**(11,822)**
Cash flows from financing activities		
Repayment of long-term debt	(493)	**(1,341)**
Short-term bank debt, net	4,161	**(5,428)**
Purchase of treasury stock upon vesting of restricted stock	(2,836)	**—**
Payment of preferred stock dividend and redemption of preferred stock	(90,298)	**—**
Cash paid on dividends to affiliates	(4)	**—**
Net cash used in financing activities	(89,470)	**(6,769)**

Effect of foreign exchange rate changes on cash and cash equivalents		(823)		**725**
Net decrease in cash and cash equivalents, and restricted cash		(78,271)		**(13,145)**
Cash and cash equivalents, and restricted cash at beginning of the period		109,664		**48,788**
Cash and cash equivalents, and restricted cash at end of the period	$	31,393	**$**	**35,643**
Reconciliation of cash and cash equivalents, and restricted cash, at beginning of the period				
Cash and cash equivalents		24,354		**44,392**
Restricted cash		85,310		**4,396**
Cash and cash equivalents, and restricted cash, at beginning of the period	$	109,664	**$**	**48,788**
Reconciliation of cash and cash equivalents, and restricted cash, at end of the period				
Cash and cash equivalents		30,242		**31,196**
Restricted cash		1,151		**4,447**
Cash and cash equivalents, and restricted cash, at end of the period	$	31,393	**$**	**35,643**
Supplemental disclosure of cash flow information:				
Cash paid for:				
Taxes	$	41	**$**	**873**
Interest	$	3,057	**$**	**5,994**
Noncash investing and financing activities:				
Common stock issued for transaction bonus	$	9	**$**	**—**
Shares issued in connection with MiX Combination	$	362,005	**$**	**—**

See accompanying notes to condensed consolidated financial statements.

POWERFLEET, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2025
In thousands (except per share data)
(Unaudited)

NOTE 1 - DESCRIPTION OF THE COMPANY AND BASIS OF PRESENTATION

Description of the Company

Powerfleet, Inc. (the "Company" or "Powerfleet") is a global provider of Artificial Intelligence-of-Things ("AIoT") solutions providing valuable business intelligence for managing high-value enterprise assets that improve operational efficiencies. The Company has a primary listing on the Nasdaq Global Market and a secondary listing on the Main Board of the Johannesburg Stock Exchange.

On April 2, 2024 (the "Implementation Date"), the Company consummated the transactions contemplated by the Implementation Agreement, dated as of October 10, 2023 (the "Implementation Agreement"), that the Company entered into with Main Street 2000 Proprietary Limited, a private company incorporated in the Republic of South Africa and a wholly owned subsidiary of the Company ("Powerfleet Sub"), and MiX Telematics Limited, formerly a public company incorporated under the laws of the Republic of South Africa ("MiX Telematics"), pursuant to which MiX Telematics became an indirect, wholly owned subsidiary of the Company (the "MiX Combination"). The consolidated financial statements as of and for the three months ended June 30, 2025 include the financial results of MiX Telematics and its subsidiaries.

On October 1, 2024 (the "FC Closing Date"), the Company consummated the transactions contemplated by the Share Purchase Agreement, dated as of September 18, 2024 (the "Purchase Agreement"), by and among Golden Eagle Topco, LP ("Golden Eagle LP"), the persons that are party to the Purchase Agreement under the heading "Other Sellers" (the "Other Sellers" and, together with Golden Eagle LP, the "Sellers"), the Company and Powerfleet Canada Holdings Inc., a wholly owned subsidiary of the Company (the "Canadian SPV" and, together with the Company, the "Purchasers"), pursuant to which the Purchasers acquired all of the direct and indirect common shares in the capital of Golden Eagle Canada Holdings, Inc. ("Canada Holdco") and Complete Innovations Holdings Inc. ("CIH"), and all of the issued and outstanding shares of common stock of Golden Eagle Holdings, Inc. (together with Canada Holdco and CIH, "Fleet Complete"). As a result, Fleet Complete became an indirect, wholly owned subsidiary of the Company (the "FC Acquisition"). The consolidated financial statements as of and for the three months ended June 30, 2025 include the financial results of Fleet Complete and its subsidiaries. See Note 3 for additional information.

Basis of Preparation

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated on consolidation. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, these unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the consolidated financial position of the Company as of March 31, 2025 and June 30, 2025, the consolidated results of its operations for the three-month periods ended June 30, 2024 and 2025, the consolidated change in stockholders' equity for the three-month periods ended June 30, 2024 and 2025, and the consolidated cash flows for the three-month periods ended June 30, 2024 and 2025. The results of operations for the three-month period ended June 30, 2025 are not necessarily indicative of the operating results for the full year. These financial statements should be read in conjunction with the audited consolidated financial statements and related disclosures for the fiscal year ended March 31, 2025 included in the Company's Annual Report on Form 10-K for the year then ended.

NOTE 2 - USE OF ESTIMATES

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such management estimates include, but are not limited to, assumptions used in business combinations, allowance for credit losses, income taxes, realization of deferred tax assets, accounting for uncertain tax positions, the impairment of intangible assets, including goodwill and long-lived assets, capitalized software development costs, standalone selling prices ("SSP"), valuation of the derivative asset, and market-based stock-based compensation costs. Actual results could differ materially from those estimates and assumptions made.

NOTE 3 - ACQUISITION

FC Acquisition

On October 1, 2024, the Company consummated the FC Acquisition, pursuant to which Fleet Complete became an indirect, wholly owned subsidiary of the Company in exchange for payment by the Purchasers of an aggregate purchase price of $190,000, subject to certain customary working capital and other adjustments as described in the Purchase Agreement (as adjusted, the "Purchase Price").

The FC Acquisition met the criteria for a business combination to be accounted for using the acquisition method under ASC 805, Business Combinations, with the Company identified as the legal and the accounting acquirer.

The estimated fair value of the consideration transferred for the FC Acquisition was $189,950 as of the FC Closing Date, which consisted of the following:

(in thousands, except for share price)		October 1, 2024
Shares of Powerfleet common stock issued		4,286
Powerfleet stock price*		4.98
Fair value of Powerfleet common stock transferred	$	21,343
Cash consideration to former shareholders		16,225
Repayment of Fleet Complete's existing debt		152,382
Total fair value of consideration	$	189,950

* Powerfleet's closing share price on October 1, 2024.

$60,000 of the cash portion of the Purchase Price was funded by the Private Placement, as described below, and $125,000 of the cash portion of the Purchase Price was funded with a senior secured term loan facility provided by FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), as described in Note 13 below.

Concurrently with the closing of the FC Acquisition, on October 1, 2024, the Company consummated a private placement contemplated by the Subscription Agreement, dated as of September 18, 2024, by and among the Company and various accredited investors party thereto (the "Investors"), pursuant to which the Investors purchased from the Company, and the Company issued to such Investors, an aggregate of 20,000 shares of the Company's common stock at a price per share of $3.50 for aggregate gross proceeds of $70,000 (the "Private Placement"). $60,000 of such gross proceeds funded a portion of the Purchase Price with the remaining $10,000 in proceeds expected to be used by the Company for working capital and general corporate purposes. Timing of the receipt of proceeds, gross of issuance costs, was $62,000, by September 30, 2024, with the remaining $8,000, net of costs, received on October 1, 2024.

Allocation of Purchase Price

The purchase price was allocated to the assets and liabilities assumed based on the estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill. Goodwill is primarily attributed to the assembled workforce, expected synergies from future expected economic benefits, including enhanced revenue growth from expanded products and capabilities, as well as substantial cost savings from duplicative overheads, streamlined operations and enhanced efficiency. Goodwill is not deductible for tax purposes.

The allocation of purchase price was as follows (in thousands):

		October 1, 2024
Assets acquired:		
Cash and cash equivalents	$	3,964
Accounts receivable, net		19,990
Inventory, net		6,598
Prepaid expenses and other current assets		9,144
Fixed assets, net		3,693
Intangible assets, net		101,261
Identifiable intangible assets acquired		99,000
Computer software		2,261
Right-of-use asset		2,823
Deferred tax assets		—
Other assets		4,555
Total assets acquired	$	152,028
Liabilities assumed:		
Accounts payable and accrued expenses	$	30,857
Deferred revenue - current		3,088
Lease liability - current		2,965
Deferred revenue - less current portion		1,118
Lease liability - less current portion		75
Accrued severance payable		216
Other long-term liabilities		405
Deferred tax liabilities		5,599
Total liabilities assumed	$	44,323
Total identifiable net assets acquired	$	107,705
Goodwill		82,245
Purchase price consideration	$	189,950

The above fair values of assets acquired and liabilities assumed are based on the information that was available as of the reporting date. The Company's allocation of the purchase price to certain assets acquired and liabilities assumed is provisional and the Company will continue to adjust those estimates as additional information pertaining to events or circumstances present at October 1, 2024 becomes available and final valuation and analysis are completed. The fair values of the assets acquired and liabilities assumed, including the identifiable assets acquired, have been preliminarily determined using the income and cost approach, and are partially based on inputs that are unobservable. The Company used DCF analyses to assess certain components of its purchase price allocation as a result of the acquisition. The fair value of the customer relationships was determined using the multi-period excess earnings method. The fair value of the tradename and developed technology was determined using an income approach based on the relief from royalty method.

For the fair value estimates, the Company used (i) forecasted future cash flows, (ii) historical and projected financial information, (iii) synergies including cost savings, (iv) revenue growth rates, (v) customer attrition rates, (vi) royalty rates, and (vii) discount rates, as relevant, that market participants would consider when estimating fair values.

The Company believes that the information provides a reasonable basis for estimating the fair values of the acquired assets and assumed liabilities, but the potential for measurement period adjustments exists based on the Company's continuing review of matters related to the acquisition. Adjustments to initial preliminary fair value of the assets acquired and assumed liabilities during the measurement period until October 1, 2025, will be recorded during the period in which the adjustments are determined, including the effect on earnings of any amounts we would have recorded in previous periods if the accounting had been completed (i.e. the historical reported financial statements will not be retrospectively adjusted).

The provisional amounts for assets acquired and liabilities assumed include:

- The fair value of accounts receivable and other receivables which may be subject to adjustment for reassessment of collectability as of the date of acquisition, collections and other adjustment subsequent to the acquisition;
- Property, and equipment, for which the preliminary estimates are subject to revision for finalization of preliminary appraisals;
- Right-of-use assets and lease liabilities, which will be subject to adjustment upon completion of the review of the inputs, including sublease assumptions, for the calculations;
- Acquired inventory, which values are still being assessed on an individual basis;
- Prepaid expenses, accounts payable and accrued expenses, which will be subject to adjustment based upon completion of working capital clean up and assessment of other factors;
- The recognition and measurement of contract assets and contract liabilities acquired in accordance with ASC 606 will be subject to adjustment upon completion of assessment;
- Acquired intangible assets will be subject to adjustment as additional assets are identified, estimates and forecasts are refined and disaggregated, useful lives are finalized, and other factors deemed relevant are considered;
- Deferred income taxes will be subject to adjustment based upon the completion of the review of the book and tax bases of assets acquired and liabilities assumed, applicable tax rates and the impact of the revisions of estimates for the items described above; and
- Goodwill will be subject to adjustment for the impact of the revisions of estimates for the items described above.

The Company will finalize the purchase price allocation no later than one year from the acquisition date.

Acquired Identifiable Intangible Assets

The following table sets forth preliminary estimated fair values of the components of the identifiable intangible assets acquired and their estimated useful lives:

(in thousands)	Fair value	Weighted average useful lives
Trade name	$ 4,000	4.5 years
Developed technology	25,000	5.5 years
Customer relationships	70,000	9.5 years
	$ 99,000	

Acquisition-Related Expenses

The Company expensed a total of $1,130 of acquisition-related costs in the consolidated statements of operations related to the FC Acquisition for the three-month period ended June 30, 2025.

Unaudited Pro Forma Financial Information

If the business acquired in the FC Acquisition was acquired on April 1, 2024, it would have contributed revenue of $30,650 and a net loss of $5,254 for the three-month period ended June 30, 2024, of which $3,021 related to the amortization of acquired identifiable intangible assets.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents unless they are legally or contractually restricted. The Company’s cash and cash equivalent balances exceed Federal Deposit Insurance Corporation and other local jurisdictional limits. Restricted cash at March 31, 2025 consisted of escrow amounts of $3,336 held in escrow related to the FC Acquisition to secure certain tax liabilities, cash of $311 held in escrow for purchases from a vendor, cash of $698 held by MiX Telematics Enterprise BEE Trust to be used solely for the benefit of its beneficiaries and cash securing guarantees of $51 issued in respect of property lease agreements entered into by MiX Telematics Australasia. Restricted cash at June 30, 2025 consisted of cash of $3,336 held in escrow related to the FC

Acquisition to secure certain tax liabilities, cash of $312 held in escrow for purchases from a vendor, cash of $744 held by MiX Telematics Enterprise BEE Trust to be used solely for the benefit of its beneficiaries and cash securing guarantees of $55 issued in respect of property lease agreements entered into by MiX Telematics Australasia.

