

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 December 31, 2025

or

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

For the transition period from ____ to ____

Commission File Number: 001-39080

POWERFLEET, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

83-4366463

(IRS Employer Identification No.)

123 Tice Boulevard

Woodcliff Lake, New Jersey

(Address of principal executive offices)

07677

(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 February 5, 2026 was 134,147,277.

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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	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 44,392	\$ 31,215
Restricted cash	4,396	4,635
Accounts receivables, net of allowance for credit losses of \$4,057 and \$9,667 as of March 31, 2025 and December 31, 2025, respectively	78,623	92,223
Inventory, net	18,350	22,064
Prepaid expenses and other current assets	23,319	24,941
Total current assets	169,080	175,078
Fixed assets, net	58,011	63,018
Goodwill	383,146	413,344
Intangible assets, net	258,582	264,281
Right-of-use asset	12,339	11,521
Severance payable fund	3,796	4,322
Deferred tax asset	3,934	4,999
Other assets	21,183	22,896
Total assets	\$ 910,071	\$ 959,459
LIABILITIES		
Current liabilities:		
Short-term bank debt and current maturities of long-term debt	\$ 41,632	\$ 46,288
Accounts payable	41,599	48,432
Accrued expenses and other current liabilities	45,327	44,914
Deferred revenue - current	17,375	16,217
Lease liability - current	5,076	4,172
Total current liabilities	151,009	160,023
Long-term debt - less current maturities	232,160	231,164
Deferred revenue - less current portion	5,197	6,964
Lease liability - less current portion	8,191	8,343
Accrued severance payable	6,039	5,303
Deferred tax liability	57,712	59,455
Other long-term liabilities	3,021	3,028
Total liabilities	463,329	474,280
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 136,105 shares issued at March 31, 2025 and December 31, 2025, respectively; shares outstanding, 133,316 and 134,041 at March 31, 2025 and December 31, 2025, respectively	1,343	1,343
Additional paid-in capital	671,400	677,377

Accumulated deficit	(205,783)	(223,669)
Accumulated other comprehensive (loss) income	(8,850)	41,496
Treasury stock; 2,063 and 2,063 common shares at cost at March 31, 2025 and December 31, 2025, respectively	(11,518)	(11,518)
Total Powerfleet, Inc. stockholders' equity	446,592	485,029
Non-controlling interest	150	150
Total equity	446,742	485,179
Total liabilities and stockholders' equity	\$ 910,071	\$ 959,459

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 December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Revenues:				
Products	\$ 24,687	\$ 22,402	\$ 63,718	\$ 62,429
Services	81,742	91,085	195,159	266,858
Total revenues	106,429	113,487	258,877	329,287
Cost of revenues:				
Cost of products	17,129	15,312	43,809	43,858
Cost of services	30,517	35,487	75,294	103,671
Total cost of revenues	47,646	50,799	119,103	147,529
Gross profit	58,783	62,688	139,774	181,758
Operating expenses:				
Selling, general and administrative expenses	55,405	51,770	147,522	159,584
Research and development expenses	4,621	4,572	11,157	13,623
Total operating expenses	60,026	56,342	158,679	173,207
(Loss) profit from operations	(1,243)	6,346	(18,905)	8,551
Interest income	359	111	831	569
Interest expense, net	(7,942)	(6,844)	(14,675)	(20,607)
Other (expense) income, net	(2,011)	14	(961)	(1,775)
Net loss before income taxes	(10,837)	(373)	(33,710)	(13,262)
Income tax expense	(3,513)	(2,991)	(4,821)	(4,624)
Net loss before non-controlling interest	(14,350)	(3,364)	(38,531)	(17,886)
Non-controlling interest	1	—	(17)	—
Net loss	(14,349)	(3,364)	(38,548)	(17,886)
Preferred stock dividend	—	—	(25)	—
Net loss attributable to common stockholders	\$ (14,349)	\$ (3,364)	\$ (38,573)	\$ (17,886)
Net loss per share attributable to common stockholders - basic and diluted	\$ (0.11)	\$ (0.03)	\$ (0.33)	\$ (0.13)
Weighted average common shares outstanding - basic and diluted	132,189	133,876	115,650	133,632

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 December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Net loss attributable to common stockholders	\$ (14,349)	\$ (3,364)	\$ (38,573)	\$ (17,886)
Foreign currency translation adjustment	(6,214)	18,034	(6,593)	50,346
Total other comprehensive (loss) income	(6,214)	18,034	(6,593)	50,346
Comprehensive (loss) income	\$ (20,563)	\$ 14,670	\$ (45,166)	\$ 32,460

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		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non-Controlling Interest	Total Stockholders' Equity
	Number of Shares	Amount						
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
Net loss attributable to common stockholders	—	—	—	(4,288)	—	—	—	(4,288)
Foreign currency translation adjustment	—	—	—	—	9,793	—	—	9,793
Stock-based compensation	—	—	2,594	—	—	—	—	2,594
Issue of stock appreciation rights and restricted share awards	364	—	—	—	—	—	—	—
Balance as of September 30, 2025	135,870	\$ 1,343	\$ 675,847	\$ (220,305)	\$ 23,462	\$ (11,518)	\$ 150	\$ 468,979
Net loss attributable to common stockholders	—	—	—	(3,364)	—	—	—	(3,364)
Foreign currency translation adjustment	—	—	—	—	18,034	—	—	18,034
Stock-based compensation	—	—	1,491	—	—	—	—	1,491
Issue of stock appreciation rights and restricted share awards	222	—	—	—	—	—	—	—
Exercise of stock options	13	—	39	—	—	—	—	39
Balance as of December 31, 2025	136,105	\$ 1,343	\$ 677,377	\$ (223,669)	\$ 41,496	\$ (11,518)	\$ 150	\$ 485,179

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non- Controlling Interest	Total Stockholders' Equity
	Number of Shares	Amount						
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
Net loss attributable to common stockholders	—	—	—	(1,888)	—	—	—	(1,888)
Net income attributable to non-controlling interest	—	—	—	—	—	—	5	5
Foreign currency translation adjustment	—	—	—	—	(797)	—	20	(777)
Proceeds from private placement, net of costs to issue common stock	—	—	61,851	—	—	—	—	61,851
Exercise of stock options	243	—	—	—	—	—	—	—
Stock-based compensation	—	—	1,371	—	—	—	—	1,371
Balance as of September 30, 2024	109,884	\$ 1,096	\$ 641,736	\$ (178,996)	\$ (1,364)	\$ (11,518)	\$ 156	\$ 451,110
Net loss attributable to common stockholders	—	—	—	(14,349)	—	—	—	(14,349)
Net income attributable to non-controlling interest	—	—	—	—	—	—	(1)	(1)
Foreign currency translation adjustment	—	—	—	—	(6,214)	—	(4)	(6,218)
Proceeds from private placement, net of costs to issue common stock	20,000	200	4,408	—	—	—	—	4,608
Shares issued in connection with FC Acquisition	4,286	43	21,300	—	—	—	—	21,343

Exercise of stock options	161	—	910	—	—	—	—	—	910
Stock-based compensation	—	—	1,138	—	—	—	—	—	1,138
Issue of stock appreciation rights	225	—	—	—	—	—	—	—	—
Balance as of December 31, 2024	134,556	\$ 1,339	\$ 669,492	\$ (193,345)	\$ (7,578)	\$ (11,518)	\$ 151	\$ 458,541	

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended December 31,	
	2024	2025
Cash flows from operating activities		
Net loss	\$ (38,548)	\$ (17,886)
Adjustments to reconcile net loss to cash (used in) provided by operating activities:		
Non-controlling interest	17	—
Inventory reserve	1,571	1,797
Stock-based compensation expense	8,438	5,938
Depreciation and amortization	33,042	47,691
Right-of-use assets, non-cash lease expense	4,284	2,891
Derivative mark-to-market adjustment	(475)	(2,054)
Bad debts expense	7,229	6,498
Deferred income taxes	676	(3,733)
Shares issued for transaction bonuses	889	—
Lease termination and modification losses	232	(29)
Other non-cash items	727	476
Changes in operating assets and liabilities:		
Accounts receivables	(15,245)	(15,715)
Inventories	2,623	(5,173)
Prepaid expenses and other current assets	2,062	(1,088)
Deferred costs	(5,124)	(6,573)
Deferred revenue	1,031	581
Accounts payable, accrued expenses and other current liabilities	(15,655)	11,016
Lease liabilities	(4,098)	(2,924)
Accrued severance payable, net	(562)	(1,262)
Net cash (used in) provided by operating activities	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> (16,886)	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> 20,451
Cash flows from investing activities		
Acquisition, net of cash assumed	(137,112)	(191)
Proceeds from sale of fixed assets	256	57
Capitalized software development costs	(7,310)	(14,099)
Capital expenditures	(16,607)	(17,717)
Repayment of loan advanced to external parties	294	—
Net cash used in investing activities	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> (160,479)	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> (31,950)
Cash flows from financing activities		
Repayment of long-term debt	(2,140)	(4,143)
Short-term bank debt, net	11,887	2,109
Purchase of treasury stock upon vesting of restricted stock	(2,836)	—
Payment of preferred stock dividend and redemption of preferred stock	(90,298)	—
Proceeds from private placement, net	66,459	—
Proceeds from long-term debt	125,000	—

Payment of long-term debt costs	(1,410)	—
Proceeds from exercise of stock options, net	912	39
Cash paid on dividends to affiliates	(6)	—
Net cash provided by (used in) financing activities	107,568	(1,995)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,222)	556
Net decrease in cash and cash equivalents, and restricted cash	(71,019)	(12,938)
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	\$ 38,645	\$ 35,850
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	33,634	31,215
Restricted cash	5,011	4,635
Cash and cash equivalents, and restricted cash, at end of the period	\$ 38,645	\$ 35,850
Supplemental disclosure of cash flow information:		
Cash paid for:		
Taxes	\$ 1,052	\$ 3,254
Interest	\$ 11,517	\$ 18,300
Noncash investing and financing activities:		
Common stock issued for transaction bonus	\$ 9	\$ —
Shares issued in connection with MiX Combination	\$ 362,005	\$ —
Shares issued in connection with FC Acquisition	\$ 21,343	\$ —

See accompanying notes to condensed consolidated financial statements.

POWERFLEET, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
December 31, 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 and nine months ended December 31, 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 and nine months ended December 31, 2025 include the financial results of Fleet Complete and its subsidiaries.

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 December 31, 2025, the consolidated results of its operations for the three- and nine-month periods ended December 31, 2024 and 2025, the consolidated change in stockholders’ equity for the three- and nine-month periods ended December 31, 2024 and 2025, and the consolidated cash flows for the nine-month period ended December 31, 2024 and 2025. The results of operations for the three- and nine-month periods ended December 31, 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.

During the quarter ended September 30, 2025, the Company enhanced its disclosures to include its accounting policy for restructuring expenses.

The Company records one-time employee termination benefits associated with exit or disposal activities in accordance with ASC 420-10, Exit or Disposal Cost Obligations (“ASC 420”), and post-employment benefits under ASC 712-10, Compensation – Nonretirement Postemployment Benefits, when such obligations are probable and reasonably estimable.

A liability for one-time termination benefits is recognized on the date the plan is communicated to affected employees, provided that no more-than-insignificant future service is required. Contract termination and other exit costs are recognized when the related obligation is incurred.

Lease-related items are accounted for in accordance with ASC 842, Leases (“ASC 842”), including right-of-use (“ROU”) asset impairments and lease modifications. Only costs that are not lease liabilities under ASC 842 and that meet the recognition criteria of ASC 420 are included in restructuring charges.

The Company reassesses expected restructuring expenses each reporting period and records adjustments to estimates, including reversals, as necessary.

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 - 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 December 31, 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 \$841 held by MiX Telematics Enterprise BEE Trust to be used solely for the benefit of its beneficiaries, cash securing guarantees of \$57 issued in respect of property lease agreements entered into by MiX Telematics Australasia, cash securing guarantees of \$77 issued in respect of property lease agreements entered into by Fleet Complete Australia, and security deposits of \$11.

NOTE 4 - REVENUErecognition

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 13).