NOTE 5 - REVENUE RECOGNITION

The Company and its subsidiaries generate revenue from sales of systems and products and from customer SaaS and hosting infrastructure fees. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes the Company collects concurrently with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as an expense. The expected costs associated with the Company's base warranties continue to be recognized as an expense when the products are sold (see Note 14).

Revenue is recognized when performance obligations under the terms of a contract with the customer are satisfied. Product sales are recognized at a point in time when title transfers, when the products are shipped, or when control of the system is transferred to the customer, which usually is upon delivery of the system and when contractual performance obligations have been satisfied. The Company utilizes significant judgment to determine whether control of the hardware has transferred to the customer (i.e. distinct to the customer separate from SaaS services provided). For products which are not distinct to the customer separate from the SaaS services provided, the Company considers both hardware and SaaS services a bundled performance obligation.

When another party is involved in providing products or services to the end customer, the Company evaluates the nature of its promise to determine whether it is acting as an agent or principal in the sales transaction. The Company considers itself acting as a principal if it controls the specified products or services before they are transferred to the end customers, otherwise the Company is acting as an agent. The Company determines control as the ability to direct the use of, and obtain substantially all of the remaining benefits from, the products or services. Control includes the ability to prevent others from directing the use of, and obtaining the benefits from, the products or services. Revenue is recognized based on the gross amount of consideration to which the Company expects to be entitled to in exchange for the specified products or services when acting as a principal and is recognized based on any fee or commission to which it expects to be entitled to in exchange for arranging for the specified products or services to be provided by the other party.

Under the applicable accounting guidance, all of the Company's billings for future services are deferred and classified as a current and long-term liability. The deferred revenue is recognized over the service contract life, ranging from one to five years, beginning at the time that a customer acknowledges acceptance of the equipment and service. Payment terms are generally 30 days after the invoice date.

The Company recognizes revenue for remotely hosted SaaS agreements and post-contract maintenance and support agreements beyond our standard warranties over the life of the contract. Revenue is recognized ratably over the service periods and the cost of providing these services is expensed as incurred. Amounts invoiced to customers which are not recognized as revenue are classified as deferred revenue and classified as current or long-term based upon the terms of future services to be delivered. Deferred revenue also includes prepayment of extended maintenance, hosting and support contracts.

The Company earns other service revenues from installation services, training and technical support services which are short-term in nature and revenue for these services is recognized at the time of performance when the service is provided.

The Company also derives revenue from leasing arrangements. Such arrangements provide for monthly payments covering product or system sale, maintenance, support and interest. These arrangements meet the criteria to be accounted for as operating or sales-type leases. Accordingly, for sales-type leases an asset is established for the "sales-type lease receivable" at the present value of the expected lease payments and revenue is deferred and recognized over the service contract, as described above. Maintenance revenues and interest income are recognized monthly over the lease term.

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative SSP. Judgment is required to determine the SSP for each distinct performance obligation. The Company generally determines standalone selling prices based on observable prices charged to customers. Significant pricing practices taken into consideration include the Company's discounting practices, the size and volume of its transactions, the customer demographic, price lists, its go-to-market strategy and historical and current sales and contract prices. As the Company's go-to-market strategies evolve, it may modify its pricing practices in the future, which could result in changes to SSP.

In certain cases, the Company is able to establish SSP based on observable prices of products or services sold separately in comparable circumstances to similar customers. The Company uses a single amount to estimate SSP when it has observable prices. If SSP is not directly observable, for example when pricing is highly variable, the Company uses a range of SSP. The Company determines the SSP range using information that may include pricing practices or other observable inputs. The Company typically has more than one SSP for individual products and services due to the stratification of those products and services by customer size.

The Company recognizes an asset for the incremental costs of obtaining the contract arising from the sales commissions to distributors and employees because the Company expects to recover those costs through future fees from the customers. The Company amortizes the asset over one to five years because the asset relates to the services transferred to the customer during the contract term of one to five years.

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which the Company has the right to invoice for services performed.

The following table presents the Company's revenues disaggregated by revenue source for the three months ended June 30, 2024 and 2025 (in thousands):

	Three Months Ended June 30,	
	2024	2025
Products	$ 18,738	$ 17,657
Services	56,692	86,464
	$ 75,430	$ 104,121

The balances of contract assets and contract liabilities from contracts with customers are as follows as of March 31, 2025 and June 30, 2025 (in thousands):

	March 31, 2025	June 30, 2025
Contract Assets:		
Deferred contract cost [1]	$ 11,894	$ 12,585
Deferred costs - current	$ 2	$ —
Contract Liabilities:		
Deferred revenue – services [2]	$ 21,466	$ 21,020
Deferred revenue – products [2]	1,106	1,229
	22,572	22,249
Less: Deferred revenue – current	(17,375)	(17,116)
Deferred revenue – long term	$ 5,197	$ 5,133

[1] Deferred contract costs are included in Other assets on the condensed consolidated balance sheet.
[2] The Company records deferred revenues when cash payments are received or due in advance of the Company's performance. For the year ended March 31, 2025 and the three-month period ended June 30, 2025, the Company recognized revenue of $4,666 and $5,468, respectively, which was included in the deferred revenue balance at the beginning of each reporting period. The Company expects to recognize as revenue through year 2029, when it transfers those goods and services and, therefore, satisfies its performance obligation to the customers.

NOTE 6 - ALLOWANCE FOR CREDIT LOSSES

The Company's receivables were evaluated to determine an appropriate allowance for credit losses. For trade receivables, the Company's historical collections were analyzed by the number of days past due to determine the uncollectible rate in each range of days past due and considerations of any changes expected in the future. The estimate of the allowance for credit losses is charged to the allowance for credit losses based on the age of receivables multiplied by the historical uncollectible rate for the range of days past due or earlier if the account is deemed uncollectible for other reasons. Recoveries of amounts previously charged as uncollectible are credited to the allowance for credit losses.

An analysis of the allowance for credit losses for the periods ended June 30, 2024 and 2025 is as follows (in thousands):

	Three Months Ended June 30,	
	2024	2025
Allowance for credit losses, March 31	$ 3,197	$ 4,057
Current period provision for expected credit losses	1,993	5,388
Write-offs charged against the allowance	(1,509)	(1,634)
Foreign currency translation	46	626
Allowance for credit losses, June 30	$ 3,727	$ 8,437

NOTE 7 - PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other current assets comprise the following (in thousands):

	March 31, 2025	June 30, 2025
Sales-type lease receivables, current	$ 1,062	$ 1,020
Prepaid expenses*	9,038	9,319
Contract assets	5,088	4,600
Tax receivables	553	509
VAT receivable	1,901	2,891
Sundry debtors	5,424	8,111
Other current assets	253	312
	$ 23,319	$ 26,762

*This includes the prepaid portion of total deferred contract assets.

NOTE 8 - INVENTORY

Inventory, which primarily consists of finished goods and components used in the Company's products, is stated at the lower of cost or net realizable value using the "moving average" cost method or the first-in first-out (FIFO) method.

Inventories consist of the following (in thousands):

	March 31, 2025	June 30, 2025
Components	$ 11,859	$ 12,058
Work in process	—	—
Finished goods, net	6,491	11,834
	$ 18,350	$ 23,892

NOTE 9 - FIXED ASSETS

Fixed assets are stated at cost, less accumulated depreciation and amortization, and are summarized as follows (in thousands):

	March 31, 2025	June 30, 2025
Installed and uninstalled products	$ 61,564	$ 70,278
Computer software	11,523	12,333
Computer and electronic equipment	6,294	4,885
Furniture and fixtures	3,054	3,773
Leasehold improvements	1,459	1,637
Plant and equipment	276	303
Assets in progress	7	14
	84,177	93,223
Accumulated depreciation and amortization	(26,166)	(30,511)
	$ 58,011	$ 62,712

Depreciation and amortization expense for the three-month periods ended June 30, 2024 and June 30, 2025 was $4,749 and $6,172, respectively.

NOTE 10 - INTANGIBLE ASSETS AND GOODWILL

The Company capitalizes costs for software to be sold, marketed, or leased to customers. Costs incurred internally in researching and developing software products are charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, software costs are capitalized until the product is available for general release to customers. Judgment is required in determining when technological feasibility of a product is established. The amortization of these costs is included in cost of revenue over the estimated life of the products.

The following table summarizes identifiable intangible assets of the Company as of March 31, 2025 and June 30, 2025 (in thousands):

June 30, 2025	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived:				
Customer relationships	9 - 13	$ 207,851	$ (24,777)	$ 183,074
Trademark and tradename	3 - 15	22,162	(6,442)	15,720
Patents	7 - 11	628	(576)	52
Technology	5 - 7	77,991	(26,656)	51,335
Software to be sold or leased	3 - 7	16,416	(3,017)	13,399
		325,048	(61,468)	263,580
Indefinite-lived:				
Customer list		104	—	104
Trademark and tradename		61	—	61
		165	—	165
Total		$ 325,213	$ (61,468)	$ 263,745

March 31, 2025	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived:				
Customer relationships	9 - 13	$ 200,868	$ (21,994)	$ 178,874
Trademark and tradename	3 - 15	21,557	(5,805)	15,752
Patents	7 - 11	628	(553)	75
Technology	5 - 7	74,050	(21,705)	52,345
Software to be sold or leased	3 - 7	13,490	(2,119)	11,371
		310,593	(52,176)	258,417
Indefinite-lived:				
Customer list		104	—	104
Trademark and tradename		61	—	61
		165	—	165
Total		$ 310,758	$ (52,176)	$ 258,582

The weighted-average amortization periods for customer relationships, trademarks and tradenames, patents, technology, and capitalized software to be sold or leased for June 30, 2025 were 11.5, 10.6, 6.8, 4.2, and 4.1 years and for March 31, 2025 were 11.7, 10.8, 7.0, 4.4, and 4.3 years.

Amortization expense for the three-month periods ended June 30, 2024 and 2025 was $5,586 and $9,859, respectively.

Estimated future amortization expense for each of the five succeeding fiscal years for these intangible assets is as follows:

2026 (remaining)	$ 32,041
2027	38,926
2028	34,584
2029	30,034
2030	24,060
Thereafter	103,935
	$ 263,580

Reconciliation of Total Goodwill

The following table is a reconciliation of the carrying amount of goodwill as of March 31, 2025 and June 30, 2025 (in thousands):

	March 31, 2025	June 30, 2025
Goodwill		
Opening balance	$ 83,487	$ 383,146
Businesses acquired		
MiX Combination	216,799	—
FC Acquisition	82,245	—
Foreign currency translation difference	615	11,522
Closing balance	$ 383,146	$ 394,668

For the three-month period ended June 30, 2025, the Company did not identify any indicators of impairment.

NOTE 11 - STOCK-BASED COMPENSATION

[A] Stock Options:

During the three-month period ended June 30, 2025, the Company did not grant any market-based stock options.

The following table summarizes the activity relating to the Company's market-based stock options for the three-month period ended June 30, 2025:

	Options (in thousands)	Weighted-Average Exercise Price ($)	Weighted Average Contractual Remaining Term (years)	Aggregate Intrinsic Values (in thousands)
Outstanding as of April 1, 2025	5,200	13.85	—	—
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(25)	3.13	—	—
Outstanding as of June 30, 2025	5,175	13.91	6.70	$ 1,251
Vested as of June 30, 2025	—	—	—	$ —

During the three-month period ended June 30, 2025, the Company did not grant any options to purchase shares of common stock with time-based vesting conditions.

The following table summarizes the activity relating to the Company's stock options, excluding the market-based stock options, for the three-month period ended June 30, 2025:

	Options (in thousands)	Weighted-Average Exercise Price ($)	Weighted Average Contractual Remaining Term (years)	Aggregate Intrinsic Values (in thousands)
Outstanding as of April 1, 2025	1,890	4.51	—	—
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(7)	5.98	—	—
Outstanding as of June 30, 2025	1,883	4.50	6.54	$ 642
Vested as of June 30, 2025	1,658	4.53	6.21	$ 642

The Company recorded stock-based compensation expense of $1,817 and $447 for the three-month periods ended June 30, 2024, and 2025, respectively, in connection with awards made under the stock option plans, including market-based and time-based options. The decrease in the recognized expense is because the prior year included acceleration of vesting of unvested restricted stock and stock option awards with time-based vesting conditions that were outstanding under the Powerfleet equity plans (including any inducement awards with time-based vesting) in connection with the closing of the MiX Combination.

The fair value of options vested during the three-month periods ended June 30, 2024 and 2025 was $1,457 and $100, respectively. There were no option exercises that occurred during the three-month periods ended June 30, 2024 and 2025.

As of June 30, 2025, there was $583 of total unrecognized compensation costs related to unvested options granted under the Company's stock option plans excluding the market-based stock options that were granted to certain senior managers, including the Company's executive officers. That cost is expected to be recognized over a weighted-average period of 0.84 years.

As of June 30, 2025, there was $1,795 of total unrecognized compensation costs related to unvested options granted under the Company's stock option plans for the market-based stock options that were granted to certain senior managers, including the Company's executive officers. That cost is expected to be recognized over a weighted-average period of 1.67 years.