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 services 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 and nine months ended December 31, 2024 and 2025 (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Products	\$ 24,687	\$ 22,402	\$ 63,718	\$ 62,429
Services	81,742	91,085	195,159	266,858
	<u><u>\$ 106,429</u></u>	<u><u>\$ 113,487</u></u>	<u><u>\$ 258,877</u></u>	<u><u>\$ 329,287</u></u>

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

	March 31, 2025	December 31, 2025
Contract Assets:		
Deferred contract cost ⁽¹⁾	\$ 11,894	\$ 12,101
Deferred costs - current	<u><u>\$ 2</u></u>	<u><u>\$ 173</u></u>
Contract Liabilities:		
Deferred revenue – services ⁽²⁾	\$ 21,466	\$ 21,827
Deferred revenue – products ⁽²⁾	<u><u>1,106</u></u>	<u><u>1,354</u></u>
	<u><u>22,572</u></u>	<u><u>23,181</u></u>
Less: Deferred revenue – current	<u><u>(17,375)</u></u>	<u><u>(16,217)</u></u>
Deferred revenue – long term	<u><u>\$ 5,197</u></u>	<u><u>\$ 6,964</u></u>

⁽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 three-month periods ended December 31, 2024 and 2025, the Company recognized revenue of \$5,605 and \$5,200, respectively, which was included in the deferred revenue balance at the beginning of each reporting period. For the nine-month periods ended December 31, 2024 and 2025, the Company recognized revenue of \$9,863 and \$15,763, 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 5 - 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 December 31, 2024 and 2025 is as follows (in thousands):

	Nine Months Ended December 31,	
	2024	2025
Allowance for credit losses, March 31	\$ 3,197	\$ 4,057
Current period provision for expected credit losses	7,229	10,717
Write-offs charged against the allowance	(4,880)	(6,288)
Foreign currency translation	(63)	1,181
Allowance for credit losses, December 31	<u><u>\$ 5,483</u></u>	<u><u>\$ 9,667</u></u>

NOTE 6 - PREPAID EXPENSES AND OTHER ASSETS

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

	March 31, 2025	December 31, 2025
Sales-type lease receivables, current	\$ 1,062	\$ 900
Prepaid expenses	9,038	9,830
Contract assets	5,088	5,461
Tax receivables	553	621
VAT receivable	1,901	1,023
Sundry debtors	5,424	6,007
Other current assets	253	1,099
	<u><u>\$ 23,319</u></u>	<u><u>\$ 24,941</u></u>

NOTE 7 - 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	December 31, 2025
Components	\$ 11,859	\$ 7,804
Finished goods, net	6,491	14,260
	<u><u>\$ 18,350</u></u>	<u><u>\$ 22,064</u></u>

NOTE 8 - FIXED ASSETS

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

	March 31, 2025	December 31, 2025
Installed and uninstalled products	\$ 61,564	\$ 75,758
Computer software	11,523	13,581
Computer and electronic equipment	6,294	8,514
Furniture and fixtures	3,054	4,078
Leasehold improvements	1,459	1,295
Plant and equipment	276	361
Assets in progress	7	141
	84,177	103,728
Accumulated depreciation	(26,166)	(40,710)
	<u><u>\$ 58,011</u></u>	<u><u>\$ 63,018</u></u>

Depreciation expense for the three- and nine-month periods ended December 31, 2024 was \$4,586 and \$14,653, respectively, and for the three- and nine-month periods ended December 31, 2025 was \$6,133 and \$18,582, respectively.

NOTE 9 - 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 December 31, 2025 (in thousands):

December 31, 2025	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived:				
Customer relationships	9 - 13	\$ 216,141	\$ (36,562)	\$ 179,579
Trademark and tradename	3 - 15	23,720	(7,692)	16,028
Patents	7 - 11	2,128	(829)	1,299
Technology	5 - 7	88,500	(37,112)	51,388
Software to be sold or leased	3 - 7	20,716	(4,894)	15,822
		<u><u>351,205</u></u>	<u><u>(87,089)</u></u>	<u><u>264,116</u></u>
Indefinite-lived:				
Customer list		104	—	104
Trademark and tradename		61	—	61
		<u><u>165</u></u>	<u><u>—</u></u>	<u><u>165</u></u>
Total		<u><u>\$ 351,370</u></u>	<u><u>\$ (87,089)</u></u>	<u><u>\$ 264,281</u></u>

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
		<u>310,593</u>	<u>(52,176)</u>	<u>258,417</u>
Indefinite-lived:				
Customer list		104	—	104
Trademark and tradename		61	—	61
		<u>165</u>	<u>—</u>	<u>165</u>
Total		<u>\$ 310,758</u>	<u>\$ (52,176)</u>	<u>\$ 258,582</u>

The weighted-average amortization periods for customer relationships, trademarks and tradenames, patents, technology, and capitalized software to be sold or leased for December 31, 2025 were 11.0, 10.1, 6.3, 3.7, and 3.6 years, respectively, and for March 31, 2025 were 11.7, 10.8, 7.0, 4.4, and 4.3 years, respectively.

Amortization expense for the three- and nine-month periods ended December 31, 2024 was \$8,966 and \$18,389, respectively, and for the three- and nine-month periods ended December 31, 2025 was \$9,735 and \$29,110, respectively.

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

2026 (remaining)	\$ 15,055
2027	44,239
2028	38,905
2029	35,346
2030	22,973
Thereafter	107,598
	<u>\$ 264,116</u>

Reconciliation of Total Goodwill

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

	March 31, 2025	December 31, 2025
Goodwill		
Opening balance	\$ 83,487	\$ 383,146
Businesses acquired		
MiX Combination	216,799	—
FC Acquisition	82,245	—
Powerfleet Africa Sky	—	552
Foreign currency translation difference	615	29,646
Closing balance	<u><u>\$ 383,146</u></u>	<u><u>\$ 413,344</u></u>

For the nine-month period ended December 31, 2025, the Company did not identify any indicators of impairment.

NOTE 10 - STOCK-BASED COMPENSATION

[A] Stock Options:

During the three- and nine-month periods ended December 31, 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 nine-month period ended December 31, 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	(40)	3.13	—	—
Outstanding as of December 31, 2025	<u><u>5,160</u></u>	<u><u>13.94</u></u>	<u><u>6.19</u></u>	<u><u>\$ 2,279</u></u>
Vested as of December 31, 2025	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>\$ —</u></u>

During the three- and nine-month periods ended December 31, 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 nine-month period ended December 31, 2025:

	<u>Options (in thousands)</u>	<u>Weighted- Average Exercise Price (\$)</u>	<u>Weighted Average Contractual Remaining Term (years)</u>	<u>Aggregate Intrinsic Values (in thousands)</u>
Outstanding as of April 1, 2025	1,890	4.51	—	—
Granted	—	—	—	—
Exercised	(13)	3.13	—	—
Forfeited	(16)	5.92	—	—
Outstanding as of December 31, 2025	<u>1,861</u>	<u>4.50</u>	<u>6.04</u>	<u>\$ 1,811</u>
Vested as of December 31, 2025	<u>1,711</u>	<u>4.52</u>	<u>5.83</u>	<u>\$ 1,660</u>

The Company recorded stock-based compensation expense of \$479 and \$2,884 for the three- and nine-month periods ended December 31, 2024, respectively, and \$288 and \$1,142 for the three- and nine-month periods ended December 31, 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 nine-month periods ended December 31, 2024 and 2025 was \$1,652 and \$298, respectively.

As of December 31, 2025, there was \$383 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 0.59 years.

As of December 31, 2025, there was \$1,268 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 1.32 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 nine-month period ended December 31, 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. The Company also granted an additional 11 restricted shares of common stock to the Company's senior management team, which vest in equal installments over a 12-month period, provided that they remain employed by the Company on each scheduled vesting date. The grant date for these awards was determined to be April 23, 2025.

During the nine-month period ended December 31, 2025, the Company granted 1,475 restricted shares of common stock to the Company's executive officers and senior management team, which vest in full if specified performance targets are achieved and

provided that they remain employed by the Company on the scheduled vesting date. The grant date for these awards was determined to be April 23, 2025.

A summary of all unvested restricted stock for the nine-month period ended December 31, 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	5.58	938	5.35	—	—
Granted	384	4.75	—	—	1,475	4.75
Vested/Exercised	(380)	5.33	—	—	—	—
Forfeited or expired	(59)	4.75	—	—	(118)	4.75
Unvested, December 31, 2025	677	5.32	938	5.35	1,357	4.75

The Company recorded stock-based compensation expenses of \$74 and \$3,240 for the three- and nine-month periods ended December 31, 2024, respectively, and \$805 and \$3,394 for the three- and nine-month periods ended December 31, 2025, respectively, in connection with restricted stock grants. As of December 31, 2025, there was \$6,540 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 nine-month period ended December 31, 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	—	—		
Exercised	(623)	2.79		
Forfeited	(210)	2.25		
Outstanding as of December 31, 2025	2,405	2.37	2.53	
Vested as of December 31, 2025	1,098	2.52	1.94	\$ 3,074

The total stock-based compensation expense recognized during the three- and nine-month periods ended December 31, 2024 was \$637 and \$2,289, respectively, and during the three- and nine-month periods ended December 31, 2025 was \$361 and \$1,083, respectively.

As of December 31, 2025, there was \$2,873 of unrecognized compensation cost related to unvested SARs. This amount is expected to be recognized over a weighted-average period of 2.01 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	70.0 %
Expected life of warrants	5.2
Risk free interest rate	4.0 %
Dividend yield	—
Fair value of warrants granted during the quarter	\$ 2.79

The total stock-based compensation expense recognized during the three- and nine-month periods ended December 31, 2025 was \$37 and \$320, respectively.

As of December 31, 2025, there was \$43 of unrecognized compensation cost related to unvested warrants. This amount is expected to be recognized over a weighted-average period of 0.75 years.

NOTE 11 - NET LOSS PER SHARE

Net loss per share for the three- and nine-month periods ended December 31, 2024 and 2025 are as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Basic and diluted loss per share				
Net loss attributable to common stockholders	\$ (14,349)	\$ (3,364)	\$ (38,573)	\$ (17,886)
Net loss per share attributable to common stockholders - basic and diluted	\$ (0.11)	\$ (0.03)	\$ (0.33)	\$ (0.13)
Weighted-average common share outstanding - basic and diluted	132,189	133,876	115,650	133,632

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 12 - SHORT-TERM BANK DEBT AND LONG-TERM DEBT

	March 31, 2025	December 31, 2025
Short-term bank debt	\$ 36,788	\$ 40,203
Current maturities of long-term debt	\$ 4,844	\$ 6,085
Long-term debt - less current maturities	\$ 232,160	\$ 231,164

Short-Term Bank Debt

As of December 31, 2025, short-term debt comprised \$40,196 of borrowing facilities and \$8 of book overdrafts.

RMB Facility

On March 7, 2024, as part of the MiX Combination, Powerfleet, together with certain of its wholly owned subsidiaries, entered into a Facilities Agreement (the “Facilities Agreement”) with FirstRand Bank Limited (acting through its Rand Merchant Bank division) (“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 \$21,040 as of December 31, 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 December 31, 2025, \$21,398 of the RMB General Facility was utilized.

Hapoalim Debt

As of December 31, 2025, Powerfleet Israel Ltd. (“Powerfleet Israel”) had utilized approximately \$18,797 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, which was subsequently extended to June 30, 2026.

As of December 31, 2025, Pointer had utilized \$18,797 under the Hapoalim Revolving Facilities. The available undrawn facility balance at December 31, 2025 was \$11,203.

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 December 31, 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, Secured Overnight Financing Rate ("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 ended December 31, 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-month period ended December 31, 2024, the Company recorded \$22 of amortization of the original debt issuance costs and the refinancing fee paid to Hapoalim. For the nine-month period ended December 31, 2024, the Company recorded a cost of \$7, net of additional deferred costs, and credits to the original debt issuance costs and amortization of the original debt issuance costs. For the three- and nine-month periods ended December 31, 2025, the Company recorded \$21 and \$53 of additional deferred costs to the original debt issuance costs and the refinancing fee paid to Hapoalim, respectively. The

Company recorded charges of \$592 and \$1,838 to interest expense on its Consolidated Statement of Operations for the three- and nine-month periods ended December 31, 2024, respectively, and \$595 and \$1,827 for the three- and nine-month periods ended December 31, 2025, respectively, related to interest expense associated with the Hapoalim debt.

RMB Debt

On March 7, 2024, the Company, together with certain of its wholly owned subsidiaries (the “Obligors”), 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.

On October 31, 2025, the Company, together with the Obligors, entered into a First Amendment and Restatement Agreement with RMB, pursuant to which the Obligors and RMB agreed to amend and restate the Facilities Agreement (as amended and restated, the “Amended and Restated Facilities Agreement”) to, among other things, (i) extend the final maturity date of RMB Facility A by 12 months, (ii) update the interest rates of the RMB Facilities, and (iii) update certain financial covenants to conform to the Facility Agreement (as defined below), each as further described below.

Pursuant to the Amended and Restated Facilities Agreement, borrowings under RMB Facility A bear interest at 8.699% per annum until March 31, 2027 and, thereafter, at 4.85% (provided no event of default is continuing), plus the applicable term SOFR reference rate (or, if unavailable, an interpolated, historic or interpolated historic SOFR rate, or, if none of the foregoing are available, the three-month Treasury bill rate). Borrowings under RMB Facility B continue to bear interest at 8.979% per annum. Interest is payable quarterly in arrears. Pursuant to the Amended and Restated Facilities Agreement, RMB Facility A now matures on March 31, 2028, 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 as of December 31, 2025:

	Facility A	Facility B
Credit spread volatility	33.52 %	26.89 %
Credit spread	3.48 %	3.57 %
Credit rating	B	B
Risk-free rate	U.S. Treasury rate	U.S. Treasury rate

As of March 31, 2025, the SOFR spot rate was 4.41% and, as of December 31, 2025, the U.S. Treasury rate was 4.84%.

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 a decrease in the derivative asset of \$20, while a change of +10% in credit spread volatility would result in an increase in the derivative asset of \$390. For the Prepayment Derivative asset in RMB Facility B, a change of -10% in credit spread volatility would result in a decrease in the derivative asset of \$50, while a change of +10% in credit spread volatility would also result in a decrease in the derivative asset of \$170. 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, \$1,780 and \$3,004 for RMB Facility A and RMB Facility B, respectively, as of December 31, 2025. The debt-host contracts are accounted for at amortized cost. Total debt issuance costs of approximately \$1,000 were incurred. For the three- and nine-month periods ended December 31, 2025, the Company recorded \$55 and \$201 of amortization of the original debt issuance costs and the refinancing fee to RMB, respectively.

For the three- and nine-month periods ended December 31, 2025, the Company recorded interest expense of \$1,899 and \$5,739, respectively.

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” and, together with the Amended and Restated Facilities Agreement, the “RMB Facilities Agreements”) 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 of approximately \$190,000 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 December 31, 2025 was 9.20%. 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- and nine-month periods ended December 31, 2025, the Company recorded \$61 and \$179, respectively, of amortization of these costs. For the three- and nine-month periods ended December 31, 2025, the Company recorded \$2,905 and \$8,748 of interest expense.