The Company estimates forfeitures at the time of valuation and reduces expenses ratably over the vesting period. This estimate is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

[B] Restricted Stock Awards:

The Company grants restricted stock to employees, whereby the employees are contractually restricted from transferring the shares until they are vested. The stock is unvested at the time of grant, and, upon vesting, there are no legal restrictions on the stock. Some participants have the option to have their shares withheld for their taxes upon vesting. Shares withheld for taxes are treated as a purchase of treasury stock. The fair value of each share is based on the Company's closing stock price on the date of the grant.

During the three-month period ended June 30, 2025, the Company granted 373 restricted shares of common stock to the Company's senior management team, which vest in equal installments over a three-year period, provided that they remain employed by the Company on each scheduled vesting date. Grant date for these awards was determined to be April 23, 2025. The Company granted an additional 11 restricted shares of common stock, which vest in equal installments over a twelve month period, provided that they remain employed by the Company on the scheduled vesting date.

During the three-month period ended June 30, 2025, the Company granted 1,475 restricted performance shares of common stock to the Company's executive officers and senior management team, which vest if specified performance targets are achieved and provided that they remained employed by the Company on the scheduled vesting date. Grant date for these awards was determined to be April 23, 2025.

A summary of all unvested restricted stock for the three-month period ended June 30, 2025 is as follows:

	Time Based Restricted Shares		Market Based Restricted Shares		Performance Based Restricted Shares	
	Number of Unvested Shares (in thousands)	Weighted-Average Grant Date Fair Value ($)	Number of Unvested Shares (in thousands)	Weighted-Average Grant Date Fair Value ($)	Number of Unvested Shares (in thousands)	Weighted-Average Grant Date Fair Value ($)
Unvested, March 31, 2025	732	5.31	938	5.35	—	—
Granted	384	4.77	—	—	1,475	4.75
Vested/Exercised	(54)	5.45	—	—	—	—
Forfeited or expired	—	—	—	—	—	—
Unvested, June 30, 2025	1,062	5.31	938	5.35	1,475	4.75

The Company recorded stock-based compensation expenses of $3,095 and $820 for the three-month periods ended June 30, 2024 and 2025, respectively, in connection with restricted stock grants. As of June 30, 2025, there was $9,207 of total unrecognized compensation cost related to unvested shares.

[C] Stock Appreciation Rights:

The following table summarizes the activity relating to the Company's stock appreciation rights ("SARs") for the three-month period ended June 30, 2025:

	Number of SARs (in thousands)	Weighted-Average Exercise Price ($)	Weighted Average Contractual Remaining Term (years)	Aggregate Intrinsic Values (in thousands)
Outstanding as of April 1, 2025	3,238	2.44		
Granted	0	—		
Exercised	(243)	2.79		
Forfeited	(197)	2.25		
Outstanding as of June 30, 2025	2,798	2.43	2.85	
Vested as of June 30, 2025	1,039	2.63	1.94	$ 1,748

The total stock-based compensation expense recognized during the three-month periods ended June 30, 2024, and 2025 was $1,016 and $361, respectively.

As of June 30, 2025, there was $3,595 of unrecognized compensation cost related to unvested SARs. This amount is expected to be recognized over a weighted-average period of 2.45 years.

[D] Warrants:

On April 21, 2025, the Company issued to Private Capital Management Holdings, L.P., an affiliate of Private Capital Management, LLC ("PCM"), a warrant to purchase 130,275 shares of common stock in lieu of granting certain equity compensation to Andrew Martin, one of the Company's directors and a partner and member of the investment research team at PCM. The warrants become exercisable in 10 equal installments on the last day of each quarter starting June 30, 2024.

The fair value of each warrant on grant date is estimated using the Black-Scholes option-pricing model reflecting the following assumptions:

Expected volatility	7.0 %
Expected life of warrants	5.2
Risk free interest rate	0.4 %
Dividend yield	—
Fair value of warrants granted during the quarter	$ 2.79

The total stock-based compensation expense recognized during the three-month period ended June 30, 2025 was $226.

As of June 30, 2025, there was $138 of unrecognized compensation cost related to unvested warrants. This amount is expected to be recognized over a weighted-average period of 1.25 years.

NOTE 12 - NET LOSS PER SHARE

Net loss per share for the three-month periods ended June 30, 2024 and 2025 are as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
Basic and diluted loss per share		
Net loss attributable to common stockholders	$ (22,337)	$ (10,234)
Net loss per share attributable to common stockholders - basic and diluted	$ (0.21)	$ (0.08)
Weighted-average common share outstanding - basic and diluted	107,136	133,313

Basic loss per share is calculated by dividing net loss attributable to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution assuming common shares were issued upon the exercise of outstanding options and the proceeds thereof were used to purchase outstanding common shares. Dilutive potential common shares include outstanding stock options, warrants and restricted stock and performance share awards. We include participating securities (unvested share-based payment awards and equivalents that contain non-forfeitable rights to dividends or dividend equivalents) in the computation of earnings per share pursuant to the two-class method. The Company’s participating securities consist solely of preferred stock, which have contractual participation rights equivalent to those of stockholders of unrestricted common stock. The two-class method of computing earnings per share is an allocation method that calculates earnings per share for common stock and participating securities. During periods of net loss, no effect is given to the participating securities because they do not share in the losses of the Company.

NOTE 13 - SHORT-TERM BANK DEBT AND LONG-TERM DEBT

	March 31, 2025	June 30, 2025
Short-term bank debt	$ 36,788	$ 31,947
Current maturities of long-term debt	$ 4,844	$ 5,479
Long-term debt - less current maturities	$ 232,160	$ 232,954

Short-Term Bank Debt

As of June 30, 2025, short-term debt comprised $31,935 of borrowing facilities and $12 of book overdrafts.

RMB Facility

On March 7, 2024, as part of the MiX Combination, MiX Telematics and Powerfleet entered into the Facilities Agreement with RMB. Following the signing of the Facilities Agreement, MiX Telematics entered into a Facility Notice and General Terms and Conditions (the “Credit Agreement”) with RMB on March 14, 2024 for a 364-day committed general banking facility of R350,000 (the equivalent of $19,644 as of June 30, 2025) (the “RMB General Facility”). The Credit Agreement and the rights and obligations of the parties are subject to the terms and conditions of the Facilities Agreement, which is described in more detail below.

The RMB General Facility is repayable on demand and has a term of 365 days from the Available Date (as defined therein). Repayment of the RMB General Facility, including capitalized interest, is due by the earlier of (a) the Available Date or (b) April 2, 2026, unless extended by agreement between MiX Telematics and RMB. Interest rate for the RMB General Facility is calculated at South African prime rate minus 0.75% per annum and will be calculated on the daily outstanding balance, compounded monthly in arrears and repaid quarterly.

As of June 30, 2025, $16,579 of the RMB General Facility was utilized.

Hapoalim Debt

As of June 30, 2025, Powerfleet Israel Ltd. (“Powerfleet Israel”) had utilized approximately $15,356 under the Hapoalim Revolving Facilities, which are described below.

Long-Term Debt

Hapoalim Debt

In connection with the Pointer acquisition, Powerfleet Israel incurred New Israeli Shekels (“NIS”) denominated debt in term loan borrowings on October 3, 2019 under a Credit Agreement (the “Prior Credit Agreement”) with Bank Hapoalim B.M. (“Hapoalim”), pursuant to which Hapoalim agreed to provide Powerfleet Israel with two senior secured term loan facilities in an initial aggregate principal amount of $30,000 (composed of two facilities in the aggregate principal amount of $20,000 and $10,000, respectively and a five-year revolving credit facility to Pointer Telocation Ltd. (“Pointer”) denominated in NIS in an initial aggregate principal amount of $10,000 (collectively, the “Prior Credit Facilities”). The Prior Credit Facilities were scheduled to mature on October 3, 2024.

On March 18, 2024, Powerfleet Israel and Pointer (collectively, the “Borrowers”) entered into an amended and restated credit agreement (as amended, the “A&R Credit Agreement”), which refinanced the facilities under, and amended and restated, the Prior Credit Agreement. The A&R Credit Agreement provides for (i) two senior secured term loan facilities denominated in NIS to Powerfleet Israel in an aggregate principal amount of $30,000 (composed of two facilities in the aggregate principal amounts of $20,000 and $10,000, respectively) (“Hapoalim Facility A” and “Hapoalim Facility B,” respectively, and, collectively, the “Hapoalim Term Facilities”) and (ii) two revolving credit facilities to Pointer in an aggregate principal amount of $20,000 (composed of two revolvers in the aggregate principal amounts of $10,000 and $10,000, respectively) (“Hapoalim Facility C” and “Hapoalim Facility D,” respectively, and, collectively, the “Hapoalim Revolving Facilities” and, together with the Hapoalim Term Facilities, the “Hapoalim Credit Facilities”). Powerfleet Israel drew down $30,000 in cash under the Hapoalim Term Facilities on March 18, 2024 and used the proceeds to prepay approximately $11,200, representing the remaining outstanding balance, of the Prior Credit Facilities, with the remaining proceeds distributed to Powerfleet. The proceeds of the Hapoalim Revolving Facilities may be used by Pointer for general corporate purposes, including working capital and capital expenditures.

On December 30, 2024, the Borrowers entered into an amendment to the A&R Credit Agreement, which increases the principal amount available under Hapoalim Facility D from $10,000 to $20,000 and provides that the total principal amount of Hapoalim Facility D may be distributed to the Company or any of its subsidiaries by no later than December 31, 2025, subject to certain terms and conditions of the A&R Credit Agreement.

As of June 30, 2025, Pointer had utilized $15,356 under the Hapoalim Revolving Facilities. The available undrawn facility balance at June 30, 2025 was $14,644.

The interest rates for borrowings under Hapoalim Facility A and Hapoalim Facility B are Hapoalim’s prime rate + 2.2% per annum, and Hapoalim’s prime rate + 2.3% per annum, respectively. Hapoalim’s prime rate at June 30, 2025 was 6%. Interest is payable quarterly on March 25, June 25, September 25, and December 25 over five years. The first interest period ended on June 25, 2024. Hapoalim Facility A amortizes in quarterly installments over its five-year term and will be payable in the following aggregate annual amounts: (i) 10% of the principal amount of Hapoalim Facility A from March 18, 2024 until March 18, 2025, (ii) 25% of the principal amount of Hapoalim Facility A from March 18, 2025 until March 18, 2026, (iii) 27.5% of the principal amount of Hapoalim Facility A from March 18, 2026 until March 18, 2027, (iv) 27.5% of the principal amount of Hapoalim Facility A from March 18, 2027 until March 18, 2028, and (v) 10% of the principal amount of Hapoalim Facility A from March 18, 2028 until March 18, 2029. Hapoalim Facility B does not amortize and will be payable in full on March 18, 2029.

The interest rate for borrowings under Hapoalim Facility C is, with respect to NIS-denominated loans, Hapoalim’s prime rate + 2.5%, and with respect to U.S. dollar-denominated loans, SOFR + 2.15%. Borrowings under Hapoalim Facility D will bear interest at the applicable interest rate set forth in the standard form documents entered into in connection with each utilization of Hapoalim Facility D. In addition, Pointer is required to pay a credit allocation fee in NIS, with respect to Hapoalim Facility C, and a non-utilization fee in U.S. dollars, with respect to Hapoalim Facility D, in each case, equal to 0.5% per annum on undrawn and uncancelled amounts of the revolving facilities during the period commencing on March 18, 2024 and ending on the last day of the applicable availability period of such revolving facilities. The Borrowers have also paid certain upfront fees and other fees and expenses to Hapoalim in connection with the A&R Credit Agreement. The Hapoalim Revolving Facilities mature on February 27, 2026.

Borrowings under the Hapoalim Term Facilities are voluntarily prepayable at any time, in whole or in part, and are not subject to any prepayment premium. Voluntary prepayments of the Hapoalim Term Facilities must be made in minimum increments of NIS 1 million. In addition to certain customary mandatory prepayment requirements, the A&R Credit Agreement also requires Powerfleet Israel to make prepayments on the Hapoalim Term Facilities to the extent it receives distributions from Pointer, except for any such distributions made to cover certain expenses of Powerfleet Israel in its normal course of operations.

The A&R Credit Agreement contains certain customary affirmative and negative covenants, including financial covenants with respect to Pointer's net debt levels which must be less than 100% of Working Capital as defined in the A&R Credit Agreement, the ratio of each Borrower's total debt to Pointer's EBITDA must not exceed 4.75, Powerfleet Israel's minimum equity which must not be less than $60,000, and the ratio of Powerfleet Israel's equity to its total assets which must be greater than 35% and the ratio of Pointer's net debt to EBITDA ratio must not exceed 2. The occurrence of any event of default under the A&R Credit Agreement may result in all outstanding indebtedness under the Hapoalim Credit Facilities becoming immediately due and payable. The financial covenants have been met for the quarter ending June 30, 2025.