The RMB Facilities Agreements contain 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, which must be less than (i) 4.00 at September 30, 2025, (ii) 3.50 at December 31, 2025, (iii) 3.00 at March 31, 2026, (iv) 2.75 from June 30, 2026 through March 30, 2027, and (v) 2.50 thereafter, and the ratio of the Company’s consolidated EBITDA to consolidated total

finance costs, which must exceed (i) 3.00 from September 30, 2025 through September 29, 2026 and (ii) 3.50 thereafter. The RMB Facilities Agreements also include representations, warranties, events of default and other provisions customary for financings of this type. The occurrence of any event of default under the RMB Facilities Agreements may result in all outstanding indebtedness under the RMB Facilities or New RMB Term Facility, as applicable, becoming immediately due and payable. The RMB Facilities Agreements include an equity cure provision, allowing the Company to remedy a breach of the above financial covenants by receiving a qualifying shareholder contribution (a "Cure Amount") within 45 days of the relevant Measurement Date (as defined in each of the RMB Facilities Agreements). The Cure Amount may be applied as a notional reduction in net borrowings or finance costs solely for covenant compliance purposes. The use of this provision is limited to (i) no more than two consecutive Measurement Periods (as defined in each of the RMB Facilities Agreements) and (ii) a maximum of three times over the life of RMB Facilities Agreements, as applicable. All Cure Amounts must be applied toward mandatory prepayment of outstanding loans under the RMB Facilities or New RMB Term Facility, as applicable. The financial covenants for the RMB Facilities Agreements have been met for the quarter ended December 31, 2025.

Scheduled contractual maturities of the long-term debt as of December 31, 2025 are as follows (in thousands):

2026 (remaining)	\$ 1,431
2027	6,298
2028	48,798
2029	56,242
2030	125,000
Thereafter	—
	237,769
Less: Current portion	(6,085)
Less: Debt costs and prepayment	(520)
Total	\$ 231,164

NOTE 13 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	March 31, 2025	December 31, 2025
Accrued warranty	\$ 1,479	\$ 1,389
Accrued compensation	27,825	29,101
Government authorities	6,982	12,185
Other current liabilities	9,041	2,239
	<hr/> <u>\$ 45,327</u>	<hr/> <u>\$ 44,914</u>

The following table summarizes warranty activity for the nine months ended December 31, 2024 and 2025 (in thousands):

	Nine Months Ended December 31,	
	2024	2025
Accrued warranty reserve, beginning of year	\$ 2,926	\$ 3,618
Accrual for product warranties issued	255	434
Product replacements and other warranty expenditures	(372)	(765)
Expiration of warranties	(127)	(1,055)
Acquired through MiX Combination and FC Acquisition	845	—
Foreign currency translation difference	108	105
Accrued warranty reserve, end of period ⁽¹⁾	<u>\$ 3,635</u>	<u>\$ 2,337</u>

⁽¹⁾ Includes non-current accrued warranty included in other long-term liabilities at December 31, 2024 and 2025 of \$2,175 and \$948, respectively.

NOTE 14 - RESTRUCTURING EXPENSES

The Company initiated restructuring actions in connection with the integration of MiX Telematics and Fleet Complete to streamline operations and capture operating synergies. These actions included workforce reductions and employee terminations related to consolidation of overlapping functions. The Company's restructuring plans are generally country- or region-specific and are typically completed within a one-year period.

For the three-month periods ended December 31, 2024 and 2025, the Company recognized restructuring expenses of \$331 and \$453, respectively, primarily consisting of employee termination costs. For the nine-month periods ended December 31, 2024 and 2025, the Company recognized restructuring expenses of \$1,566 and \$3,218, respectively, primarily consisting of employee termination costs. Restructuring expenses are recorded in selling, general and administrative expenses in the condensed consolidated statements of operations.

The following table summarizes the details of the Company's restructuring liability (included in accrued expenses and other current liabilities on the condensed consolidated balance sheet) (in thousands):

	March 31, 2025	December 31, 2025
Opening balance	\$ 60	\$ 1,324
Assumed in business combination	216	—
Charges	4,673	3,218
Cash payments	(3,604)	(3,162)
Foreign currency translation	(21)	26
Closing balance	<u>\$ 1,324</u>	<u>\$ 1,406</u>

As of December 31, 2025, the Company incurred expenses of \$7,891 in connection with restructuring activities and expects to incur additional charges, primarily for severance, with most related cash outflows expected within the next 12 months.

In addition to these restructuring expenses, the Company recognized inventory write-downs related to hardware rationalization (included in cost of revenue) and retention, leadership transition, and other professional costs (included in selling, general and administrative expenses) associated with the restructuring activities. Lease-related impairments and modifications, if any, are accounted for under ASC 842 (included in other income/expenses).

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 nine-month period ended December 31, 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 (LOSS) INCOME

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

The accumulated balances for each classification of other comprehensive income for the nine-month period ended December 31, 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	50,346	50,346
Balance at December 31, 2025	\$ 41,496	\$ 41,496

The accumulated balances for each classification of other comprehensive loss for the nine-month period ended December 31, 2024 are as follows (in thousands):

	Foreign currency translation adjustment	Accumulated other comprehensive loss
Balance at April 1, 2024	\$ (985)	\$ (985)
Current period change	(6,593)	(6,593)
Balance at December 31, 2024	\$ (7,578)	\$ (7,578)

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 December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Total revenues	\$ 106,429	\$ 113,487	\$ 258,877	\$ 329,287
Total cost of revenues	47,646	50,799	119,103	147,529
Selling and marketing expenses	15,256	18,860	33,965	55,859
General and administrative expenses	38,784	30,782	106,726	96,576
Development costs incurred	8,526	9,122	19,799	26,615
Development costs capitalized	(3,905)	(4,550)	(8,642)	(12,992)
Depreciation and amortization	1,365	2,128	6,831	7,149
Interest income	359	111	831	569
Interest expense, net	(7,942)	(6,844)	(14,675)	(20,607)
Other (expense) income, net	(2,011)	14	(961)	(1,775)
Income tax expense	(3,513)	(2,991)	(4,821)	(4,624)
Net loss before non-controlling interest	(14,350)	(3,364)	(38,531)	(17,886)
Non-controlling interest	1	—	(17)	—
Preferred stock dividend	—	—	(25)	—
Net loss attributable to common stockholders	\$ (14,349)	\$ (3,364)	\$ (38,573)	\$ (17,886)

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
North America	\$ 41,440	\$ 41,330	\$ 83,837	\$ 119,998
Israel	12,232	14,828	34,643	42,299
Africa	25,416	28,526	73,994	80,813
Europe and Middle East	13,004	12,435	30,047	37,828
Australia	9,290	10,787	20,851	32,056
Other	5,047	5,581	15,505	16,293
	\$ 106,429	\$ 113,487	\$ 258,877	\$ 329,287

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

	March 31, 2025	December 31, 2025
North America	\$ 13,051	\$ 15,933
Israel	2,249	1,600
Africa	32,391	34,422
Europe and Middle East	4,824	5,730
Australia	825	668
Other	4,671	4,665
	<hr/> <hr/> \$ 58,011	<hr/> <hr/> \$ 63,018

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 December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Domestic pre-tax book (loss) income	\$ (6,839)	\$ 150	\$ (30,451)	\$ (18,399)
Foreign pre-tax book (expense) income	(3,998)	(523)	(3,260)	5,137
Total loss before income taxes	(10,837)	(373)	(33,710)	(13,262)
Income tax expense	(3,513)	(2,991)	(4,821)	(4,624)
Net loss before non-controlling interest	<hr/> <hr/> \$ (14,350)	<hr/> <hr/> \$ (3,364)	<hr/> <hr/> \$ (38,531)	<hr/> <hr/> \$ (17,886)
Effective tax rate	<hr/> <hr/> (32.42)%	<hr/> <hr/> (801.88)%	<hr/> <hr/> (14.30)%	<hr/> <hr/> (34.87)%

For the three- and nine-month periods ended December 31, 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.

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 December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Short-term lease cost	\$ 158	\$ 230	\$ 593	\$ 1,045

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

	Nine Months Ended December 31,	
	2024	2025
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations	\$ 2,836	\$ 2,034
Reduction of right-of-use assets due to MiX Combination ⁽¹⁾	\$ (952)	\$ —

⁽¹⁾ Subsequent to the MiX Combination, certain leases were terminated or modified due to the consolidation of leased space.

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

	December 31, 2025
Weighted-average remaining lease term - operating leases (in years) ⁽¹⁾	4.38
Weighted-average discount rate	8.0 %

⁽¹⁾ Including expected renewals where appropriate.

Scheduled maturities of operating lease liabilities outstanding as of December 31, 2025 are as follows (in thousands):

January 2026 - March 2026	\$ 2,266
2027	4,073
2028	3,062
2029	2,173
2030	1,206
Thereafter	2,106
Total lease payments	14,886
Less: Imputed interest	(2,371)
Present value of lease payments	\$ 12,515

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 12). 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 and nine months ended December 31, 2025.

As of December 31, 2025					
	Fair Value				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Loans to external parties	\$ 215	\$ 215	\$ —	\$ —	\$ 215
Debt	<u>277,452</u>	<u>280,320</u>	<u>—</u>	<u>280,320</u>	<u>—</u>
Prepayment derivative	<u>4,784</u>	<u>4,784</u>	<u>—</u>	<u>—</u>	<u>4,784</u>

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	<u>273,792</u>	<u>275,179</u>	<u>—</u>	<u>275,179</u>	<u>—</u>
Prepayment derivative	<u>2,730</u>	<u>2,730</u>	<u>—</u>	<u>—</u>	<u>2,730</u>

NOTE 21 - CONCENTRATION OF CUSTOMERS

For the three- and nine-month periods ended December 31, 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 December 31, 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 December 31, 2025 was \$609 and \$465, respectively. No loss is considered probable under this arrangement.

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.

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.

On September 18, 2025, the FASB released ASU 2025-06, which amends certain aspects of the accounting for, and disclosure of, software costs under ASC 350-40. The amendments also supersede the guidance on website development costs in ASC 350-50 and relocate that guidance, along with the recognition requirements for development costs specific to websites, to ASC 350-40. Although the ASU makes targeted improvements to ASC 350-40, it does not fully align the framework for accounting for internally developed software costs that are subject to ASC 350-40 with the framework applied to software to be sold or marketed externally that is subject to ASC 985-20. The FASB also chose not to amend the guidance on costs of software licenses that are within the scope of ASC 985-20. The amendments “are effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods.” Early adoption is permitted as of the beginning of an annual reporting period. The Company is evaluating the effect of adopting ASU 2025-06.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements (“ASU 2025-12”), which includes technical corrections and clarifications to various Topics in the FASB Accounting Standards Codification. The amendments are intended to improve the clarity and consistency of existing guidance and are not expected to significantly change current accounting practice. The amendments are effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the effect of adopting ASU 2025-12.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements (“ASU 2025-11”), which clarifies the application of interim reporting guidance and improves the organization’s required interim disclosures. The standard is effective for interim reporting periods beginning after December 15, 2027 for public business entities. Early adoption is permitted. The Company is evaluating the effect of adopting ASU 2025-11.

NOTE 24 - SUBSEQUENT EVENTS

2026 RMB Facilities

On February 5, 2026, the Company, together with MiX Telematics (together with the Company, the “RMB Borrowers”), I.D. Systems and Canadian SPV (collectively with the Company and I.D. Systems, the “RMB Guarantors” and, collectively with MiX Telematics, the “RMB Obligors”), each a wholly owned subsidiary of the Company, entered into a Facilities Agreement (the “New Facilities Agreement”) with RMB, pursuant to which RMB has agreed to provide the Company and MiX Telematics with revolving credit facilities in the aggregate principal amounts of \$10 million (“New RMB Facility A”) and 180,000,000 South African rand (“New RMB Facility B” and, together with New RMB Facility A, the “New RMB Facilities”), respectively.

The proceeds of the New RMB Facilities may be used by the RMB Borrowers for general corporate purposes only.

The Company’s obligations under the New RMB Facilities are guaranteed, on a joint and several basis, by the RMB Guarantors. The New RMB Facilities are secured by second priority security interests over the entire share capital of I.D. Systems, Canadian SPV and MS2000. The Company is required to cause MS2000 to accede as an additional guarantor within 60 days after the closing date, subject to the terms of the New Facilities Agreement.

The New RMB Facilities will mature one year from closing. Loans made under the New RMB Facilities may be voluntarily prepaid, in whole or in part, without penalty or premium, at any time upon prior written notice. In addition, the New Facilities Agreement provides for certain customary mandatory prepayment requirements.

The Company is required to pay a non-refundable upfront fee in the amount of \$0.1 million. In addition, the Company is required to pay a commitment fee on the undrawn portion of each New RMB Facility during the availability period, calculated at a rate equal to (i) 35% per annum of the applicable margin if utilization is less than 50% of the relevant New RMB Facility, (ii) 20% per annum of the applicable margin if utilization is equal to or greater than 50% of New RMB Facility A, and (iii) 26% per annum of the applicable margin if utilization is equal to or greater than 50% of New RMB Facility B.