The Hapoalim Credit Facilities continue to be secured by first ranking and exclusive fixed and floating charges, including by Powerfleet Israel over the entire share capital of Pointer and by Pointer over all of its assets, as well as cross guarantees between Powerfleet Israel and Pointer, except that the Borrowers' holdings in Pointer do Brasil Comercial Ltda., Pointer Argentina and Pointer South Africa are excluded from such floating charges. No other assets of the Company will serve as collateral under the Hapoalim Credit Facilities.

The Hapoalim Term Facilities under the A&R Credit Agreement have been accounted for as modifications of the term facilities that were provided under the Prior Credit Agreement because the change in the present value of the cash flows under the A&R Credit Agreement is less than 10% of the present value of the cash flows under the Prior Credit Agreement. The proceeds of the Hapoalim Term Facilities ($40,000), less the prepayment of the term loans under the Prior Credit Facility (approximately $11,200), amounting to approximately $28,800, has been recognized as an increase in the carrying value of the prior term loans that was recognized previously.

For the three-months ended June 30, 2024, the Company recorded $30 of amortization of the original debt issuance costs and the refinancing fee paid to Hapoalim. For the three-month period ended June 30, 2025, the Company recorded $15 of additional deferred costs to the original debt issuance costs and the refinancing fee paid to Hapoalim. The Company recorded charges of $655 and $624 to interest expense on its Consolidated Statement of Operations for the three-month periods ended June 30, 2024 and 2025, respectively, related to interest expense associated with the Hapoalim debt.

RMB Debt

On March 7, 2024, the Company entered into the Facilities Agreement with RMB, pursuant to which RMB agreed to provide the Company with two term loan facilities in an aggregate principal amount of $85,000, composed of Facility A and Facility B, each with a principal amount of $42,500 ("RMB Facility A" and "RMB Facility B," respectively, and collectively, the "RMB Facilities"). The Company drew down $85,000 in cash under the RMB Facilities on March 13, 2024, the proceeds of which were used to redeem all the then-outstanding shares of the Company's Series A convertible preferred stock (the "Series A Preferred Stock") and for general corporate purposes. The RMB Facilities are guaranteed by the Company, I.D. Systems, Inc ("I.D. Systems"), Movingdots GmbH ("Movingdots") and Powerfleet Inc. ("Powerfleet"), and there is a security agreement over the shares in Main Street 2000 Proprietary Limited ("MS2000"), I.D. Systems, and Movingdots.

The interest rates of borrowings under RMB Facility A and RMB Facility B are 8.699% per annum and 8.979% per annum, respectively. Interest is payable quarterly in arrears. RMB Facility A matures on March 31, 2027, and RMB Facility B matures on March 31, 2029. The Company may prepay the RMB Facilities at any time, subject to a minimum reduction of $5,000 and multiples of $1,000. If the Company prepays any amount during the first or second annual period of the funding, a refinancing fee equal to 2% or 1%, respectively, of the prepayment will be payable. Also, the RMB Facilities are mandatorily prepayable upon the occurrence of uncertain future events, such as a change of control or a transfer of the business. In the event that either prepayment occurs, the respective prepayment amount will be adjusted for RMB's break gains or losses, which relate mainly to the unwinding of interest rate derivatives (the "Prepayment Derivative") which RMB entered into with third parties to fix the interest rates on the RMB Facilities. Since RMB's break gains/losses could result in the Company prepaying at a discount, or a premium, of 10% or more to the initial carrying amount of the RMB Facilities, the optional and contingent repayment features were to be embedded derivatives in the scope of ASC 815-15 Embedded Derivatives. The Prepayment Derivative within each RMB Facility has been bifurcated and accounted for at fair value separately from the respective debt-host contracts which are accounted for at amortized cost. The terms of the debt-host contracts have been bifurcated to adjust the carrying value of the debt upon separating the derivative. Upon initial recognition of the RMB Facilities, a Prepayment Derivative asset of $610 and $1,616 for RMB Facility A and RMB Facility B, respectively, was recognized with a corresponding increase in the initial carrying amount of each debt-host contract. The fair value of the embedded derivative is estimated using a "with-and-without" approach as the difference between the value of the RMB Facilities with and without the embedded derivative using both the binomial lattice model and discounted cash flow analysis.

The following key assumptions were used in June 30, 2025:

	Facility A	Facility B
Credit spread volatility	37 %	30 %
Credit spread	3.71 %	3.84 %
Credit rating	B	B
Risk free rate	US Treasury rate	US Treasury rate

As of March 31, 2025 , the Secured Overnight Financing Rate (SOFR) spot rate was 4.41% and, as of June 30, 2025, the US Treasury rate was 3.70%.

The Prepayment Derivative is classified as a Level 3 in the fair value hierarchy due to the use of at least one significant unobservable input which is the credit spread volatility. At inception, the credit spread was an observable input based on the transaction price of the debt; however, in future periods, it will also be an unobservable input. For the Prepayment Derivative asset in RMB Facility A, a change of -10% in credit spread volatility would result in no change in the derivative asset, while a change of +10% in credit spread volatility would result in an increase in the derivative asset of $114. For the Prepayment Derivative asset in RMB Facility B, a change of -10% in credit spread volatility would result in no change in the derivative asset, while a change of +10% in credit spread volatility would result in an increase in the derivative asset of $110. The Prepayment Derivative assets are included in Other assets and their fair values were $850 and $1,880 for RMB Facility A and RMB Facility B, respectively, as of March 31, 2025 and, $634 and $1,992 for RMB Facility A and RMB Facility B, respectively, as of June 30, 2025. The debt-host contracts are accounted for at amortized cost. Total debt issuance costs of approximately $1,000 were incurred. For the three-month period ended June 30, 2025, the Company recorded $72 of amortization of the original debt issuance costs and the refinancing fee to RMB.

For the three-month period ended June 30, 2025, the Company recorded interest expense of $1,920.

RMB Term Facility

On September 27, 2024, the Company, together with I.D. Systems and Movingdots, each a wholly owned subsidiary of the Company, entered into a Facility Agreement (the “Facility Agreement”) with RMB, pursuant to which RMB agreed to provide the Company with a term loan facility in an aggregate principal amount of $125,000 (the “New RMB Term Facility”). The Company drew down the full amount of the New RMB Term Facility on October 1, 2024, and used the proceeds to pay a portion of the Purchase Price in connection with the FC Acquisition. The Company’s obligations under the New RMB Term Facility are guaranteed, on a joint and several basis, by the Company, I.D. Systems, Movingdots and Powerfleet Canada Holdings Inc. The New RMB Term Facility is secured by a first priority security interest over the entire share capital of I.D. Systems, Movingdots, MS2000 and Canadian SPV, each a wholly owned subsidiary of the Company. No other assets of the Company will serve as collateral under the New RMB Term Facility.

The New RMB Term Facility will mature on the last business day of the month that is five years following the closing date of the Facility Agreement (the “Maturity Date”). The New RMB Term Facility does not amortize and will be payable on the Maturity Date. Borrowings under the New RMB Term Facility may be voluntarily prepaid at any time upon prior written notice, in whole or in part, subject to payment of a refinancing fee equal to (i) 2% of the amount prepaid if such prepayment occurs before October 1, 2025, or (ii) 1% of the amount prepaid if such prepayment occurs on or after October 1, 2025, but before October 1, 2026. No refinancing fee is payable if prepayment occurs on or after October 1, 2026. If voluntary prepayments are made in part, they must be made in minimum amounts of $5 million in integral multiples of $1 million. In addition, the Facility Agreement provides for certain customary mandatory prepayment requirements.

In the event of any prepayment during a quarterly interest period, the Company is also required to pay, or receive from, RMB an amount such that RMB would be in the same economic position for that interest period had the prepayment only occurred at the end of such period. The amount payable or receivable will be calculated relative to the interest that RMB would be able to obtain by placing the amount prepaid on deposit with a leading bank in the London interbank market for a period from the prepayment until the end of such interest period.

The New RMB Term Facility bears interest at 5% per annum (provided no event of default is continuing), plus the applicable term SOFR reference rate (or an interpolated rate if SOFR is unavailable), payable quarterly in arrears on March 31, June 30, September 30, and December 31 each year, and on October 31, 2029. The stated interest rate at June 30, 2025 was 9.45%.

The Company paid a non-refundable deal structuring fee of $1,250 to RMB on October 1, 2024. Total debt issuance costs, including the $1,250 non-refundable deal structuring fee to RMB, of approximately $1,433 were incurred. For the three-month period ended June 30, 2025, the Company recorded $58 of amortization of these costs. For the three-month period ended June 30, 2025, the Company recorded $2,938 of interest expense.

The Facility Agreement contains certain customary affirmative and negative covenants, including financial covenants with respect to the ratio of the Company's consolidated total net borrowings to consolidated EBITDA and the ratio of the Company's consolidated EBITDA to consolidated total finance costs. The Facility Agreement also includes representations, warranties, events of default and other provisions customary for financings of this type. The occurrence of any event of default under the Facility Agreement may result in all outstanding indebtedness under the RMB Term Facility becoming immediately due and payable.

Scheduled contractual maturities of the long-term debt as of June 30, 2025 are as follows (in thousands):

2026 (remaining)	$	4,063
2027		48,458
2028		5,958
2029		55,500
2030		125,000
Thereafter		—
		238,979
Less: Current portion		(5,479)
Less: Debt costs and prepayment		(546)
Total	$	232,954

NOTE 14 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following (in thousands):

	March 31, 2025		June 30, 2025	
Accrued warranty	$	1,479	$	1,373
Accrued compensation		27,825		31,026
Government authorities		6,982		8,465
Other current liabilities		9,041		7,891
	$	45,327	$	48,755

The following table summarizes warranty activity for the three months ended June 30, 2024 and 2025 (in thousands):

	Three Months Ended June 30,	
	2024	2025
Accrued warranty reserve, beginning of year	$ 2,926	$ 3,618
Accrual for product warranties issued	247	97
Product replacements and other warranty expenditures	(86)	(229)
Expiration of warranties (over warranty accrual)	(9)	(45)
Acquired through MiX Combination	356	—
Foreign currency translation difference	—	66
Accrued warranty reserve, end of period [1]	$ 3,434	$ 3,507

[1] Includes non-current accrued warranty included in other long-term liabilities at June 30, 2024 and 2025 of $1,884 and $2,134, respectively.

NOTE 15 - STOCKHOLDERS' EQUITY

Series A Preferred Stock

In connection with the completion of the Pointer acquisition, on October 3, 2019, the Company issued 50 shares of Series A Preferred Stock to ABRY Senior Equity V, L.P., ABRY Senior Equity Co-Investment Fund V, L.P and ABRY Investment Partnership, L.P. Concurrently with the closing of the MiX Combination on April 2, 2024, the Company used the net proceeds received from RMB and from incremental borrowing capacity as a result of the refinancing of credit facilities with Hapoalim to redeem in full for $90,300 for all of the outstanding shares of the Series A Preferred Stock.

Dividends

Holders of Series A Preferred Stock were entitled to receive cumulative dividends at a minimum rate of 7.5% per annum (calculated on the basis of the Series A Issue Price), quarterly in arrears. The dividends were payable at the Company's election, in kind, through the issuance of additional shares of Series A Preferred Stock, or in cash, provided no dividend payment failure had occurred and was continuing and that there had not previously occurred two or more dividend payment failures. Commencing on the 66-month anniversary of the date on which any shares of Series A Preferred Stock were first issued (the "Original Issuance Date"), and on each monthly anniversary thereafter, the dividend rate would increase by 100 basis points, until the dividend rate reached 17.5% per annum, subject to the Company's right to defer the increase for up to three consecutive months on terms set forth in the Company's Amended and Restated Certificate of Incorporation (the "Charter"). During the three-month period ended June 30, 2024 the Company paid $25 in dividends to the holders of the Series A Preferred Stock, which included dividends for the period ended March 31, 2024, plus accrued dividends through April 2, 2024.

NOTE 16 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) includes net loss and foreign currency translation gains and losses.

The accumulated balances for each classification of other comprehensive income for the three-month period ended June 30, 2025 are as follows (in thousands):

	Foreign currency translation adjustment	Accumulated other comprehensive (loss) income
Balance at April 1, 2025	$ (8,850)	$ (8,850)
Current period change	22,519	22,519
Balance at June 30, 2025	$ 13,669	$ 13,669

The accumulated balances for each classification of other comprehensive loss for the three-month period ended June 30, 2024 are as follows (in thousands):

	Foreign currency translation adjustment	Accumulated other comprehensive loss
Balance at April 1, 2024	$ (985)	$ (985)
Current period change	418	418
Balance at June 30, 2024	$ (567)	$ (567)

NOTE 17 - SEGMENT INFORMATION

The Company operates in one reportable segment, wireless AIoT asset management.

The Company has a single operating and reportable segment. The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer, who reviews financial information presented on a consolidated basis. The CODM makes operating decisions, assesses financial performance, and allocates resources based on consolidated net loss attributable to common stockholders as reported on the Company's Consolidated Statement of Operations. The Company derives its revenue from the sale of systems and products and from customer SaaS and hosting infrastructure fees. The measure of segment assets is reported on the Consolidated Balance Sheet as net fixed assets.