Macrocomm Transaction

On February 1, 2026, MiX Telematics Africa Proprietary Limited, a wholly owned subsidiary of the Company (“MiX Africa”), entered into a Sale Agreement and a related Shareholders Agreement with Macrocomm Group Proprietary Limited (“Macrocomm”), pursuant to which MiX Africa has agreed to acquire all of the issued and outstanding share capital of RTS Solutions Africa Proprietary Limited, a wholly owned subsidiary of Macrocomm, in exchange for Macrocomm’s purchase of a number of ordinary shares of MiX Africa representing an 11.27% equity interest in MiX Africa (the “MiX Africa Sale”). The MiX Africa Sale is intended to satisfy Broad-Based Black Economic Empowerment requirements imposed by the South African Competition Commission as a condition to the MiX Combination. The transaction closed on February 4, 2026.

The Company has not yet determined the accounting purchase price allocation of the acquisition described above, which includes evaluating the fair value of the acquired assets and the valuation of consideration to be transferred.

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 (our "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," "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 possibility that the anticipated cost savings, synergies and operational benefits from the MiX Combination and FC Acquisition may not be fully realized or may take longer than expected, and that the combined business may not perform as expected; global economic conditions as well as exposure to foreign exchange, 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; operational risks, including the successful implementation of internal business and information technology ("IT") systems; technological changes or product developments that may be more complex, costly, or less effective than expected; cybersecurity risks and our ability to protect our IT 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 Artificial Intelligence-of-Things 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

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 remains 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- and nine-month periods ended December 31, 2025, there were no significant changes to our critical accounting policies as identified in our 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 December 31,		Nine Months Ended December 31,	
	2024	2025	2024	2025
Revenues:				
Products	23.2 %	19.7 %	24.6 %	19.0 %
Services	76.8 %	80.3 %	75.4 %	81.0 %
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues:				
Cost of products	16.1 %	13.5 %	16.9 %	13.3 %
Cost of services	28.7 %	31.3 %	29.1 %	31.5 %
Total cost of revenues	44.8 %	44.8 %	46.0 %	44.8 %
Gross profit	55.2 %	55.2 %	54.0 %	55.2 %
Operating expenses:				
Selling, general and administrative expenses	52.1 %	45.6 %	57.0 %	48.5 %
Research and development expenses	4.3 %	4.0 %	4.3 %	4.1 %
Total operating expenses	56.4 %	49.6 %	61.3 %	52.6 %
(Loss) profit from operations	(1.2)%	5.6 %	(7.3)%	2.6 %
Interest income	0.3 %	0.1 %	0.3 %	0.2 %
Interest expense, net	(7.5)%	(6.0)%	(5.7)%	(6.3)%
Other (expense) income, net	(1.9)%	— %	(0.4)%	(0.5)%
Net loss before income taxes	(10.2)%	(0.3)%	(13.0)%	(4.0)%
Income tax expense	(3.3)%	(2.6)%	(1.9)%	(1.4)%
Net loss before non-controlling interest	(13.5)%	(3.0)%	(14.9)%	(5.4)%
Non-controlling interest	— %	— %	— %	— %
Net loss	(13.5)%	(3.0)%	(14.9)%	(5.4)%
Preferred stock dividend	— %	— %	(0.0)%	— %
Net loss attributable to common stockholders	(13.5)%	(3.0)%	(14.9)%	(5.4)%

Three Months Ended December 31, 2025 Compared to Three Months Ended December 31, 2024

REVENUES. Revenues increased by \$7.1 million, or 6.6%, to \$113.5 million in the three months ended December 31, 2025, from \$106.4 million in the same period in 2024.

Revenues from products decreased by \$2.3 million, or 9.3%, to \$22.4 million in the three months ended December 31, 2025, from \$24.7 million in the same period in 2024. The decrease in product revenues was primarily due to the increased mix of bundled customer contracts across the Company for the three months ended December 31, 2025 that reduced standalone product revenues.

Revenues from services increased by \$9.3 million, or 11.4%, to \$91.1 million in the three months ended December 31, 2025, from \$81.7 million in the same period in 2024. The increase in services revenue was driven by increased adoption of the Company's AI-powered SaaS solutions and strong global demand across both direct and indirect channels, centered on differentiated safety and compliance solutions.

COST OF REVENUES. Cost of revenues increased by \$3.2 million, or 6.6%, to \$50.8 million in the three months ended December 31, 2025, from \$47.6 million for the same period in 2024. Gross profit was \$62.7 million in the three months ended December 31, 2025, compared to \$58.8 million for the same period in 2024. As a percentage of revenues, gross profit was 55.2% in the three months ended December 31, 2025 consistent with 55.2% in the same period in 2024.

Cost of products decreased by \$1.8 million, or 10.6%, to \$15.3 million in the three months ended December 31, 2025, from \$17.1 million in the same period in 2024, primarily due to increased mix of bundled customer contracts across the Company that reduced standalone product sales. Gross profit for products was \$7.1 million in the three months ended December 31, 2025, compared to \$7.6 million in the same period in 2024. As a percentage of product revenues, gross profit increased to 31.6% in the three months ended December 31, 2025 from 30.6% in the same period in 2024, reflecting the improved sales mix.

Cost of services increased by \$5.0 million, or 16.3%, to \$35.5 million in the three months ended December 31, 2025, from \$30.5 million in the same period in 2024. Gross profit for services was \$55.6 million in the three months ended December 31, 2025, compared to \$51.2 million in the same period in 2024. As a percentage of services revenues, gross profit was 61.0% in the three months ended December 31, 2025, compared to 62.7% in the same period in 2024 due to an increase in in-vehicle device depreciation and amortization (including the amortization of acquisition intangibles for the MiX Telematics and Fleet Complete transactions).

SELLING, GENERAL AND ADMINISTRATIVE ("SG&A") EXPENSES. SG&A expenses decreased by \$3.6 million, or (6.6)%, to \$51.8 million in the three months ended December 31, 2025, compared to \$55.4 million in the same period in 2024. SG&A expenses included \$0.3 million in acquisition-related expenses, \$1.3 million in integration-related expenses and \$0.8 million in restructuring-related costs for the three months ended December 31, 2025, compared to \$5.3 million in acquisition-related expenses, \$0.5 million in integration-related expenses and \$0.8 million in restructuring-related costs in the same period in 2024. As a percentage of revenues, SG&A expenses decreased to 45.6% in the three months ended December 31, 2025, compared to 52.1% for the same period in 2024. As a percentage of revenues, SG&A expenses, excluding \$2.4 million in acquisition-related expenses, integration-related expenses and restructuring-related costs, decreased to 43.5% in the three months ended December 31, 2025, from 45.8% in the same period in 2024. The decrease is primarily due to cost savings from the synergies realized as a result of the MiX Combination and FC Acquisition.

RESEARCH AND DEVELOPMENT ("R&D") EXPENSES. R&D expenses remained consistent at \$4.6 million in the three months ended December 31, 2025 and \$4.6 million in the same period in 2024. As a percentage of revenues, R&D expenses were 4.0% in the three months ended December 31, 2025, compared to 4.3% in the same period in 2024.

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS. Net loss attributable to common stockholders was \$3.4 million, or \$(0.03) per basic and diluted share, for the three months ended December 31, 2025, as compared to net loss of \$14.3 million, or \$(0.11) per basic and diluted share, for the same period in 2024. The net loss was primarily the result of \$1.1 million foreign currency losses, \$1.3 million in integration-related costs, and \$0.8 million in restructuring-related costs.

Nine Months Ended December 31, 2025 Compared to Nine Months Ended December 31, 2024

REVENUES. Revenues increased by \$70.4 million, or 27.2%, to \$329.3 million in the nine months ended December 31, 2025, from \$258.9 million in the same period in 2024.

Product revenues decreased by \$1.3 million, or 2.0%, to \$62.4 million for the nine months ended December 31, 2025, from \$63.7 million in the prior-year period. The Fleet Complete acquisition added an incremental \$3.0 million of product revenues for the nine months ended December 31, 2025. Excluding the acquisition contribution, the decline in product revenues reflects the continued transition toward bundled service offerings and the impact of higher tariffs in the United States.

Services revenue increased by \$71.7 million, or 36.7%, to \$266.9 million in the nine months ended December 31, 2025, compared to \$195.2 million in the same period in 2024. The Fleet Complete acquisition added an incremental \$53.6 million of service revenues for the nine months ended December 31, 2025. The increase in services revenues for the combined business was driven primarily by underlying organic growth initiatives, partially offset by proactive actions to de-emphasize certain non-core lines of business.

COST OF REVENUES. Cost of revenues increased by \$28.4 million, or 23.9%, to \$147.5 million in the nine months ended December 31, 2025, from \$119.1 million for the same period in 2024. Gross profit was \$181.8 million in the nine months ended December 31, 2025, compared to \$139.8 million for the same period in 2024. As a percentage of revenues, gross profit increased to 55.2% in the nine months ended December 31, 2025, from 54.0% in the same period in 2024. This was primarily driven by high margin services revenue comprising 81.0% of total revenues in the nine months ended December 31, 2025, compared to 75.4% for the same period in 2024.

Cost of products increased by \$0.1 million, or 0.1%, to \$43.9 million in the nine months ended December 31, 2025, from \$43.8 million in the same period in 2024. Gross profit for products was \$18.6 million in the nine months ended December 31, 2025, compared to \$19.9 million in the same period in 2024. As a percentage of product revenues, gross profit decreased to 29.7% in the nine months ended December 31, 2025, from 31.2% in the same period in 2024. Gross profit as a percentage of product revenues was negatively impacted by tariffs in the United States, which increased underlying costs.

Cost of services increased by \$28.4 million, or 37.7%, to \$103.7 million in the nine months ended December 31, 2025, from \$75.3 million in the same period in 2024. The Fleet Complete acquisition added an incremental \$14.8 million of cost of services for the nine months ended December 31, 2025. The amortization of acquisition intangibles for the MiX Telematics and Fleet Complete transactions contributed an incremental \$7.8 million in the aggregate to cost of services for the nine months ended December 31, 2025. Gross profit for services was \$163.2 million in the nine months ended December 31, 2025, compared to \$119.9 million in the same period in 2024. As a percentage of services revenues, gross profit remained relatively consistent at 61.2% in the nine months ended December 31, 2025, compared to 61.4% in the same period in 2024.

SG&A EXPENSES. SG&A expenses increased by \$12.1 million, or 8.2%, to \$159.6 million in the nine months ended December 31, 2025, compared to \$147.5 million in the same period in 2024. The increase was driven primarily by the acquisition of Fleet Complete, which added an incremental \$29.4 million of SG&A expenses for the nine months ended December 31, 2025, as well as higher investments in go-to-market initiatives. These increases were partially offset by a \$19.4 million decrease in acquisition-related expenses for the nine-month period ended December 31, 2025. As a percentage of revenues, SG&A expenses decreased to 48.5% for the nine months ended December 31, 2025, compared to 57.0% in the same period in 2024, reflecting improved operating leverage following the Fleet Complete acquisition.

R&D EXPENSES. R&D expenses increased by \$2.5 million, or 22.1%, to \$13.6 million in the nine months ended December 31, 2025, compared to \$11.2 million in the same period in 2024. The Fleet Complete acquisition added an incremental \$2.5 million of R&D expenses for the nine months ended December 31, 2025. As a percentage of revenues, R&D expenses were 4.1% in the nine months ended December 31, 2025, compared to 4.3% in the same period in 2024.

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS. Net loss attributable to common stockholders was \$17.9 million, or \$(0.13) per basic and diluted share, for the nine months ended December 31, 2025, as compared to net loss of \$38.6 million, or \$(0.33) per basic and diluted share, for the same period in 2024. The \$20.7 million decrease in net loss was driven primarily by a \$19.4 million decrease in acquisition-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 income (net), income tax expense, depreciation and amortization, stock-based compensation, foreign currency losses, restructuring-related expenses, derivative mark-to market adjustment, acquisition-related expenses and integration-related expenses. Upon further review of our non-GAAP financial reporting, we refined our definition of adjusted EBITDA by removing recognition of pre-October 1, 2024 contract assets (Fleet Complete). Comparative information has been adjusted to conform with the updated presentation.

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 business and ongoing operating performance, to prepare and approve our annual budget, and to develop short and long-term operational plans. We believe adjusted EBITDA eliminates the uneven effect of considerable amounts of non-cash depreciation and amortization, stock-based compensation and other items that might otherwise make comparisons of our ongoing business with prior periods more difficult and obscure trends in ongoing operations. 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 December 31,		Nine Months Ended December 31,	
	2024	2025 ⁽¹⁾	2024	2025 ⁽¹⁾
	(In thousands)			
Net loss attributable to common stockholders	\$ (14,349)	\$ (3,364)	\$ (38,573)	\$ (17,886)
Non-controlling interest	(1)	—	17	—
Preferred stock dividend	—	—	25	—
Interest expense, net	7,583	6,733	13,844	20,038
Other income, net	—	(146)	—	(175)
Income tax expense	3,513	2,991	4,821	4,624
Depreciation and amortization	13,643	15,867	33,042	47,691
Stock-based compensation	1,138	1,491	8,438	5,938
Foreign currency losses	543	1,059	1,288	3,782
Restructuring-related expenses	841	763	3,108	4,342
Derivative mark-to-market adjustment	1,722	(1,268)	(475)	(2,054)
Acquisition-related expenses	5,301	289	20,872	1,476
Integration-related expenses	520	1,276	2,259	2,829
Adjusted EBITDA	<u>\$ 20,454</u>	<u>\$ 25,691</u>	<u>\$ 48,666</u>	<u>\$ 70,605</u>

⁽¹⁾ Following the closing of the FC Acquisition, we included an EBITDA adjustment related to the recognition of pre-October 1, 2024, contract assets. This adjustment represented recoveries, through customer billings, of the contract asset recognized at acquisition for hardware delivered by Fleet Complete prior to October 1, 2024. This adjustment was intended to give investors a clearer view of underlying operating performance and cash generation. The goal was to better align adjusted EBITDA with operating cash flows.

For the three and nine months ended December 31, 2024 and 2025, we reported adjusted EBITDA of \$20.5 million and \$48.7 million, and \$25.7 million and \$70.6 million, respectively. During the same periods, we also invoiced recoveries of \$2.0 million and \$2.0 million, and \$1.2 million and \$4.0 million, respectively, which are included in cash flows from operating activities in the condensed consolidated statement of cash flows.

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. Restructuring-related expenses include inventory write-downs, retention, leadership transaction, and other professional costs associated with the restructuring activities.

Because of these limitations, adjusted EBITDA should be considered alongside other financial performance measures, including profit (loss) from operations, net loss attributable to common stockholders and our other results.

Liquidity and Capital Resources

Overview

On April 2, 2024, we completed the MiX Combination, pursuant to which MiX Telematics became our indirect, wholly owned subsidiary. Concurrently with the closing, we redeemed all outstanding shares of our Series A Preferred Stock for approximately \$90.3 million using proceeds from the RMB Facilities and incremental borrowing capacity available under our refinanced Hapoalim credit facilities.

Since the closing of the MiX Combination, we have continued to optimize our capital structure through the refinancing of existing debt facilities, including the A&R Credit Agreement and RMB Facilities Agreements. These transactions have enhanced our liquidity and extended our debt maturities, while increasing our available revolving borrowing capacity to support working capital and growth initiatives.

Debt Facilities

Hapoalim Debt

On March 18, 2024, our wholly owned subsidiaries Powerfleet Israel and Pointer entered into the A&R Credit Agreement with Hapoalim, which refinanced the prior facilities under, and amended and restated, the Prior Credit Agreement. The A&R Credit Agreement provides an aggregate borrowing capacity of approximately \$50 million, consisting of two NIS-denominated term loans totaling \$30 million (Hapoalim Facility A and Hapoalim Facility B) and two revolving credit facilities totaling \$20 million (Hapoalim Facility C and Hapoalim Facility D).

Powerfleet Israel drew \$30 million in March 2024, using a portion to repay approximately \$11.2 million under the prior term loans under the Prior Credit Agreement and distributing the remainder to us. In December 2024, the Borrowers entered into an amendment to the A&R Credit Agreement, increasing the principal amount available under Hapoalim Facility D from \$10 million to \$20 million, available through December 31, 2025, which was subsequently extended to June 30, 2026. As of December 31, 2025, Powerfleet Israel had utilized approximately \$18.8 million under the Hapoalim Revolving Facilities.

Borrowings are secured by first ranking and exclusive fixed and floating charges, including over the entire share capital of Pointer and over the assets of Pointer and excluding the Borrowers' holdings in specified foreign subsidiaries. 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% (Hapoalim's prime rate was 6% at December 31, 2025), respectively. The Hapoalim Term Facilities will mature on March 18, 2029, with Hapoalim Facility A amortizing quarterly and Hapoalim Facility B due at maturity.

Interest rates 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 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, in each case, equal to 0.5% per annum on undrawn and uncancelled amounts of the Hapoalim Revolving Facilities during the period commencing on March 18, 2024 and ending on the last day of the applicable availability period of the Hapoalim Revolving Facilities. 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.

RMB Debt

On March 7, 2024, we entered into the Facilities Agreement with RMB, pursuant to which RMB agreed to provide us with the RMB Facilities totaling \$85 million, composed of RMB Facility A and RMB Facility B, each having a principal amount of \$42.5 million. We drew \$85 million in March 2024, which primarily funded our Series A Preferred Stock redemption. On October 31, 2025, we and RMB agreed to amend and restate the Facilities Agreement. Pursuant to the Amended and Restated Facilities Agreement, interest is payable quarterly, at a fixed annual rate of 8.699% until March 31, 2027 and, thereafter, 4.85% per annum plus the applicable term SOFR reference rate, with respect to RMB Facility A, and a fixed annual rate of 8.979%, with respect to RMB Facility B, with principal repayments for RMB Facility A and RMB Facility B due March 31, 2028 and March 31, 2029, respectively.

MiX Telematics also maintains the RMB General Facility, repayable on demand, with a 365-day term and an interest rate linked to the South African prime rate minus 0.75% per annum. Repayment of the RMB General Facility, including capitalized interest, is due by the earlier of (a) the Available Date (as defined therein) or (b) April 2, 2026, unless extended by agreement between MiX Telematics and RMB. As of December 31, 2025, \$21.4 million of the RMB General Facility was utilized.

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 totaling \$125 million. We drew \$125 million on October 1, 2024 to fund a portion of the purchase price for the FC Acquisition. Interest is payable quarterly at an interest rate of 5% per annum plus the applicable term SOFR reference rate and matures on October 31, 2029.

On February 5, 2026, we entered into the New Facilities Agreement with RMB, pursuant to which RMB agreed to provide us and MiX Telematics with the New RMB Facilities, composed of New RMB Facility A in the aggregate principal amount of \$10 million and New RMB Facility B in the aggregate principal amount of 180,000,000. New RMB Facility A bears interest at 2.50% per annum (provided no event of default is continuing), plus the three-month SOFR reference rate (or, if unavailable, an interpolated, historic or interpolated historic SOFR rate, or, if none of the foregoing are available, the three-month Treasury bill rate). New RMB Facility B bears interest at 1.95% per annum (provided no event of default is continuing), plus the South African rand overnight index average. Interest is payable quarterly in arrears. The New RMB Facilities will mature one year from closing.

Liquidity Position

As of December 31, 2025, we had cash and cash equivalents (including restricted cash) of \$35.9 million and working capital of \$15.1 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. As of December 31, 2025, Pointer had utilized \$18.8 million under the Hapoalim Revolving Facilities. The available undrawn facility balance at December 31, 2025 was \$11.2 million. As of December 31, 2025, \$21.4 million of the RMB General Facility was utilized.

We continue to monitor the effects of inflation, foreign currency volatility, and regional geopolitical instability, including the ongoing conflicts in the Middle East, on our supply chain and operating cash flows. There remains uncertainty surrounding the potential impact of such events on our results of operations and cash flows. Management is proactively managing liquidity through reductions in discretionary operating expenses and capital expenditures and increased utilization of available credit facilities to preserve cash.

Capital Requirements and Outlook

Our primary sources of liquidity are cash generated from operations, existing cash balances, and available borrowing capacity under our revolving facilities. Although we expect the MiX Combination and FC Acquisition to generate incremental cash flow benefits through operational synergies, we have not yet generated sufficient cash flow solely from operations to fund all our capital and financing needs.

Our future capital requirements will depend on several factors, including, but not limited to:

- the timing and success of new product launches;
- revenue growth and margin trends;
- integration costs and realized synergies from recent business combinations and acquisitions;
- the pace of discretionary spending and capital investments; and
- potential strategic acquisitions.

We believe that our current cash balances, expected cash flows from operations, and borrowing capacity under our existing credit facilities will be sufficient to meet our operating, debt service, and capital expenditure requirements for at least the next 12 months. We may, however, seek additional financing or capital market transactions to support long-term strategic initiatives or refinance existing debt.

Operating Activities

During the nine months ended December 31, 2025, net cash provided by operating activities was \$20.5 million, compared to net cash used in operating activities of \$16.9 million for the same period in 2024. The net cash provided by operating activities for the nine months ended December 31, 2025 primarily included \$47.7 million for depreciation and amortization expense, \$6.5 million for bad debts expense, \$5.9 million of non-cash charges for stock-based compensation, \$1.8 million for inventory reserve adjustments, \$2.9 million for ROU asset amortization and \$0.5 million for other non-cash items, partially offset by \$3.7 million for deferred income taxes and \$2.1 million for derivative mark-to-market adjustment. Changes in operating assets and liabilities included:

- an increase in accounts receivables of \$15.7 million;
- an increase in deferred costs of \$6.6 million;
- an increase in inventory, net of reserve of \$5.2 million;
- a decrease in prepaid expenses and other assets of \$1.1 million;
- a decrease in lease liabilities of \$2.9 million; and
- a decrease in accrued severance payable of \$1.3 million; partially offset by
- an increase in accounts payable of \$11.0 million; and
- an increase in deferred revenue of \$0.6 million.

Cash flows from operating activities for the three and nine months ended December 31, 2025 include approximately \$1.2 million and \$4.0 million, respectively (\$2.0 million and \$2.0 million for the three and nine months ended December 31, 2024, respectively), which represent recoveries, through customer billings, of the contract asset recognized at acquisition for hardware delivered by Fleet Complete prior to October 1, 2024. Under ASC 606, such hardware was identified as a separate performance obligation satisfied at the point of delivery, resulting in the recognition of a contract asset at the acquisition date for hardware delivered prior to the acquisition. This contract asset is being recovered post-acquisition through customer billings.

Investing Activities

Net cash used in investing activities for the nine months ended December 31, 2025 was \$31.9 million, compared to net cash used in investing activities of \$160.5 million for the same period in 2024. The net cash used by investing activities was primarily due to \$17.7 million for the purchase of fixed assets and \$14.1 million for capitalized software development costs. The net cash used in investing activities of \$160.5 million in the same period in 2024 was primarily due to \$137.1 million in net cash assumed from the MiX Combination and FC Acquisition, \$16.6 million for the purchase of fixed assets and \$7.3 million for capitalized software development costs.

Financing Activities

During the nine months ended December 31, 2025, net cash used in financing activities was \$2.0 million, compared to \$107.6 million net cash provided by financing activities for the same period in 2024. The cash used in financing activities was primarily due to the repayment of long-term debt of \$4.1 million, partially offset by the cash proceeds from the increase in short-term bank debt of \$2.1 million. The net cash provided by financing activities during the nine months ended December 31, 2024 was primarily due to proceeds from long-term debt of \$125.0 million, less \$1.4 million of related debt costs, \$66.5 million of net proceeds from our private placement in connection with the FC Acquisition, \$11.9 million of proceeds from short-term bank debt, and \$0.9 million of proceeds from the exercise of stock options, partially offset by the repayment of \$90.3 million of Series A Preferred Stock following the MiX Combination, the purchase of \$2.8 million of treasury stock upon vesting of restricted stock, and the repayment of \$2.1 million of long-term debt.

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 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, Israeli new shekel, 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 both variable and fixed rates. Please refer to Note 12 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. In South Africa, the South African Reserve Bank's Monetary Policy Committee has gradually lowered interest rates since 2024, most recently reducing them to 6.75% as of November 20, 2025, a level that was maintained in January 2026. In Israel, the Bank of Israel reduced interest rates to 4.0% in January 2026 following a period of unchanged rates throughout 2025. Our U.S. dollar-denominated borrowings are based on the Standard Overnight Financing Rate ("SOFR") for which the 90-day average rate was 4.01% as of December 31, 2025, compared to 4.69% as of December 31, 2024, representing a decrease of 0.68% in the rate period over period.

Excluding 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 table below 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 December 31, 2025. 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.

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	\$ 3,793	1%	(1%)	\$ 488	\$ (488)
RMB Facilities- Variable	\$ 13,295	1%	(1%)	\$ 1,464	\$ (1,464)
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 monitor 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 December 31, 2025, trade receivables totaled \$92.2 million, net of an allowance for credit losses of \$9.7 million. Refer to Note 5 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.

Management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

As disclosed in “Item 9A. Controls and Procedures” in Part II of our Form 10-K, management previously identified material weaknesses in our internal control over financial reporting. Specifically:

- At I.D. Systems, the configuration of an automated control within the Enterprise Resource Planning (“ERP”) system created a segregation of duties issue related to the processing of journal entries and the review of balance sheet reconciliations; and
- At Pointer Mexico, the control deficiency related to the lack of workflow approval and sufficient documentation supporting the review of journal entries.

In addition, we completed the FC Acquisition on October 1, 2024. During the quarter ended December 31, 2025, Fleet Complete’s controls were included, for the first time, in management’s evaluation of the Company’s disclosure controls and procedures. Management has completed an evaluation of the design of Fleet Complete’s controls, and testing of operating effectiveness is ongoing. As previously disclosed in our Form 10-K 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 efforts remain in progress. These remediation efforts include both system-enabled controls implemented through our standardized ERP platform and non-system-based controls, each designed to address the specific risks underlying the identified material weaknesses.

As of December 31, 2025, we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Due to the material weaknesses in internal control over financial reporting described above and previously disclosed in our Form 10-K, management concluded that our disclosure controls and procedures were not effective as of December 31, 2025. Notwithstanding the existence of these material weaknesses, management believes that the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for the quarter ended December 31, 2025 present, in all material aspects, our financial condition as reported, in conformity with U.S. GAAP.

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. The remediation activities are designed to address specific control deficiencies giving rise to the material weaknesses, including deficiencies related to segregation of duties, journal entry approval, documentation of review and financial close and reporting processes.

Certain remediation activities described below relate specifically to the integration of Fleet Complete’s operations into our internal control over financial reporting framework. These activities are intended to remediate control deficiencies identified as a result of Fleet Complete’s inclusion in management’s assessment of internal control over financial reporting and are not indicative of the broad remediation of internal controls across all Company processes.