The following table summarizes the revenues and significant expenses and regularly provided to the CODM (in thousands):

	Three Months Ended June 30,	
	2024	2025
Total revenues	$ 75,430	$ 104,121
Total cost of revenues	35,782	47,640
Selling and marketing expenses	9,312	17,597
General and administrative expenses	42,810	33,275
Development costs incurred	5,213	8,559
Development costs capitalized	(2,112)	(3,702)
Depreciation and amortization	2,660	2,790
Interest income	304	196
Interest expense, net	(2,691)	(6,786)
Other expense, net	(624)	(1,243)
Income tax expense	(1,053)	(362)
Net loss before non-controlling interest	(22,299)	(10,234)
Non-controlling interest	(13)	—
Preferred stock dividend	(25)	—
Net loss attributable to common stockholders	$ (22,337)	$ (10,234)

The following table summarizes revenues by geographic region (in thousands):

	Three Months Ended June 30,	
	2024	2025
North America	$ 21,392	$ 37,425
Israel	10,661	13,295
Africa	24,406	25,462
Europe and Middle East	7,837	12,352
Australia	6,053	10,618
Other	5,081	4,969
	$ 75,430	$ 104,121

The following table summarizes long-lived assets by geographic region (in thousands):

	March 31, 2025	June 30, 2025
North America	$ 13,051	$ 14,791
Israel	2,249	2,110
Africa	32,391	34,475
Europe and Middle East	4,824	5,477
Australia	825	830
Other	4,671	5,029
	$ 58,011	$ 62,712

NOTE 18 - INCOME TAXES

The Company records its interim tax provision based upon a projection of the Company's annual effective tax rate ("AETR"). This AETR is applied to the year-to-date consolidated pre-tax income to determine the estimated interim provision for income taxes before discrete items. The Company updates the AETR on a quarterly basis as the pre-tax income projections are revised and tax laws are enacted. The effective tax rate ("ETR") each period is impacted by a number of factors, including the relative mix of domestic and foreign earnings and adjustments to recorded valuation allowances. The currently forecasted ETR may vary from the actual year-end due to the changes in these factors.

	Three Months Ended June 30,	
	2024	2025
Domestic pre-tax book loss	$ (16,475)	$ (10,345)
Foreign pre-tax book (expense) income	(4,771)	473
Total loss before income taxes	(21,246)	(9,872)
Income tax expense	(1,053)	(362)
Net loss before non-controlling interest	$ (22,299)	$ (10,234)
Effective tax rate	(4.96)%	(3.67)%

For the three-month periods ended June 30, 2024 and 2025, the effective tax rate differed from the statutory tax rates primarily due to the mix of domestic and foreign earnings amongst taxable jurisdictions, recorded valuation allowances to fully reserve against deferred tax assets in jurisdictions, and certain discrete items.

NOTE 19 - LEASES

The Company determines whether an arrangement is a lease at inception. The Company has operating leases for office space, office equipment and vehicles. The Company's leases have remaining lease terms ranging from approximately 1 to 10 years.

Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. The operating lease ROU asset also includes any lease payments made in advance of lease commencement and excludes lease incentives. The lease terms used in the calculations of the operating ROU assets and operating lease liabilities include options to extend or terminate the lease when the Company is reasonably certain that it will exercise those options. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

The Company has lease agreements with lease and non-lease components, which are generally not accounted for separately.

Where lease terms are 12 months or less, and meet the criteria for short-term lease classification, no ROU asset and no lease liability are recognized. Lease costs associated with the short-term leases are included in selling, general and administrative expenses on the Company's condensed consolidated statements of operations.

The components of lease cost are as follows (in thousands):

	Three Months Ended June 30,	
	2024	2025
Short-term lease cost	$ 207	$ 419

Supplemental cash flow information and non-cash activity related to the Company's operating leases are as follows (in thousands):

	Three Months Ended June 30,	
	2024	2025
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations	$ 490	$ 200

Weighted-average remaining lease term and discount rate for our operating leases are as follows:

	June 30, 2025
Weighted-average remaining lease term - operating leases (in years) (1)	4.26
Weighted-average discount rate	7.7 %

(1) Including expected renewals where appropriate.

Scheduled maturities of operating lease liabilities outstanding as of June 30, 2025 are as follows (in thousands):

July 2025 - March 2026	$ 4,372
2027	3,677
2028	2,535
2029	1,753
2030	961
Thereafter	1,989
Total lease payments	15,287
Less: Imputed interest	(2,328)
Present value of lease payments	$ 12,959

NOTE 20 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of finance lease receivables approximates fair value due to the interest rate implicit in the instruments approximating current market rates. The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities and short-term bank debt approximates their fair values due to the short period to maturity of these instruments. The fair value of the loans to external parties included in other non-current assets is determined using unobservable market data (Level 3 inputs), that represent management's estimate of current interest rates that a commercial lender would charge borrowers. The fair value of the Company's debt is based on observable relevant market information and future cash flows discounted at current rates, which are Level 2 measurements. The Prepayment Derivative within the RMB Facilities is classified as a Level 3 in the fair value hierarchy due to the use of at least one significant unobservable input which is the credit spread volatility (see Note 13). There were no transfers between Level 1 or Level 2, or transfers in or out of Level 3, of the fair value hierarchy during the year ended March 31, 2025 and the three months ended June 30, 2025.

	As of June 30, 2025				
	Fair Value				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Loans to external parties	$ 201	$ 200	$ —	$ —	$ 200
Debt	$ 270,380	$ 272,947	$ —	$ 272,947	$ —
Prepayment derivative	$ 2,626	$ 2,626	$ —	$ —	$ 2,626

	As of March 31, 2025				
	Fair Value				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Loans to external parties	$ 194	$ 194	$ —	$ —	$ 194
Debt	$ 273,792	$ 275,179	$ —	$ 275,179	$ —
Prepayment derivative	$ 2,730	$ 2,730	$ —	$ —	$ 2,730

NOTE 21 - CONCENTRATION OF CUSTOMERS

For the three-month periods ended June 30, 2024 and 2025, there were no customers that generated revenues greater than 10% of the Company’s consolidated total revenues or generated greater than 10% of the Company’s consolidated accounts receivable.

NOTE 22 - COMMITMENTS AND CONTINGENCIES

From time to time, the Company is involved in various litigation matters involving claims incidental to its business and acquisitions, including employment matters, acquisition-related claims, patent infringement and contractual matters, among other issues. While the outcome of any such litigation matters cannot be predicted with certainty, management currently believes that the outcome of these proceedings, including the matters described below, either individually or in the aggregate, will not have a material adverse effect on its business, results of operations or financial condition. The Company records reserves related to legal matters when losses related to such litigation or contingencies are both probable and reasonably estimable.

In July 2015, Pointer do Brasil Comercial Ltda. (“Pointer Brazil”) received a tax deficiency notice alleging that the services provided by Pointer Brazil should be classified as “telecommunication services” and therefore Pointer Brazil should be subject to the state value-added tax. The aggregate amount claimed to be owed under the notice was approximately $5,493 as of June 30, 2025. On August 14, 2018, the lower chamber of the State Tax Administrative Court in São Paulo rendered a decision that was favorable to Pointer Brazil in relation to the ICMS demands, but adverse in regard to the clerical obligation of keeping in good order a set of ICMS books and related tax receipts. The remaining claim after this administrative decision is $197. The state has appealed to the higher chamber of the State Tax Administrative Court. In April 2025, the Company obtained a tax certificate indicating that the claim is under discussion and should not be recognized as a liability to the Company. For this reason, the Company has not made any provision.

Mobile Telephone Networks Proprietary Limited (“MTN”), a network service provider of MiX Telematics Africa, a subsidiary of the Company, is entitled to claw back payments from MiX Telematics Africa in the event of early cancellation of the agreement or certain base connections not being maintained over the term of an amended network services agreement between the parties. No connection incentives will be received in terms of the amended network services agreement. The maximum potential liability under the arrangement as of March 31, 2025 and June 30, 2025 was $609 and $565, respectively. No loss is considered probable under this arrangement.

On August 30, 2024, Fleet Connect Solutions LLC (“Fleet Connect”) filed a complaint against the Company in the United States District Court for the Eastern District of Texas alleging infringement of a number of Fleet Connect’s patents. The Company filed an answer to Fleet Connect’s complaint on November 8, 2024, denying the claims together with counterclaims to invalidate Fleet Connect’s patents. Fleet Connect made a settlement demand of $3.45 million, however the Company has not yet responded to the demand. In addition, on February 11, 2025, Fleet Connect filed a second lawsuit against the Company in the United States District Court of the Eastern District of Texas. The Company then filed a similar motion under Section 101 challenging the validity of some of the patents involved in this lawsuit as well. The Company entered into an agreement with the company who is negotiating a license from Fleet Connect for a number of other infringers. The Company is evaluating the claims with patent counsel, however based on currently available information, the Company is unable to make a reasonable estimate of loss or range of losses, if any, arising from this matter.

NOTE 23 - RECENT ACCOUNTING PRONOUNCEMENTS

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation and modifies other income tax-related disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company is evaluating the effect of adopting ASU 2023-09.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ” (“ASU 2024-03”), which requires disclosure in a tabular format, on an annual and interim basis, purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion for each income statement line item that contains those expenses. The guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is evaluating the effect of adopting ASU 2024-3.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the consolidated financial condition and results of operations of Powerfleet, Inc. and its subsidiaries ("Powerfleet," the "Company," "we," "our" or "us") should be read in conjunction with the condensed consolidated financial statements and related notes thereto appearing in Part I, Item 1 of this report and Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the "Form 10-K"). Many of the amounts and percentages in this section have been rounded for convenience of presentation, but actual recorded amounts have been used in computations. Accordingly, some information may appear not to be computed accurately.

Cautionary Note Regarding Forward-Looking Statements

This report contains "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")), which may include information concerning our beliefs, plans, objectives, goals, expectations, strategies, anticipations, assumptions, estimates, intentions, future events, future revenues or performance, capital expenditures and other information that is not historical information. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "seek," "estimate," "expect," "anticipate," "project," "plan," "contemplate," "plan," "continue," "intend," "believe" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. We believe there is a reasonable basis for its expectations and beliefs, but there can be no assurance that we will realize our expectations or that our beliefs will prove to be correct.

There are risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this report. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements herein include, but are not limited, to: the ability to realize all of the anticipated benefits of the MiX Combination and the FC Acquisition, and the potential challenges associated with the ongoing integration of the businesses; global economic conditions as well as exposure to political, trade and geographic risks, including tariffs and the conflict in the Middle East; disruptions or limitations in our supply chain, particularly with respect to key components; technological changes or product developments that may be more complex, costly, or less effective than expected; cybersecurity risks and our ability to protect our information technology systems from breaches; competitive pressures from a broad range of local, regional, national and other providers of wireless solutions; our ability to effectively navigate the international political, economic and geographic landscape; risks related to the protection and enforcement of our intellectual property rights; changes in applicable laws and regulations or changes in generally accepted accounting policies, rules and practices; and other risks and uncertainties disclosed from time to time in our filings with the Securities and Exchange Commission (the "SEC"), including our Form 10-K.

There may be other factors of which we are currently unaware or which we currently deem immaterial that may cause our actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date they are made and are expressly qualified in their entirety by the cautionary statements included in this report. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances occurring after the date they were made or to reflect the occurrence of unanticipated events, or otherwise.

Overview

Powerfleet is a global provider of Internet-of-Things ("IoT") solutions providing valuable business intelligence for managing high-value enterprise assets that improve operational efficiencies.

We are headquartered in Woodcliff Lake, New Jersey, with offices located around the globe.

On April 2, 2024, we acquired MiX Telematics, and on October 1, 2024, we acquired Fleet Complete. Since the closing of these acquisitions, we have made significant progress in integrating the businesses into our operations, with alignment of core functions and early realization of operational synergies.

Recent Developments

Higher interest rates, fluctuations in currency values, continued supply chain disruptions, changes in tariff policies and import and export restrictions, and the conflict in the Middle East have resulted in significant economic disruption and adversely impacted the broader global economy, including our customers and suppliers. Given the dynamic and uncertain nature of the current macroeconomic environment, we cannot reasonably estimate the impact of such developments on our financial condition, results of operations or cash flows into the foreseeable future. While we do not currently believe that inflation and recently pronounced tariffs have had a material impact on our condensed consolidated financial statements, the ultimate extent of the effects of these developments remain highly uncertain, and such effects could exist for an extended period of time.

Risks to Our Business

We expect that many customers who utilize our solutions will do so as part of a large-scale deployment of these solutions across multiple or all divisions of their organizations. A customer's decision to deploy our solutions throughout its organization will involve a significant commitment of its resources. Accordingly, initial implementations may precede any decision to deploy our solutions enterprise-wide. Throughout this sales cycle, we may spend considerable time and expense educating and providing information to prospective customers about the benefits of our solutions, and there can be no assurance that our solutions will be deployed on a wider scale by the customer.