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.
- During November 2025, implemented phase 1 of the standardized ERP platform designated for use across the Company for certain of its operations that were within the scope of the remediation plan. The ERP implementation includes system-enforced workflow approvals for manual journal entries. These controls were implemented for Fleet Complete, I.D. Systems and certain other operations to address deficiencies identified upon integration or previously identified deficiencies that were remediated through the same control design.
- Implemented controls that require documentation of independent reviews of manual journal entries at Pointer Mexico to address the lack of sufficient review evidence identified in the material weakness.
- Designed and implemented general information technology controls within the standardized ERP system related to user access and program change management over IT systems to support the reliability of system-based financial reporting controls at Fleet Complete.
- Designing and implementing internal control over financial reporting for processes specific to Fleet Complete, including controls over the financial close and reporting process to address previously identified deficiencies related to completeness and accuracy of financial information consolidated into the Company's financial statements.

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 both designed and operating effectively.

b. Changes in internal control over financial reporting.

Other than the first-time inclusion of Fleet Complete's controls in our internal control over financial reporting and the implementation of our standardized ERP system within certain operations, there were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The integration of Fleet Complete's internal controls into our internal control framework during the quarter represents continued progress in previously disclosed integration activities. These activities are intended to address specific control deficiencies underlying previously disclosed material weaknesses, rather than to broadly mitigate unrelated risks.

As part of these ongoing activities, we are continuing the phased implementation of a single ERP and subscription billing system across our operations. We continue to evaluate and refine related processes and controls, including the assessment of the design adequacy and operating effectiveness of internal control over financial reporting, as implementation activities progress.

Other than the matters described above, including the remediation activities previously disclosed, there were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 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 December 31, 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

None.

Item 5. Other Information

As disclosed in Note 24 to our consolidated financial statements contained in Item 1 of Part I of this Quarterly Report on Form 10-Q, on February 5, 2026, we, together with MiX Telematics, I.D. Systems and Canadian SPV, each a wholly owned subsidiary of our company, entered into the New Facilities Agreement with RMB, pursuant to which RMB has agreed to provide us and MiX Telematics with the New RMB Facilities, composed of New RMB Facility A in the aggregate principal amount of \$10 million and New RMB Facility B in the aggregate principal amount of 180,000,000.

The proceeds of the New RMB Facilities may be used by the RMB Borrowers for general corporate purposes only.

Our obligations under the New RMB Facilities are guaranteed, on a joint and several basis, by the RMB Guarantors. The New RMB Facilities are secured by second priority security interests over the entire share capital of I.D. Systems, Canadian SPV and MS2000. We are required to cause MS2000 to accede as an additional guarantor within 60 days after the closing date, subject to the terms of the New Facilities Agreement.

The New RMB Facilities will mature one year from closing. Loans made under the New RMB Facilities may be voluntarily prepaid, in whole or in part, without penalty or premium, at any time upon prior written notice. In addition, the New Facilities Agreement provides for certain customary mandatory prepayment requirements.

We are required to pay a non-refundable upfront fee in the amount of \$0.1 million. In addition, we are required to pay a commitment fee on the undrawn portion of each New RMB Facility during the availability period, calculated at a rate equal to (i) 35% per annum of the applicable margin if utilization is less than 50% of the relevant New RMB Facility, (ii) 20% per annum of the applicable margin if utilization is equal to or greater than 50% of New RMB Facility A, and (iii) 26% per annum of the applicable margin if utilization is equal to or greater than 50% of New RMB Facility B.

New RMB Facility A bears interest at 2.50% per annum (provided no event of default is continuing), plus the three-month SOFR reference rate (or, if unavailable, an interpolated, historic or interpolated historic SOFR rate, or, if none of the foregoing are available, the three-month Treasury bill rate). New RMB Facility B bears interest at 1.95% per annum (provided no event of default is continuing), plus the South African rand overnight index average. Interest is payable quarterly in arrears.

The New Facilities Agreement contains certain customary affirmative and negative covenants, including financial covenants with respect to (a) the ratio of our consolidated total net borrowings to consolidated EBITDA, which must be less than (i) 3.00 at March 31, 2026, and (ii) 2.75 at each measurement date thereafter from and including June 30, 2026, and (b) the ratio of our consolidated EBITDA to consolidated total finance costs, which must exceed (i) 3.00 from and including March 31, 2026 to, but excluding, September 29, 2026 and (ii) 3.50 thereafter. The New Facilities Agreement also includes an equity cure right, subject to customary timing, frequency and use limitations.

Item 6. Exhibits

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

Exhibits:

Exhibit Number	Description
10.1	First Amendment and Restatement Agreement, dated October 31, 2025, by and among Powerfleet, Inc., I.D. Systems, Inc., Movingdots GmbH, Main Street 2000 Proprietary Limited, Powerfleet Canada Holdings Inc. and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Powerfleet, Inc., filed with the SEC on November 6, 2025).†
10.2	Facilities Agreement, dated February 5, 2026, by and among Powerfleet, Inc., MiX Telematics Proprietary Limited, I.D. Systems, Inc., Powerfleet Canada Holdings Inc. 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 December 31, 2025, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets as of March 31, 2025 and December 31, 2025; (ii) Condensed Consolidated Statements of Operations for the three and nine months ended December 31, 2024 and 2025; (iii) Condensed Consolidated Statements of Comprehensive (Loss) Income for the three and nine months ended December 31, 2024 and 2025; (iv) Condensed Consolidated Statement of Changes in Stockholders' Equity for the periods April 1, 2024 through December 31, 2024 and April 1, 2025 through December 31, 2025 (v) Condensed Consolidated Statements of Cash Flows for the nine months ended December 31, 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 December 31, 2025, formatted in Inline XBRL (included as Exhibit 101).

* Furnished herewith.

† Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules or exhibits upon request by the SEC.

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: February 9, 2026

By: /s/ Steve Towe

Steve Towe
Chief Executive Officer
(Principal Executive Officer)

Date: February 9, 2026

By: /s/ David Wilson

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

EXECUTION

FACILITIES AGREEMENT
DATED 5 FEBRUARY, 2026
REVOLVING CREDIT FACILITIES
for
POWERFLEET, INC
arranged by
FIRSTRAND BANK LIMITED
(ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
(as mandated lead arranger)

WEBBER WENTZEL
in alliance with > **Linklaters**

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THIS AGREEMENT is made between:

- (1) **POWERFLEET, INC**, a company duly incorporated and registered in the State of Delaware in the United States of America with company number US 83-4366463 with its principal address at 123 Tice Boulevard, Woodcliff Lake, New Jersey, United States of America (the **Company**);
- (2) **POWERFLEET, INC**, a company duly incorporated and registered in the State of Delaware in the United States of America with company number US 83-4366463 with its principal address at 123 Tice Boulevard, Woodcliff Lake, New Jersey, United States of America and **MIX TELEMATICS PROPRIETARY LIMITED**, a company incorporated in accordance with the laws of South Africa with registration number 1995/013858/07 (the **Borrowers**);
- (3) **THE ENTITIES** listed in **Schedule 1** (The Parties) as guarantors (the **Original Guarantors**);
- (4) **FIRSTRAND BANK LIMITED** (acting through its **RAND MERCHANT BANK** division) as mandated lead arranger (in this capacity, the **Arranger**); and
- (5) **FIRSTRAND BANK LIMITED** (acting through its **RAND MERCHANT BANK** division) as original lender (in this capacity, the **Original Lender**).

IT IS AGREED as follows:

SECTION 1 **INTERPRETATION**

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

1.1.1 **3-Month Treasury Bill Rate** means, at any time, the United States 3-month Treasury bill rate; with a United States Treasury Bill being a zero coupon debt instrument issued at a discount and representing a claim on the federal government of the United States of America; as available on Bloomberg ticker USGG3M <Index> (or any replacement Bloomberg page which displays that rate) or, if such information is no longer available from Bloomberg, as available from a comparable internationally recognized source.

1.1.2 **Acceptable Bank** means:

- (a) any of Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited or The Standard Bank of South Africa Limited;
- (b) any of Bank of America, American Express National Bank or Commerzbank AG;
- (c) a bank or financial institution which has an international rating for its long-term unsecured and non-credit enhanced debt obligations of A+ or higher by Standard & Poor's Ratings Services or Fitch Ratings Ltd or A1 or higher by Moody's Investor Services Limited, or a comparable rating from an internationally recognised credit rating agency; or
- (d) any other bank or financial institution approved by the Lender.

1.1.3 **Accession Deed** means a document substantially in the form set out in Schedule 6 (Form of Accession Deed).

1.1.4 **Accounting Principles** means, as applicable, (a) IFRS or (b) generally accepted accounting principles in the jurisdiction of incorporation of the relevant entity (which may include IFRS).

1.1.5 **Additional Business Day** means any day specified as such in the Compounded Rate Terms.

1.1.6 **Additional Guarantor** means a company which becomes an Additional Guarantor in accordance with Clause 26 (Changes to the Obligors).

1.1.7 **Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person, or any other Subsidiary of that Holding Company.

1.1.8 **Agreement** means this Agreement, including all schedules.

1.1.9 **Assignment Agreement** has the meaning given to that term in Clause 25.5.5 (Procedure for assignment).

1.1.10 **Auditors** means Deloitte, PwC, KPMG and EY or any other firm approved in advance by the Lender.

1.1.11 **Authorisation** means an authorisation, consent, approval, resolution, licence, permit, exemption, filing, notarisation, lodgement or registration.

1.1.12 **Availability Period** means, in relation to any portion of the Commitment, the period commencing on the Closing Date to and including the date occurring 30 days before the Final Maturity Date (or such later date as may be agreed by the Company and the Lender).

1.1.13 **Available Commitment** means the Lender's Commitment under a Facility minus:

- (a) the amount of its participation in any outstanding Loans under that Facility; and
- (b) in relation to any proposed Utilisation, the amount of its participation in any Loans that are due to be made under that Facility on or before the proposed Utilisation Date.

1.1.14 **Available Facility** means the aggregate for the time being of each Lender's Available Commitment in respect of a Facility.

1.1.15 **Break Costs** means all losses and costs calculated by a Lender, acting in a commercially reasonable manner, as arising directly or indirectly pursuant to the termination of any payment obligation and/or the cancellation of any Available Commitment under this Agreement and/or any non-payment under this Agreement or any payment on any day other than the scheduled date for payment under this Agreement and/or any amendment to any provision in this Agreement that relates directly or indirectly to the interest paid or payable under this Agreement and/or the termination or amendment of any fixed rate agreement or any other related hedge or derivative transactions entered into pursuant or in relation to this Agreement, or any modification, unwinding and closing out of any fixed rate agreement or any other related hedge or derivative transactions entered into pursuant or in relation to this Agreement.

1.1.16 **Break Gains** means, if the amount calculated in accordance with the definition of "Break Costs" is a negative amount, such negative amount.

1.1.17

Business Day means a day (other than a Saturday, a Sunday or official public holiday) on which banks are open for general business in London and Johannesburg and:

- (a) New York; and
- (b) (in relation to the fixing of an interest rate for a Loan under Facility A) which is a US Government Securities Business Day; or
- (c) in relation to:
 - (i) any date for payment or purchase of an amount relating to a Compounded Rate Loan; or
 - (ii) the determination of the first day or the last day of an Interest Period for a Compounded Rate Loan, or otherwise in relation to the determination of the length of such an Interest Period,

which is an Additional Business Day.

1.1.18

Cash means, at any time, an amount (denominated in USD, ZAR, euros or pounds sterling or any other currency approved by the Lender) of cash in hand, or credit balances or amounts on deposit with an Acceptable Bank to which a member of the Covenant Group is alone (or together with other members of the Covenant Group) beneficially entitled if:

- (a) the cash is accessible and may be withdrawn in full by a member of the Covenant Group within 30 days after the relevant date of calculation;
- (b) access to and withdrawal of the cash is not contingent on the prior discharge of any indebtedness of any person or the satisfaction of any other condition;
- (c) no Security exists over the cash or over claims in respect thereof except for any Security arising under the Security Documents; and
- (d) the cash is freely and (except as mentioned in paragraph (a) above) immediately available to be applied in repayment or prepayment of the Facilities.

1.1.19

Cash Equivalents means, at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation, issued by an Acceptable Bank;
- (b) any investment in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited, (ii) invest substantially all their assets in securities of the types described in paragraph (a) above and (iii) can be turned into cash on not more than 30 days' notice; or
- (c) any other debt security approved by the Lender in writing,

in each case, denominated in USD, ZAR, euros or pounds sterling or another currency approved by the Lender, to which any member of the Covenant Group is alone (or together with other members of the Covenant Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Covenant Group or subject to any Security (other than Security arising under the Security Documents).

1.1.20 **Charged Property** means all of the assets of a Borrower and other Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

1.1.21 **Closing Date** means the date on which the Lender has notified the Company that it has received all of the documents and other evidence listed in Schedule 2 (Conditions Precedent).

1.1.22 **Code** means the US Internal Revenue Code of 1986.

1.1.23 **Commitment** means:

- (a) in relation to the Original Lender:
 - (i) in relation to Facility A, USD10,000,000;
 - (ii) in relation to Facility B, ZAR180,000,000,
- and the amount of any other Commitment transferred to it under this Agreement; and

- (b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement.

1.1.24 **Compliance Certificate** means a certificate substantially in the form set out in Schedule 8 (Form of Compliance Certificate).

1.1.25 **Compounded Rate Interest Payment** means the aggregate amount of interest that relates to a Compounded Rate Loan that is, or is scheduled to become, payable under any Finance Document;

1.1.26 **Compounded Rate Loan** means any Loan under Facility B.

1.1.27 **Compounded Rate Supplement** means a document which specifies the relevant terms which are expressed in this Agreement to be determined by reference to Compounded Rate Terms, as agreed in writing by a Borrower or Lender (as applicable) and which has been made available to a Borrower and each Finance Party.