The timing of the deployment of our solutions may vary widely and will depend on the specific deployment plan of each customer, the complexity of the customer's organization and the difficulty of such deployment. Customers with substantial or complex organizations may deploy our solutions in large increments on a periodic basis. Accordingly, we may receive purchase orders for significant dollar amounts on an irregular and unpredictable basis. Long sales cycles, as well as our expectation that customers will tend to place large orders sporadically with short lead times, may cause our revenue and results of operations to vary significantly and unexpectedly from quarter to quarter. These variations could materially and adversely affect the market price of our common stock.

Our ability to increase our revenues and generate net income will depend on a number of factors, including, for example, our ability to:

- increase sales of products and services to our existing customers;
- convert our initial programs into larger or enterprise-wide purchases by our customers;
- increase market acceptance and penetration of our products; and
- develop and commercialize new products and technologies.

Additional risks and uncertainties to which we are subject are described under the heading "Risk Factors" in our Form 10-K.

Critical Accounting Policies

For the three-month period ended June 30, 2025, there were no significant changes to our critical accounting policies as identified in the Form 10-K.

Results of Operations

The following table sets forth, for the periods indicated, certain operating information expressed as a percentage of revenue:

	Three Months Ended June 30,	
	2024	2025
Revenues:		
Products	24.8 %	17.0 %
Services	75.2 %	83.0 %
Total revenues	100.0 %	100.0 %
Cost of revenues:		
Cost of products	16.9 %	12.7 %
Cost of services	30.5 %	33.1 %
Total cost of revenues	47.4 %	45.8 %
Gross profit	52.6 %	54.2 %
Operating expenses:		
Selling, general and administrative expenses	72.6 %	51.5 %
Research and development expenses	4.1 %	4.7 %
Total operating expenses	76.7 %	56.2 %
Loss from operations	(24.2)%	(2.1)%
Interest income	0.4 %	0.2 %
Interest expense, net	(3.6)%	(6.5)%
Other expense, net	(0.8)%	(1.2)%
Net loss before income taxes	(28.2)%	(9.5)%
Income tax expense	(1.4)%	(0.3)%
Net loss before non-controlling interest	(29.6)%	(9.9)%
Non-controlling interest	— %	— %
Net loss	(29.5)%	(9.9)%
Preferred stock dividend	0.0%	— %
Net loss attributable to common stockholders	(29.5)%	(9.9)%

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

REVENUES. Revenues increased by $28.7 million, or 38.0%, to $104.1 million in the three months ended June 30, 2025, from $75.4 million in the same period in 2024.

Revenues from products decreased by $1.1 million, or 5.8%, to $17.7 million in the three months ended June 30, 2025, from $18.7 million in the same period in 2024. The decrease in product revenues was primarily due to lower product revenue of $2.5 million in North America and $1.1 million in Europe, partially offset by the Fleet Complete business acquired which contributed $3.2 million in product revenues for the three months ended June 30, 2025.

Revenues from services increased by $29.8 million, or 52.5%, to $86.5 million in the three months ended June 30, 2025, from $56.7 million in the same period in 2024. The increase in services revenues was principally due to underlying growth initiatives, offset in part by proactive measures to de-emphasize non-core lines of business, and the acquisition of Fleet Complete which contributed $26.2 million in services revenues.

COST OF REVENUES. Cost of revenues increased by $11.9 million, or 33.1%, to $47.6 million in the three months ended June 30, 2025, from $35.8 million for the same period in 2024. The Fleet Complete business acquired contributed $12.1 million to cost of revenues for the three months ended June 30, 2025. Gross profit was $56.5 million in the three months ended June 30, 2025, compared to $39.6 million for the same period in 2024. As a percentage of revenues, gross profit increased to 54.2% in the three months ended June 30, 2025 from 52.6% in the same period in 2024.

Cost of products increased by $0.5 million, or 3.7%, to $13.2 million in the three months ended June 30, 2025, from $12.8 million in the same period in 2024. Gross profit for products was $4.4 million in the three months ended June 30, 2025, compared to $6.0 million in the same period in 2024. As a percentage of product revenues, gross profit decreased to 25.1% in the three months ended June 30, 2025 from 32.0% in the same period in 2024. Gross profit as a percentage of product revenues was negatively impacted by tariffs in the US which increased underlying costs and delayed demand for high margin in-warehouse solutions.

Cost of services increased by $11.4 million, or 49.4%, to $34.4 million in the three months ended June 30, 2025, from $23.0 million in the same period in 2024. The acquisition of Fleet Complete and the amortization of acquisition intangibles for the MiX Telematics and Fleet Complete transactions contributed $6.6 million and $2.8 million, respectively, to cost of services for the three months ended June 30, 2025. Gross profit for services was $52.1 million in the three months ended June 30, 2025, compared to $33.7 million in the same period in 2024. As a percentage of services revenues, gross profit increased to 60.2% in the three months ended June 30, 2025 from 59.4% in the same period in 2024.

SELLING, GENERAL AND ADMINISTRATIVE (“SG&A”) EXPENSES. SG&A expenses decreased by $1.1 million, or 2.0%, to $53.7 million in the three months ended June 30, 2025, compared to $54.8 million in the same period in 2024, principally due to Fleet Complete business acquired which contributed $15.8 million and higher investments in go to market, offset in part by a decrease in acquisition-related expenses of $13.4 million, a decrease in accelerated stock-based compensation costs of $4.7 million and cost saving synergies realized for the three months ended June 30, 2025. As a percentage of revenues, SG&A expenses decreased to 51,5% in the three months ended June 30, 2025, from 72.6% in the same period in 2024. As a percentage of revenues, SG&A, excluding $4.2 million in acquisition-related, integration-related and restructuring-related expenses, increased to 47.5% in the three months ended June 30, 2025, from 45.6% in the same period in 2024.

RESEARCH AND DEVELOPMENT (“R&D”) EXPENSES. R&D expenses increased by $1.8 million, or 56.6%, to $4.9 million in the three months ended June 30, 2025, compared to $3.1 million in the same period in 2024, principally due to $1.4 million incurred by Fleet Complete. As a percentage of revenues, R&D expenses increased to 4.7% in the three months ended June 30, 2025, from 4.1% in the same period in 2024.

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS. Net loss attributable to common stockholders was $10.2 million, or $(0.08) per basic and diluted share, for the three months ended June 30, 2025, as compared to net loss of $22.3 million, or $(0.21) per basic and diluted share, for the same period in 2024. The net loss was primarily the result of $5.8 million from the amortization of MiX Telematics and Fleet Complete acquisition-related intangibles; and $4.2 million in acquisition, integration and restructuring related expenses.

Non-GAAP Financial Information

We use certain measures to assess the financial performance of our business. Certain of these measures are termed “non-GAAP measures” because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with GAAP, or are calculated using financial measures that are not calculated in accordance with GAAP. These non-GAAP measures include adjusted EBITDA.

An explanation of the relevance of the non-GAAP measure, a reconciliation of the non-GAAP measure to the most directly comparable measure calculated and presented in accordance with GAAP and a discussion of its limitations is set out below. We do not regard this non-GAAP measure as a substitute for, or superior to, the equivalent measure calculated and presented in accordance with GAAP or that calculated using financial measure that is calculated in accordance with GAAP.

Adjusted EBITDA

We define adjusted EBITDA as net loss attributable to common stockholders before non-controlling interest, preferred stock dividend, interest expense (net), other expense (net), income tax expense, depreciation and amortization, stock-based compensation, foreign currency losses, restructuring-related expenses, derivative mark-to market adjustment, recognition of pre-October 1, 2024 contract assets (Fleet Complete), acquisition-related expenses and integration-related expenses.

We have included adjusted EBITDA in this Quarterly Report on Form 10-Q because it is a key measure that our management and board of directors use to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget, and to develop short and long-term operational plans. In particular, the exclusion of certain expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results. Because our method for calculating adjusted EBITDA may differ from other companies’ methods, the non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

A reconciliation of net loss attributable to common stockholders (the most directly comparable financial measure presented in accordance with GAAP) to adjusted EBITDA for the periods shown is presented below.

Reconciliation of Net Loss Attributable to Common Stockholders to Adjusted EBITDA

	Three Months Ended June 30,	
	2024	2025
	(In thousands)	
Net loss attributable to common stockholders	$ (22,337)	$ (10,234)
Non-controlling interest	13	—
Preferred stock dividend	25	—
Interest expense, net	2,916	6,590
Other expense, net	—	23
Income tax expense	1,053	362
Depreciation and amortization	10,335	16,031
Stock-based compensation	5,929	1,853
Foreign currency losses	109	1,161
Restructuring-related expenses	1,198	2,442
Derivative mark-to-market adjustment	—	104
Recognition of pre-October 1, 2024 contract assets (Fleet Complete)	—	1,503
Acquisition-related expenses	14,494	1,130
Integration-related expenses	—	675
Adjusted EBITDA	$ 13,735	$ 21,640

Our use of adjusted EBITDA has limitations as analytical tools and should not be considered as performance measures in isolation from, or as a substitute for, analysis of our results as reported under GAAP.

Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure; and
- certain of the adjustments (such as restructuring-related expenses and integration-related expenses) made in calculating adjusted EBITDA are those that management believes are not representative of our underlying operations and, therefore, are subjective in nature.

Because of these limitations, adjusted EBITDA should be considered alongside other financial performance measures, including loss from operations, net loss and our other results.

Liquidity and Capital Resources

On April 2, 2024, we consummated the MiX Combination, pursuant to which MiX Telematics became our indirect, wholly owned subsidiary. The Implementation Agreement required, as a condition to closing of the MiX Combination, that we obtain debt and/or equity financing in an amount sufficient to provide for the redemption in full of all outstanding shares of our Series A Preferred Stock. On April 2, 2024, concurrently with the closing of the MiX Combination, we used the net proceeds received from the RMB Facilities described above and incremental borrowing capacity as a result of the refinancing of Credit Facilities to redeem the full $90.3 million value of the outstanding shares of Series A Preferred Stock.

In addition, our wholly owned subsidiaries, Powerfleet Israel and Pointer (collectively, the "Borrowers") were party to the Prior Credit Agreement with Hapoalim, pursuant to which Hapoalim agreed to provide Powerfleet Israel with two senior secured term loan facilities denominated in NIS in an initial aggregate principal amount of $30 million (composed of two facilities in the aggregate principal amounts of $20 million and $10 million, respectively) and a five-year revolving credit facility to Pointer denominated in NIS in an initial aggregate principal amount of $10 million. The proceeds of the term loan facilities were used to finance a portion of the cash consideration payable in our acquisition of Pointer.

On March 18, 2024, the Borrowers entered into the A&R Credit Agreement, which refinanced the facilities under, and amended and restated, the Prior Credit Agreement. The A&R Credit Agreement provides for (i) two senior secured term loan facilities denominated in NIS to Powerfleet Israel in an aggregate principal amount of $30 million (composed of Hapoalim Facility A and Hapoalim Facility B in the aggregate principal amounts of $20 million and $10 million, respectively) and (ii) two revolving credit facilities to Pointer in an aggregate principal amount of $20 million (composed of Hapoalim Facility C and Hapoalim Facility D in the aggregate principal amounts of $10 million and $10 million, respectively). The Hapoalim Term Facilities will mature on March 18, 2029. The Hapoalim Revolving Facilities are available for successive one-month periods until and including February 27, 2026, unless the Borrowers deliver prior notice to Hapoalim of their request not to renew the Hapoalim Revolving Facilities.

On March 18, 2024, Powerfleet Israel drew down $30 million in cash under the Hapoalim Term Facilities and used the proceeds to prepay approximately $11.2 million, representing the remaining outstanding balance, of the term loans extended to Powerfleet Israel under the Prior Credit Agreement and distributed the remaining proceeds to us. The proceeds of the Hapoalim Revolving Facilities may be used by Pointer for general corporate purposes, including working capital and capital expenditures.

On December 30, 2024, the Borrowers entered into an amendment (the "Amendment") to the A&R Credit Agreement. The Amendment increases the principal amount available under Hapoalim Facility D from $10 million to $20 million and provides that the total principal amount of Hapoalim Facility D may be distributed to us or any of our subsidiaries by no later than December 31, 2025, subject to certain terms and conditions of the A&R Credit Agreement.
As of June 30, 2025, Powerfleet Israel had utilized approximately $15.4 million under the Hapoalim Revolving Facilities.

The Hapoalim Credit Facilities continue to be secured by first ranking and exclusive fixed and floating charges, including by Powerfleet Israel over the entire share capital of Pointer and by Pointer over all of its assets, as well as cross guarantees between Powerfleet Israel and Pointer, except that the Borrowers' holdings in Pointer do Brasil Comercial Ltda., Pointer Argentina and Pointer South Africa are excluded from such floating charges. No other assets of our company will serve as collateral under the Hapoalim Credit Facilities.

The interest rates for borrowings under Hapoalim Facility A and Hapoalim Facility B are Hapoalim's prime rate + 2.2% per annum, and Hapoalim's prime rate + 2.3% per annum, respectively. Hapoalim's prime rate at June 30, 2025 was 6%. Interest is payable quarterly on March 25, June 25, September 25, and December 25 over five years. The first interest period ended on June 25, 2024. Hapoalim Facility A amortizes in quarterly installments over its five-year term and will be payable in the following aggregate annual amounts: (i) 10% of the principal amount of Hapoalim Facility A from March 18, 2024 until March 18, 2025, (ii) 25% of the principal amount of Hapoalim Facility A from March 18, 2025 until March 18, 2026, (iii) 27.5% of the principal amount of Hapoalim Facility A from March 18, 2026 until March 18, 2027, (iv) 27.5% of the principal amount of Hapoalim Facility A from March 18, 2027 until March 18, 2028, and (v) 10% of the principal amount of Hapoalim Facility A from March 18, 2028 until March 18, 2029. Hapoalim Facility B does not amortize and will be payable in full on March 18, 2029.

The interest rate for borrowings under Hapoalim Facility C is, with respect to NIS-denominated loans, Hapoalim's prime rate + 2.5%, and with respect to U.S. dollar-denominated loans, SOFR + 2.15%. Borrowings under Hapoalim Facility D will bear interest at the applicable interest rate set forth in the standard form documents entered into in connection with each utilization of Hapoalim Facility D. In addition, Pointer is required to pay a credit allocation fee in NIS, with respect to Hapoalim Facility C, and a non-utilization fee in U.S. dollars, with respect to Hapoalim Facility D, in each case, equal to 0.5% per annum on undrawn and uncancelled amounts of the revolving facilities during the period commencing on March 18, 2024 and ending on the last day of the applicable availability period of such revolving facilities. The Borrowers have also paid certain upfront fees and other fees and expenses to Hapoalim in connection with the A&R Credit Agreement.

On March 7, 2024, we entered into the Facilities Agreement with RMB, pursuant to which RMB agreed to provide us with the RMB Facilities in an aggregate principal amount of $85 million, composed of RMB Facility A and RMB Facility B, each having a principal amount of $42.5 million. We drew down $85 million in cash under the RMB Facilities on March 13, 2024. The interest rates of RMB Facility A and RMB Facility B are 8.699% per annum and 8.979% per annum, respectively. Interest is payable quarterly in arrears. The principal under RMB Facility A and RMB Facility B is repayable in one installment on March 31, 2027 and March 31, 2029, respectively.

Following the signing of the Facilities Agreement with RMB and MiX Telematics entered into the Credit Agreement on March 14, 2024, for the RMB General Facility. The Credit Agreement and the rights and obligations of the parties are subject to the terms and conditions of the Facilities Agreement entered into on March 7, 2024.

The RMB General Facility is repayable on demand and has a term of 365 days from the Available Date (as defined therein). Repayment of the RMB General Facility, including capitalized interest, is due by the earlier of (a) the Available Date or (b) April 2, 2025, unless extended by agreement between MiX Telematics and RMB. Interest rate for the RMB General Facility is calculated at South African prime rate minus 0.75% per annum and will be calculated on the daily outstanding balance, compounded monthly in arrears and repaid quarterly. As of June 30, 2025, $16,579 of the RMB General Facility was utilized.

During April 2025, the RMB General Facility repayment terms were extended on the same terms and conditions of the Facilities Agreement.

On September 27, 2024, we entered into the Facility Agreement with RMB, pursuant to which RMB agreed to provide us with the New RMB Term Facility in an aggregate principal amount of $125 million. On October 1, 2024, we drew down $125 million in cash under the New RMB Term Facility to pay a portion of the Purchase Price for the FC Acquisition. Interest is payable quarterly in arrears at an interest rate of 5% per annum plus the applicable term SOFR reference rate. The principal is repayable in one installment on October 31, 2029.

As a result of global supply chain disruptions, the conflicts in the Middle East, fluctuations in currency values, inflation and other cost increases, there remains uncertainty surrounding the potential impact of such events on our results of operations and cash flows. We are proactively taking steps to increase the available cash on hand including, but not limited to, targeted reductions in discretionary operating expenses and capital expenditures and borrowing under our revolving credit facility.

Capital Requirements

As of June 30, 2025, we had cash and cash equivalents (including restricted cash) of $35.6 million and working capital of $11.2 million compared to cash and cash equivalents (including restricted cash) of $48.8 million and working capital of $18.1 million as of March 31, 2025. Our primary sources of cash are cash flows from sales of products and services, our holdings of cash, cash equivalents and proceeds from the sale of our capital stock and borrowings under our credit facilities. The FC Acquisition and MiX Combination are also expected to be a source of positive cash flow. To date, we have not generated sufficient cash flow solely from operating activities to fund our operations.

Our capital requirements depend on a variety of factors, including, but not limited to, the length of the sales cycle, the rate of increase or decrease in our existing business base, the success, timing, and amount of investment required to bring new products to market, revenue growth or decline and potential acquisitions. Failure to generate positive cash flow from operations will have a material adverse effect on our business, financial condition and results of operations.

Operating Activities

During the three months ended June 30, 2025, net cash provided by operating activities was $4.7 million, compared to net cash used in operating activities of $7.6 million for the same period in 2024. The net cash provided by operating activities for the three months ended June 30, 2025 primarily included $16.0 million for depreciation and amortization expense, $1.9 million for bad debts expense, non-cash charges of $1.9 million for stock-based compensation, $1.0 million for ROU asset amortization, $0.1 million for derivative mark-to-market adjustment partially offset by $0.5 million for other non-cash items . Changes in operating assets and liabilities included:

- an increase in inventory, net of reserve of $4.7 million inclusive of inventory build to negate the impact of tariffs;
- an increase in accounts receivables of $2.4 million;
- a decrease in deferred costs of $2.7 million;
- a decrease in lease liabilities of $0.9 million;
- an increase in prepaid expenses and other assets of $1.3 million;
- a decrease in deferred revenue of $0.4 million; partially offset by
- an increase in accounts payable of $9.6 million;
- an increase in accrued severance payable of $0.4 million.

Investing Activities

Net cash used in investing activities for the three months ended June 30, 2025 was $11.8 million, compared to net cash provided by investing activities of $19.6 million for the same period in 2024. The net cash used by investing activities was primarily due to $8.1 million for the purchase of fixed assets and $3.7 million for capitalized software development costs. The net cash provided by investing activities of $19.6 million in the same period in 2024 was primarily due to $27.5 million in net cash assumed from the MiX Combination, partially offset by $5.6 million for the purchase of fixed assets and $2.3 million for capitalized software development costs.

Financing Activities

During the three months ended June 30, 2025, net cash used in financing activities was $6.8 million, compared to $89.5 million net cash used in financing activities for the same period in 2024. The cash used in financing activities was primarily due to the repayment of short-term bank debt of $5.4 million, and repayment of long-term debt of $1.3 million. The decrease in net cash used in financing activities was primarily due to the repayment of Series A Preferred Stock of $90.3 million during the three months ended June 30, 2024.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Impact of Recently Issued Accounting Pronouncements

The Company is subject to recently issued accounting standards, accounting guidance and disclosure requirements. For a description of these new accounting standards, see Note 23 to our consolidated financial statements contained in Item 1 of Part I of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in connection with our business, which primarily relate to fluctuations in foreign exchange rates, interest rates and inflation risk and credit risk.

Foreign exchange and translation risk

We report our financial results in U.S. dollars. However, a significant portion of our revenues, assets, indebtedness and other liabilities, and costs are denominated in foreign currencies. Our condensed consolidated results of operations and cash flows are therefore subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign currency exchange rates. For further information regarding this risk and the related currencies affected, please refer to the risk: *The international scope of our business exposes us to risks associated with foreign exchange rates, currency fluctuations and economic instability in certain emerging markets* described under Part I, Item 1A. “Risk Factors” in our Form 10-K.

Currency fluctuations, especially with respect to the South African rand, Mexican peso, Brazilian real, and Canadian dollar, may materially impact our income and expenses due to the translation of our foreign subsidiaries’ financial statements into U.S. dollars. For example, the majority of subscription agreements and operating expenses of our subsidiary, MiX Telematics, are denominated in foreign currencies and therefore subject to such fluctuations.

To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. As exchange rates are outside our control, there can be no assurance that future fluctuations will not adversely affect our results of operations and financial condition.

We undertook a sensitivity analysis related to a hypothetical 10% increase or decrease in the relative value of the U.S. dollar to other currencies during any of the periods presented. This analysis has been performed on the basis of the change occurring at the end of the reporting period and measures the potential impact to net loss attributable to common stockholders. This analysis is for illustrative purposes only as, in practice, exchange rates rarely change in isolation. Based on the analysis, we do not believe that a hypothetical 10% increase or decrease in the relative value of the U.S. dollar to other currencies during any of the periods presented would have had a material impact on our net loss attributable to common stockholders.

Interest rate risk

As a result of our normal borrowing activities, our operating results are exposed to fluctuations in interest rates, which we manage primarily through regular financing activities. We have short- and long-term borrowings in South Africa and Israel which bear interest at variable and fixed rates. Please refer to Note 13 to our condensed consolidated financial statements contained in Item 1 of Part I of this Quarterly Report on Form 10-Q, which sets out the terms of each of these loans. Interest rates in South Africa remained unchanged for the majority of the 2024 calendar year; however, the South African Reserve Bank announced a 25-basis point reduction in the South African repurchase rate in each of September 2024, November 2024, and January 2025, with further reductions expected thereafter. Interest rates in Israel have remained stable at 4.5% which were last changed by the Bank of Israel in January 2024. The U.S. dollar denominated loans are based on the Standard Overnight Financing Rate (“SOFR”) for which the 90 day average rate as of June 30, 2025 was 4.34%, compared to 5.35% as of June 30, 2024, representing a decline of 1.01% in the rate period over period.

Therefore, ignoring the impact of changes to the margin on our borrowings and value of borrowings outstanding, we expect our cost of borrowing to decline moderately in the foreseeable future; however, we would expect a higher cost of borrowing if interest rates were to increase in the future. We periodically evaluate the cost and effectiveness of interest rate hedging strategies to manage this risk. We generally maintain surplus cash in cash equivalents.

The effect of a hypothetical 1% change (100 basis points) applicable to the relevant borrowings is shown below. The selected 1% hypothetical change does not reflect what could be considered the best- or worst-case scenarios and is disclosed for illustrative purposes only as the actual variations may be more or less and are based on factors outside of our control.

The following table illustrates the effect on our estimated annual interest expense as a result of changes in the respective interest rates utilizing our outstanding borrowings as of June 30, 2025.

Facility	Annual estimated interest charge	Hypothetical Change in rates- Increase	Hypothetical Change in rates- (Decrease)	Estimated annual change due to increase in rates	Estimated annual change due to decrease in rates
Hapoalim Facilities- Variable	$ 3,673	1%	(1%)	$ 454	$ (454)
RMB Facilities- Variable	$ 13,470	1%	(1%)	$ 1,416	$ (1,416)
RMB Facilities- Fixed	$ 7,513	$ —	$ —	$ —	$ —

Credit risk

Financial instruments that potentially subject us and our subsidiaries to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. Our cash and cash equivalents are invested primarily in deposits with major banks worldwide. Generally, these deposits may be redeemed upon demand and therefore bear low risk. Management believes that the financial institutions that hold our investments have a high credit rating. Trade receivables primarily arise from subscription-based contracts. We are exposed to credit risk in the event customers fail to meet their contractual payment obligations. We perform credit evaluations of new customers and monitors the financial health of existing customers on an ongoing basis. While most customers are billed monthly, we do not typically require collateral. Credit risk is mitigated through diversified customer exposure and proactive collection efforts.

As of June 30, 2025, trade receivables totaled $81.5 million, net of an allowance for credit losses of $8.4 million. Refer to Note 6 of the unaudited condensed consolidated financial statements for further information relating to the determination of the net allowance for credit losses. No single customer represented more than 10% of total trade receivables as of the reporting date. Management believes the current allowance for credit losses is adequate to cover expected losses and continues to monitor credit risk closely for any changes in customer liquidity trends.

Item 4. Controls and Procedures

a. Disclosure controls and procedures.

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Due to the inherent limitations of controls systems, irrespective of how well controls are designed and operated, not all misstatements may be detected. These inherent limitations include, but are not limited to faulty judgments in decision-making, breakdown in controls can occur because of a simple error or mistake and/or controls can be circumvented by the individual act of persons, by the collusion of two or more people, or by management override of control.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness, as of June 30, 2025, of our internal control over financial reporting. Based on that evaluation, we concluded that our internal control over financial reporting was not effective as of June 30, 2025, due to material weaknesses in our internal control over financial reporting as disclosed in our Form 10-K.

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. Management has identified material weaknesses in the design and operation of controls over manual journal entries at I.D. Systems and Pointer Recuperación de México, S.A. de C.V (“Pointer Mexico”). Specifically, the control deficiencies related to the configuration of an automated control within the ERP system at I.D. Systems which caused a segregation of duties issue related to the processing of journal entries and review of balance sheet reconciliations. At Pointer Mexico, the control deficiency related to the lack of workflow approval and sufficient documentation supporting the review of journal entries.