1.1.28 **Compounded Rate Terms** means the terms set out in the Schedule to this Agreement entitled "Compounded Rate Terms" or in any Compounded Rate Supplement.

1.1.29 **Compounded Reference Rate** means, in relation to any RFR Banking Day during the Interest Period of a Compounded Rate Loan, the percentage rate per annum which is the aggregate of:

- (a) the Daily Non-Cumulative Compounded RFR Rate for that RFR Banking Day; and
- (b) the applicable Credit Adjustment Spread.

1.1.30 **Compounding Methodology Supplement** means, in relation to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate, a document which is agreed in writing by a Borrower and/or the Lender (as applicable) that specifies a calculation methodology for that rate and has been made available to a Borrower and each Finance Party.

1.1.31

Confidential Information means all information relating to a Borrower, any other member of the Group, the Finance Documents or the Facilities of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facilities from either:

- (a) any member of the Group or any of their advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party from any member of the Group or any of its advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:
- (c) information that:
 - (i) is or becomes public information other than as a result of any breach by that Finance Party of Clause 35 (Confidential Information); or
 - (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of their advisers; or
 - (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs 1.1.31(c)(i) or 1.1.31(c)(ii) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and
- (d) any Funding Rate.

1.1.32

Confidentiality Undertaking means a written confidentiality undertaking substantially in the recommended form of the Loan Market Association or in any other form agreed between the Company and the Lender.

1.1.33

Control means, in relation to any company or organisation or person:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than 50.00 per cent. of the maximum number of votes that might be cast at a general meeting of that person; or
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of that person; or
 - (iii) give directions with respect to the operating and financial policies of that person with which the directors or other equivalent officers of that person are obliged to comply; and/or
- (b) the holding (beneficially or legally) of more than 50.00 per cent. of the issued shares or share capital of that person (excluding any part of that issued shares or share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital),

and **Controlled** shall be construed accordingly.

1.1.34 **Control Event** has the meaning given to that term in Clause 7.3 (Mandatory prepayment - change of control or transfer of business).

1.1.35 **Covenant Group** means each Obligor (other than the Company) and each Subsidiary of such Obligor.

1.1.36 **Credit Adjustment Spread** means the rate published for the relevant tenor as a credit adjustment spread for ZARONIA which is notified by the Original Lender to a Borrower. If such rate is not so published, the credit adjustment spread shall be the rate determined by the Original Lender in accordance with prevailing market practice for the relevant tenor and notified to a Borrower, which determination shall be binding absent manifest error.

1.1.37 **Cumulative Compounded RFR Rate** means, in relation to an Interest Period for a Compounded Rate Loan, the percentage rate per annum determined by the Original Lender (or by any other Finance Party which agrees to determine that rate in place of the Original Lender) in accordance with the methodology set out in the Schedule to the Agreement entitled "*Cumulative Compounded RFR Rate*" or in any relevant Compounding Methodology Supplement which determination shall be binding in the absence of manifest error.

1.1.38 **Daily Non-Cumulative Compounded RFR Rate** means, in relation to any RFR Banking Day during an Interest Period for a Compounded Rate Loan, the percentage rate per annum determined by the Original Lender (or by any other Finance Party which agrees to determine that rate in place of the Original Lender) in accordance with the methodology set out in the Schedule to the Agreement entitled "*Daily Non-Cumulative Compounded RFR Rate*" or in any relevant Compounding Methodology Supplement, which determination shall be binding in the absence of manifest error.

1.1.39 **Daily Rate** means the rate specified as such in the Compounded Rate Terms.

1.1.40 **Default** means:

- (a) an Event of Default; or
- (b) any event or circumstance specified in Clause 24 (Events of Default) which would (with the expiry of any applicable grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

1.1.41 **Delegate** means any delegate, agent, attorney or co-trustee appointed by the Lender.

1.1.42 **Disruption Event** means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with a Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

1.1.43 **Eligible Institution** means any Lender or other bank, financial institution, trust, fund or other entity selected by the Company and which, in each case, is not a member of the Group.

1.1.44 **Environment** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

1.1.45 **Environmental Claim** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

1.1.46 **Environmental Law** means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) harm to or the protection of human health;
- (c) the conditions of the workplace; or
- (d) the generation, handling, storage, use, release, emission or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

1.1.47 **Environmental Permit** means any permit, licence, consent, approval or other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of the Obligors or any member of the Group conducted on or from any of the properties owned or used by the Obligors or any member of the Group.

1.1.48 **Event of Default** means any event or circumstance specified as such in Clause 24 (Events of Default).

1.1.49 **Existing Facilities Agreement** means:

- (a) the facilities agreement dated on or about 7 March, 2024 between, among others, Powerfleet, Inc. and FirstRand Bank Limited (acting through its Rand Merchant Bank division); and
- (b) the facilities agreement dated on or about 27 September, 2024 between, among others, Powerfleet, Inc. and FirstRand Bank Limited (acting through its Rand Merchant Bank division).

1.1.50 **Existing Finance Document** means each "Finance Document" as defined in the Existing Facilities Agreements.

1.1.51 **Facility** means Facility A and Facility B.

1.1.52 **Facility A** means the USD-denominated revolving credit facility made available under this Agreement as described in Clause 2.1 (Facility A).

1.1.53 **Facility A Commitment** means USD10,000,000 to the extent not cancelled, transferred or reduced by it under this Agreement.

1.1.54 **Facility A Lender** means:

- (a) the Original Lender;
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a "Lender" in accordance with Clause 25 (Changes to the Lender) of this Agreement,

which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

1.1.55 **Facility B** means the ZAR-denominated revolving credit facility made available under this Agreement as described in Clause 2.2 (Facility B).

1.1.56 **Facility B Commitment** means ZAR180,000,000 to the extent not cancelled, transferred or reduced by it under this Agreement.

1.1.57 **Facility B Lender** means:

- (a) the Original Lender;
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a "Lender" in accordance with Clause 25 (Changes to the Lender) of this Agreement,

which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

1.1.58 **Facility Outstandings** means at any time, the aggregate of all amounts of loan principal, accrued interest, Break Costs, fees and all other amounts outstanding under the Finance Documents (including, without limitation, any claim as a result of any recovery by a Borrower or another person of a payment or discharge under the Finance Documents on the grounds of preference, and each amount which would be included in any of the above but for any discharge, non-provability or unenforceability of a claim in any insolvency or other proceedings).

1.1.59 **Fallback Interest Period** means 1 Month.

1.1.60 **FATCA** means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a); or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

1.1.61 **FATCA Deduction** means a deduction or withholding from a payment under a Finance Document required by FATCA.

1.1.62 **FATCA Exempt Party** means a Party that is entitled to receive payments free from any FATCA Deduction.

1.1.63 **Fee Letter** means:

- (a) any letter or letters entered into by reference to this Agreement, dated on or about the date of this Agreement, between one or more Finance Parties and the Company setting out any of the fees referred to in Clause 13 (Fees); and
- (b) any agreement setting out fees payable to a Finance Party referred to in this Agreement or under any other Finance Document.

1.1.64 **Final Discharge Date** means the date on which:

- (a) the Facility Outstandings have been irrevocably and unconditionally finally paid and discharged in full (whether or not as a result of enforcement); and
- (b) no Finance Party has any commitment whatsoever to provide finance or any other form of credit or financial accommodation to any person under any Finance Document.

1.1.65 **Final Maturity Date** means:

- (a) in respect of Facility A, the date on which the first anniversary of the Closing Date occurs;
- (b) in respect of Facility B, the date on which the first anniversary of the Closing Date occurs.

1.1.66 **Finance Document** means:

- (a) this Agreement;
- (b) each Security Document;
- (c) any Fee Letter;
- (d) any Utilisation Request;
- (e) any Transfer Certificate;
- (f) any Compliance Certificate;
- (g) any document amending any Finance Document referred to in paragraphs (a) to (f) above, and any other document designated as such by the Lender and the Company.

1.1.67 **Finance Parties** means the Lender or the Arranger (and **Finance Party**, as the context requires, means any of them).

1.1.68 **Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed, credit provided and debit balances at banks or other financial institutions;

- (b) any amount raised by acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of any payment obligations;
- (h) any amount raised by the issue of shares which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) is mandatorily redeemable or redeemable at the option of its holder or are otherwise classified as borrowings under the Accounting Principles;
- (i) any amount raised under any other transaction of any kind (including any forward sale or purchase agreement, sale and sale back or sale and leaseback) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i).

1.1.69

Funding Rate means any individual rate notified by a Lender to the Company pursuant to Clause 10.4.1(b) (Cost of funds).

1.1.70

Group means the Company and its Subsidiaries from time to time.

1.1.71

Group Structure Chart means the structure diagram delivered to the Lender pursuant to Clause 4.1 (Initial conditions precedent) and Schedule 2 (Conditions Precedent) on or before the Closing Date.

1.1.72

Guarantor means:

- (a) each Original Guarantor;
- (b) an Additional Guarantor,

which has not ceased to be a Guarantor in accordance with the terms of Clause 26.3 (Resignation of a Guarantor) of this Agreement.

1.1.73

Historic RFR means, in relation to an RFR Banking Day, the most recent RFR for a day which is no more than 3 RFR Banking Days before that RFR Banking Day.

1.1.74

Historic Term SOFR means, in relation to the Loan, the most recent applicable Term SOFR for a period equal in length to the Interest Period of the Loan and which is as of a day which is no more than 3 US Government Securities Business Days before the Quotation Day.

1.1.75 **Holding Company** means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

1.1.76 **IFRS** means international accounting standards within the meaning of IAS Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union, to the extent applicable to the relevant financial statements.

1.1.77 **Insurance** means any contract or policy of insurance and reinsurance taken out by or on behalf of any Obligor or under which it has a right to claim.

1.1.78 **Intellectual Property Rights** means:

- (a) any know-how, patent, trade mark, service mark, design, invention, trading or business name, domain name, topographical or similar right;
- (b) any copyright, data base or other intellectual property right; or
- (c) any interest and rights to use (including by way of licence) in the above,

in each case whether registered or not, and includes any related application.

1.1.79 **Interest Payment Date** means:

- (a) 31 March, 30 June, 30 September and 31 December each year;
- (b) the Final Maturity Date,

with the first Interest Payment Date being 31 March, 2026.

1.1.80 **Interest Period** means, in relation to a Loan, each period determined in accordance with Clause 9 (Interest Periods) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.4 (Default interest).

1.1.81 **Interpolated Historic Term SOFR** means, in relation to the Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

- (a) either:
 - (i) the most recent applicable Term SOFR (as of a day which is not more than 5 US Government Securities Business Days before the Quotation Day) for the longest period (for which Term SOFR is available) which is less than the Interest Period of the Loan; or
 - (ii) if no such Term SOFR is available for a period which is less than the Interest Period of the Loan, SOFR for a day which is no more than 5 US Government Securities Business Days (and no less than 2 US Government Securities Business Days) before the Quotation Day; and
- (b) the most recent applicable Term SOFR (as of a day which is not more than 5 days before the Quotation Day) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of the Loan.

1.1.82 **Interpolated Term SOFR** means, in relation to the Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

- (a) either:

- (i) the applicable Term SOFR (as of 11.00 am London time on the Quotation Day) for the longest period (for which Term SOFR is available) which is less than the Interest Period of the Loan; or
- (ii) if no such Term SOFR is available for a period which is less than the Interest Period of the Loan, SOFR for the day which is 2 US Government Securities Business Days before the Quotation Day; and

(b) the applicable Term SOFR (as of 11.00 am London time on the Quotation Day) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of the Loan.

1.1.83 **Joint Venture** means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

1.1.84 **Legal Reservations** means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors and secured creditors;
- (b) the time barring of claims under the Limitation Act 1980 and the Foreign Limitation Periods Act 1984, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of acquiescence, set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion provided to a Finance Party in connection with the Finance Documents.

1.1.85 **Lenders** means:

- (a) the Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which becomes a Party as a Lender after the date of this Agreement in accordance with Clause 25 (Changes to the Lender),

in each case, which has not ceased to be a Party in accordance with the terms of this Agreement (and **Lender**, as the context requires, means any of them).

1.1.86 **Loan** means a loan made or to be made under a Facility or the principal amount outstanding for the time being of that loan.

1.1.87 **Main Street 2000** means Main Street 2000 Proprietary Limited, a company incorporated in accordance with the laws of South Africa with registration number 2023/973516/07.

1.1.88 **Margin** means:

- (a) in respect of Facility A, if no Event of Default is continuing, 2.50 per cent.;
- (b) in respect of Facility B, if no Event of Default is continuing, 1.95 per cent.; and

(c) with effect from the date of occurrence of an Event of Default and for so long as it is continuing, the Margin detailed in paragraph (a) or (b) as applicable, plus 2.00 per cent.

1.1.89

Market Disruption Rate means:

- (a) in respect of Facility A, the percentage rate per annum which is the aggregate of the Reference Rate and 0.27 per cent., being the credit adjustment spread at the date of this Agreement; and
- (b) in respect of Facility B, the rate specified as such in the Compounded Rate Terms.

1.1.90

Material Adverse Effect means a material adverse effect on:

- (a) the business, assets or financial condition of a Borrower and/or the Group (taken as a whole);
- (b) the ability of a Borrower to perform its payment or other material obligations (other than its obligations under Clause 22 (Financial Covenants)) under the Finance Documents; or
- (c) the validity or enforceability of any Finance Document which is adverse to the interests of the Lender under the Finance Documents.

1.1.91

Mix Telematics means Mix Telematics Proprietary Limited, a company incorporated in accordance with the laws of South Africa with registration number 1995/013858/07.