As disclosed in Note 3, “Acquisition,” in Part I, Item 1, “Financial Statements (Unaudited),” we completed the FC Acquisition on October 1, 2024. We excluded Fleet Complete’s disclosure controls and procedures that are subsumed by their internal control over financial reporting from the scope of management’s assessment of the effectiveness of our disclosure controls and procedures. This exclusion is in accordance with the guidance issued by the SEC that an assessment of a recently acquired business’s internal control over financial reporting may be omitted from management’s assessment of internal control over financial reporting for one year following the business combination and/or acquisition. As a result of our integration efforts, certain controls will be evaluated and may be changed. Fleet Complete’s total revenues constituted approximately 28% of our consolidated revenues for the three months ended June 30, 2025. Fleet Complete’s total assets constituted approximately 24% of our consolidated total assets as of June 30, 2025. Despite the exclusion of Fleet Complete from our assessment of the effectiveness of the Company’s internal control over financial reporting as of March 31, 2025, we identified a material weakness in controls over the financial close and reporting process. Specifically, there were insufficient effective controls in place to ensure the completeness and accuracy of Fleet Complete’s financial reporting information that is consolidated into Powerfleet’s financial statements.

Remediation

As described in “Item 9A. Controls and Procedures” in Part II of our Form 10-K, we started the implementation of the remediation plan to address the material weaknesses mentioned above. Management has completed, or is in the process of completing, the following remediation activities:

- As of April 1, 2025, redesigned and implemented automated controls within the ERP system used by I.D. Systems to prevent users from editing journal entries they did not create and to require a senior independent authorized individual to approve and post such journal entries.
- Initiated plans to decommission the ERP system currently used by I.D. Systems in the second quarter of fiscal 2026, replacing it with a standardized ERP platform designated for use across the Company.
- Designing and implementing workflow approval on critical transactions, such as manual journal entries for I.D. Systems.

- Implementing controls that require documentation of independent reviews of manual journal entries at Pointer Mexico.
- Designing and implementing controls over general information technology controls within the standardized ERP system related to user access and program change management over IT systems that support financial reporting processes at Fleet Complete.
- Designing and implementing internal control over financial reporting for processes specific to Fleet Complete.

Management will continue with the implementation of the remediation plan and will reassess and test the design and operating effectiveness of controls. The material weaknesses will not be considered remediated until applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively.

b. Changes in internal control over financial reporting.

During the quarter ended June 30, 2024, we completed the MiX Combination and during the quarter ended December 31, 2024, we completed the FC Acquisition. As part of our integration activities, we are continuing the implementation of a single ERP and subscription billing system to all Powerfleet operations. Furthermore, as part of our integration activities, we expect additional changes to the internal control over financial reporting as we continue with our integration activities, which include the evaluation, rationalization and standardization of internal control over financial reporting. While we believe the controls in the post-transaction environment, supported by a uniform ERP system, will enhance the internal control environment, there are inherent risks associated to the integration and implementation of a new ERP system. We will continue to evaluate the processes and controls related to the integration and system implementation, as well as the assessment of the design adequacy and operating effectiveness of internal control over financial reporting throughout this fiscal year.

Other than as described above under "*Remediation*", the integration efforts and the implementation of the ERP system, there were no changes to our internal control over financial reporting, as defined in Rule 13a-15(f) and 15d- 15(f) promulgated under the Exchange Act, during the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Our business is subject to numerous risks, a number of which are described under Part I, Item 1A. “Risk Factors” in our Form 10-K. As of June 30, 2025, there have been no material changes to the risk factors previously disclosed.

These risks should be carefully considered together with the other information set forth in this report, which could materially affect our business, financial condition, and future results. The risks described under Part I, Item 1A. “Risk Factors” on our Form 10-K are not the only risks that we face. Risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may have a material adverse impact on our business, financial condition and results of operations.

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

On April 21, 2025, we issued to Private Capital Management Holdings, L.P., an affiliate of Private Capital Management, LLC ("PCM"), a warrant to purchase 130,275 shares of common stock in lieu of granting certain equity compensation to Andrew Martin, one of our directors and a partner and member of the investment research team at PCM. The shares of common stock underlying the warrant were not registered under the Securities Act in reliance upon the exemption from registration provided by Section 4(a)(2) thereof and Regulation D promulgated thereunder, which exempts transactions by an issuer not involving any public offering.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed with this Quarterly Report on Form 10-Q:

Exhibits:

Exhibit Number	Description
10.1	Amendment No. 3, effective as of July 8, 2025, to the amended Facilities Agreement, dated May 27, 2025, by and among Powerfleet, Inc., I.D. Systems, Inc., Movingdots GmbH and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (filed herewith).
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. § 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets as of March 31, 2025 and June 30, 2025; (ii) Condensed Consolidated Statements of Operations for the three months ended June 30, 2024 and 2025; (iii) Condensed Consolidated Statements of Comprehensive (Loss) Income for the three months ended June 30, 2024 and 2025; (iv) Condensed Consolidated Statement of Changes in Stockholders' Equity for the periods April 1, 2024 through June 30, 2024 and April 1, 2025 through June 30, 2025 (v) Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2024 and 2025; and (vi) Notes to Condensed Consolidated Financial Statements.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025, formatted in Inline XBRL (included as Exhibit 101).

* Furnished herewith.

SIGNATURES

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

POWERFLEET, INC.

Date: August 11, 2025	*By: /s/ Steve Towe* Steve Towe Chief Executive Officer (Principal Executive Officer)
Date: August 11, 2025	*By: /s/ David Wilson* David Wilson Chief Financial Officer (Principal Financial and Accounting Officer)

To: **POWERFLEET, INC**
123 Tice Boulevard
Woodcliff Lake, NJ 07677
United States of America

Email Address: stowe@powerfleet.com
For the attention of: Chief Executive Officer

8 July, 2025

Dear Sirs,

USD85,000,000 TERM LOAN FACILITY AGREEMENT DATED 7 MARCH, 2024,
AS AMENDED FROM TIME TO TIME
(the **Facility Agreement**)

THIRD AMENDMENT LETTER AGREEMENT

1. **BACKGROUND**

1.1 The Parties previously entered into the Facility Agreement.

1.2 This amendment letter agreement (the **Letter**) is supplemental to and amends the Facility Agreement.

2. **INTERPRETATION**

2.1 **Definitions**

Unless expressly otherwise defined in this Letter, terms and expressions defined in the Facility Agreement have the same meaning in this Letter. In this Letter:

2.1.1 **Effective Date** means the date on which, once this Letter has been signed by all the Parties, it is signed by the last Party to do so.

2.1.2 **Party** means a party to this Letter.

2.1 **Construction**

The provisions of clause 1 (*Definitions and Interpretation*) and clause 31 (*Notices*) to clause 38 (*Waiver of immunity*) of the Facility Agreement apply to this Letter as though they were set out in full in this Letter, except that references to the Facility Agreement are to be construed as references to this Letter.

3. **AMENDMENTS**

3.1 The Facility Agreement will be amended from the Effective Date by:

3.1.1 deleting clause 25.4 (Additional Guarantors) in its entirety and replacing it with the following new clause 25.4:

"25.4 Additional Guarantors
25.4.1 A member of the Group shall become an Additional Guarantor if:

(a) the Borrower and that member of the Group deliver to the Lender a duly completed and executed Accession Deed; and

(b) the Lender has received all of the documents and other evidence listed in Part II of Schedule 2 (Conditions Precedent) in relation to that member of the Group, each in form and substance satisfactory to it.

25.4.2 The Lender shall notify the Borrower promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (Conditions Precedent) in relation to the relevant Additional Guarantor."; and

3.1.2 deleting the form of accession deed in schedule 6 (Form of Accession Deed) of the Facility Agreement in its entirety and replacing it with the schedule 6 set out in the attached schedule 1 (Replacement Schedule 6) hereto.

4. **MISCELLANEOUS AND RECORDAL**

4.1 This letter is a Finance Document under and as defined in the Facility Agreement.

4.2 From the Effective Date, the Facility Agreement and this letter shall be read and construed as one document.

4.3 Except as otherwise provided in this letter, the Facility Agreement remains in full force and effect.

4.4 This Letter is governed by the laws of England

Kindly confirm your agreement to the terms of this Letter, by signing where indicated below.

SCHEDULE 1

REPLACEMENT SCHEDULE 6 (FORM OF ACCESSION DEED)

"SCHEDULE 6

FORM OF ACCESSION DEED

To: [Lender], as Lender
[●]

From: [Subsidiary] and Powerfleet, Inc (as the **Borrower**)
[●]

Dated: [●]

Dear Sirs,

5. POWERFLEET, INC
USD85,000,000 Facilities Agreement dated 7 March, 2024, as amended from time to time
(the **Agreement**)

1. We refer to the Agreement. This deed (the **Accession Deed**) shall take effect as an Accession Deed for the purposes of the Agreement. Terms defined in the agreement have the same meaning in this Accession Deed unless given a different meaning in this Accession Deed.

2. [Subsidiary] agrees to become an Additional Guarantor and to be bound by the terms of the Agreement and the other Finance Documents as an Additional Guarantor pursuant to Clause 25.4 (Additional Guarantors) of the Agreement.

3. [Subsidiary] is a company duly incorporated under the laws of [name of relevant jurisdiction] and is a limited liability company with registered number [●].

4. [Subsidiary's] administrative details are as follows:

   Address: [●]

   Email address: [●]

   Attention: [●]

5. This Accession Deed may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Accession Deed.

6. This Accession Deed and any non-contractual obligations arising out of or in connection with it is governed by English Law.

THIS ACCESSION DEED has been signed on behalf of the Borrower and executed as a deed by [Subsidiary] and is delivered on the date stated above.

THE ADDITIONAL GUARANTOR

Executed as a deed by:
[Subsidiary]
acting by an authorised signatory:

) Signature: ______________________________

) Name: ______________________________

) Title: ______________________________

in the presence of:

) Signature of witness ______________________________

) Name of witness: ______________________________

) Title: ______________________________

) Occupation ______________________________

) Address: ______________________________

____

THE BORROWER

Executed as a deed by:
Powerfleet, Inc,
acting by an authorised signatory:

) Signature: ______________________________

) Name: ______________________________

) Title: ______________________________

in the presence of:

) Signature of witness ______________________________

) Name of witness: ______________________________

) Title: ______________________________

) Occupation ______________________________

) Address: ______________________________

____

SIGNATURE PAGE

THE ORIGINAL LENDER

/s/ Blessings Magagane *//s/ Londa Sithole*

For and on behalf of: **FIRSTRAND BANK (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)**	For and on behalf of: **FIRSTRAND BANK (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)**
Name: Blessings Magagane	Name: Londa Sithole
Office: Authorised (who warrants his authority)	Office: Transactor (who warrants his authority)

SIGNATURE PAGE

THE ARRANGER

/s/ Blessings Magagane */s/ Londa Sithole*

For and on behalf of: **FIRSTRAND BANK (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)**	For and on behalf of: **FIRSTRAND BANK (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)**
Name: Blessings Magagane	Name: Londa Sithole
Office: Authorised (who warrants his authority)	Office: Transactor (who warrants his authority)

SIGNATURE PAGE

THE COMPANY

/s/ Steve Towe

For and on behalf of:
POWERFLEET, INC

Name: Steve Towe

Office: CEO

(who warrants his authority)

SIGNATURE PAGE

THE ORIGINAL BORROWER

/s/ Steve Towe

For and on behalf of:
POWERFLEET, INC

Name: Steve Towe

Office: CEO
(who warrants his authority)

SIGNATURE PAGE

THE ORIGINAL GUARANTOR

/s/ Steve Towe

For and on behalf of:
POWERFLEET, INC

Name: Steve Towe

Office: CEO
(who warrants his authority)

SIGNATURE PAGE

THE ORIGINAL GUARANTOR

/s/ David Wilson

For and on behalf of:
I.D. SYSTEMS, INC

Name: David Wilson

Office: CFO
(who warrants his authority)

SIGNATURE PAGE

THE ORIGINAL GUARANTOR

/s/ Melissa Ingram

For and on behalf of:
MOVINGDOTS GMBH

Name: Melissa Ingram

Office: Managing Director
(who warrants his authority)

SIGNATURE PAGE

THE GUARANTOR

/s/ Melissa Ingram

For and on behalf of:
MAIN STREET 2000 PROPRIETARY LIMITED

Name: Melissa Ingram

Office: Managing Director
(who warrants his authority)

Exhibit 31.1

CERTIFICATE OF PRINCIPAL EXECUTIVE OFFICER

Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steve Towe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Powerfleet, Inc. (the “Registrant”);
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: August 11, 2025 /s/ Steve Towe

Steve Towe
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATE OF PRINCIPAL FINANCIAL OFFICER

Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Powerfleet, Inc. (the "Registrant");
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: August 11, 2025 *<u>/s/ David Wilson</u>*

David Wilson
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32

CERTIFICATE OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Powerfleet, Inc. (the “Company”) to which this certification is attached and as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the “Report”), each of the undersigned officers of the Company hereby certifies, pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 11, 2025 *<u>/s/ Steve Towe</u>*

Steve Towe
Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2025 *<u>/s/ David Wilson</u>*

David Wilson
Chief Financial Officer
(Principal Financial and Accounting Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.