1.1.92

Month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end; and
- (d) in addition in relation to any period for the accrual of commission or fees, the rules specified as "Business Day Conventions" in the Compounded Rate Terms shall apply.

The above rules will only apply to the last Month of any period.

1.1.93

New Lender has the meaning given to that term in Clause 25 (Changes to the Lender).

1.1.94

Non-Consenting Lender has the meaning given to that term in Clause 34.4 (Replacement of Lender).

1.1.95

Obligor means each Borrower and each Guarantor.

1.1.96 **Obligors' Agent** means the Company, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.4 (Obligors' Agent).

1.1.97 **Original Financial Statements** means, in relation to the Company, its audited consolidated financial statements for its financial year ended December, 2024.

1.1.98 **Party** means a party to this Agreement.

1.1.99 **Perfection Requirements** means the making of the appropriate registrations, filings or notifications of the Security Documents as specifically contemplated by any legal opinion.

1.1.100 **Permitted Acquisition** means any acquisition:

- (a) of assets for cash where the aggregate consideration paid does not exceed 10 per cent. of consolidated EBITDA of the Group in any financial year; or
- (b) made with the express prior written consent of the Lender.

1.1.101 **Permitted Disposal** means any disposal:

- (a) arising in the ordinary course of business;
- (b) of shares in any Subsidiary provided the net proceeds are applied (if required to be applied) in prepayment in accordance with this Agreement;
- (c) arising as a result of a Permitted Distribution;
- (d) arising as a result of any Permitted Security;
- (e) of assets for cash where the net consideration receivable (when aggregated with the net consideration receivable for any other disposal not allowed under the preceding paragraph) does not exceed USD2,500,000 (or its equivalent in any other currency or currencies) in any financial year; or
- (f) made with the express prior written consent of the Lender.

1.1.102 **Permitted Distribution** means:

- (a) the payment of a cash distribution by the Company, provided that it provides a Compliance Certificate satisfactory to the Lender evidencing:
 - (i) the Covenant Group has had a Consolidated Total Borrowings to Consolidated EBITDA ratio of less than 2.00 to 1 during the Measurement Period immediately prior to the proposed cash distribution; and
 - (ii) the Covenant Group will maintain a Consolidated Total Borrowings to Consolidated EBITDA ratio of less than 2.00 to 1 for the next 12 Months following the proposed cash distribution;
- (b) the payment of a cash distribution by a member of the Covenant Group to another member of the Covenant Group;
- (c) the payment of a cash distribution made with the express prior written consent of the Lender.

1.1.103 **Permitted Financial Indebtedness** means:

- (a) any Financial Indebtedness incurred under the Finance Documents;

- (b) any Financial Indebtedness incurred under the Existing Finance Documents;
- (c) any Financial Indebtedness incurred under intracompany loans made between any Obligors from time to time;
- (d) any Financial Indebtedness incurred under finance or capital leases or instalment credit agreements in respect of vehicles, plant, equipment or computers;
- (e) any Financial Indebtedness arising under a Permitted Guarantee, a Permitted Loan or as permitted by Clause 23.26 (Treasury Transactions);
- (f) any Financial Indebtedness in respect of any loans advanced to the Company by any shareholder, on the condition that:
 - (i) that shareholder advances the amount of such loan to the Company, which, further in turn, if destined for another member of the Group, disburses those funds to that member of the Group;
 - (ii) for the purposes of this paragraph (f):
 - (A) that shareholder may provide funding only to the Company;
 - (B) save as set out in paragraph (A) above, that shareholder may not acquire any claim directly against another member of the Group; and
 - (iii) all claims of that shareholder against the Company which arise as a result are:
 - (A) subordinated to the claims of the Finance Parties under the Finance Documents on terms acceptable to the Lender; and
 - (B) subject to Transaction Security in form and substance satisfactory to the Lender;
- (g) any Financial Indebtedness arising under any trade credit incurred in the ordinary course of its trading activities, on the creditor's standard or usual terms and which has a credit term of not more than 90 days;
- (h) any Financial Indebtedness not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed USD2,500,000 (or its equivalent in any other currency or currencies) in aggregate for the Obligors at any time; or
- (i) any other Financial Indebtedness incurred with the express prior written consent of the Lender.

1.1.104

Permitted Guarantee means:

- (a) any guarantee arising under the Finance Documents;
- (b) any guarantee arising under the Existing Finance Documents;
- (c) any guarantee permitted under Clause 23.19 (Financial Indebtedness);
- (d) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to "Permitted Security";

- (e) any indemnity given in the ordinary course of the documentation of an acquisition or disposal transaction which is a Permitted Acquisition or Permitted Disposal which indemnity is in a customary form and subject to customary limitations;
- (f) any guarantee not permitted by the preceding paragraphs and in respect of Financial Indebtedness which does not exceed USD2,500,000 (or its equivalent in any other currency or currencies) in aggregate for the Obligors at any time; or
- (g) any other guarantee provided with the express prior written consent of the Lender.

1.1.105 **Permitted Joint Venture** means any investment in any Joint Venture with the prior written consent of the Lender.

1.1.106 **Permitted Loan** means:

- (a) any intercompany loan set out in Schedule 10 (Intercompany Loans as at 31 December, 2025);
- (b) any loan made by an Obligor to another Obligor;
- (c) any loan made by an Obligor to another member of the Group (which is not an Obligor) on the condition that no Default has occurred and is continuing nor will result from the advance of any such loan;
- (d) a loan made by an Obligor to an employee or director of any Obligor if the amount of that loan when aggregated with the amount of all loans to employees and directors by Obligors does not exceed USD500,000 (or its equivalent in any other currency or currencies) at any time;
- (e) any loan (other than as permitted by the preceding paragraphs) so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed USD2,500,000 (or its equivalent in any other currency or currencies) at any time; or
- (f) any other loans or credit provided with the express prior written consent of the Lender.

1.1.107 **Permitted Security** means:

- (a) any Security given or purported to be given as Transaction Security;
- (b) any Quasi-Security arising as a result of a Permitted Disposal;
- (c) any Security or Quasi-Security given or purported to be given under the Existing Finance Documents;
- (d) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any Obligor;
- (e) any netting or set-off arrangement entered into by any Obligor in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of the Obligors;
- (f) any Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any Obligor other than

any permitted in the preceding paragraphs) does not exceed USD2,500,000 (or its equivalent in other currencies); or

- (g) any Security granted with the express prior written consent of the Lender.

1.1.108

Permitted Share Issue means an issue of:

- (a) shares by an Obligor, paid for in full in cash upon issue, provided that (i) those shares by their terms (or by the terms of any security into which they may be convertible or for which they may be exchangeable) are not mandatorily redeemable or redeemable at the option of a holder; (ii) such issue does not lead to a Control Event;
- (b) shares other than as permitted above with the express prior written consent of the Lender.

1.1.109

Powerfleet Canada means Powerfleet Canada Holdings Inc, a company incorporated in accordance with the laws of the province of Ontario, Canada, with business number 1000990713.

1.1.110

Quasi-Security has the meaning given to that term in Clause 23.13 (Negative pledge).

1.1.111

Quotation Day means, in relation to any period for which an interest rate is to be determined, two US Government Securities Business Days before the first day of that period (unless market practice differs in the Relevant Market for that currency, in which case the Quotation Day for dollars will be determined by the Original Lender in accordance with market practice in the Relevant Market (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days)).

1.1.112 **Receiver** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

1.1.113

Reference Rate means:

- (a) the applicable Term SOFR as of 11.00 am London time on the Quotation Day and for a period equal in length to the Interest Period of the Loan; or
- (b) as otherwise determined pursuant to Clause 10.1 (Unavailability of Term SOFR),

and if, in either case, that rate is less than zero, the Reference Rate shall be deemed to be zero.

1.1.114

Related Fund in relation to a fund (the **first fund**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

1.1.115

Relevant Jurisdiction means, in relation to an Obligor:

- (a) the jurisdiction under whose laws that Obligor is incorporated or established;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated; and

(c) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

1.1.116 **Relevant Market** means:

- (a) in relation to Facility A, the market for overnight cash borrowing collateralised by US Government securities;
- (b) in relation to Facility B, the market specified as such in the Compounded Rate Terms.

1.1.117 **Repeating Representations** means each of the representations set out in Clause 20.1 (Status) to Clause 20.8 (No immunity) inclusive, Clause 20.13 (No default), Clause 20.14 (No misleading information), Clause 20.15 (Financial statements), Clause 20.17 (No breach of laws), Clause 20.19 (Anti-corruption law and Sanctions), Clause 20.21 (Good title to assets) to Clause 20.24 (Intellectual Property Rights), Clause 20.26 (Pari Passu Ranking) and Clause 20.28 (Authorised Signatures).

1.1.118 **Representative** means any representative, delegate, agent, manager, administrator, nominee, attorney, trustee, custodian, receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

1.1.119 **Resignation Letter** means a letter substantially in the form set out in Schedule 7 (Form of Resignation Letter).

1.1.120 **Sanctioned Entity** means:

- (a) a person, country or territory which is listed on a Sanctions List or is subject to Sanctions;
- (b) a person which is ordinarily resident in a country or territory which is listed on a Sanctions List or is subject to or the target of comprehensive country Sanctions.

1.1.121 **Sanctioned Transaction** means the use of the proceeds of a Facility for the purpose of financing or providing any credit, directly or indirectly, to:

- (a) a Sanctioned Entity; or
- (b) any other person or entity, if the Obligor has actual knowledge that the person or entity proposes to use the proceeds of the financing or credit for the purpose of financing or providing any credit, directly or indirectly, to a Sanctioned Entity,

in each case to the extent that to do so is prohibited by, or would cause any breach of, Sanctions.

1.1.122 **Sanctions** means trade, economic or financial sanctions, laws, regulations, embargoes or restrictive measures imposed, administered or enforced from time to time by any Sanctions Authority.

1.1.123 **Sanctions Authority** means:

- (a) the United Nations;
- (b) the European Union;
- (c) the Council of Europe (founded under the Treaty of London, 1946);

- (d) the government of the United States of America;
- (e) the government of the United Kingdom,

and any of their governmental authorities and agencies, including, without limitation, the Office of Foreign Assets Control for the US Department of Treasury (**OFAC**), the US Department of Commerce, the US State Department or the US Department of the Treasury, His Majesty's Treasury (**HMT**) and the French Ministry of Finance.

1.1.124 **Sanctions List** means:

- (a) the Specially Designated Nationals and Blocked Persons List maintained and published by OFAC;
- (b) the Consolidated List of Financial Sanctions Targets and the Investments Ban List maintained and published by HMT,

and any similar list maintained and published, or a public announcement of a Sanctions designation made, by any Sanctions Authority, in each case as amended, supplemented or substituted from time to time.

1.1.125 **Secured Party** means any Finance Party, any Receiver and any Delegate.

1.1.126 **Security** means a mortgage, mortgage bond, notarial bond, cession in security, pledge, hypothec, lien, charge, assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

1.1.127 **Security Document** means:

- (a) the security agreement creating Security over the shares in and claims against Main Street 2000 Proprietary Limited;
- (b) the security agreement creating Security over the shares in and claims against I.D. Systems, Inc and Powerfleet Canada;
- (c) any other document evidencing or creating any security over any asset of any Obligor to secure any obligation of an Obligor to a Finance Party under the Finance Documents agreed to by the Company and the Lender.

1.1.128 **Shareholder Contribution** means the aggregate amount of:

- (a) the subscription price received by the Company in respect of shares subscribed for by a shareholder in the share capital of the Company, provided such share issue is a Permitted Share Issue permitted pursuant to paragraph (a) of the definition of "Permitted Share Issue"; or
- (b) the proceeds of loans advanced to the Company by a shareholder where any Financial Indebtedness arising as a result is Permitted Financial Indebtedness permitted under paragraph (f) of the definition of "Permitted Financial Indebtedness".

1.1.129 **SOFR** means the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published (before any correction, recalculation or republication by the administrator) by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate).

1.1.130 **Subsidiary** means any person (referred to as the **first person**) in respect of which another person (referred to as the **second person**):

- (a) holds a majority of the voting rights in that first person;
- (b) has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
- (c) controls alone or pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first person or has the power to direct the operating and financial policies of the first person whether through ownership of voting capital by contract or otherwise;

or if the first person is a Subsidiary of a person that it is itself a Subsidiary of the second person. A Subsidiary shall include any person the shares or ownership interests in which are subject to Security and where the legal title to the shares or ownership interests so secured are registered in the name of the secured party or its nominee pursuant to such Security.

1.1.131 **Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

1.1.132 **Term SOFR** means the term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published (before any correction, recalculation or republication by the administrator) by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate).

1.1.133 **Total Commitments** means the aggregate of the Facility A Commitments and the Facility B Commitments.

1.1.134 **Trade Instruments** means any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the obligations of any Obligor arising in the ordinary course of trading of that Obligor.

1.1.135 **Transaction Security** means the Security created or expressed to be created in favour of the Finance Parties pursuant to the Security Documents.

1.1.136 **Transfer** has the meaning given to it in Clause 25.1 (Assignments and transfers by the Lender).

1.1.137 **Transfer Certificate** means a certificate substantially in the form set out in Schedule 4 (Form of Transfer Certificate) or any other form agreed between the Lender and the relevant Borrower.

1.1.138 **Transfer Date** means, in relation to a Transfer, the later of:

- (a) the proposed Transfer Date specified in the Transfer Certificate; and
- (b) the date on which the Lender executes the Transfer Certificate.

1.1.139 **Treasury Transaction** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

1.1.140 **UK or United Kingdom** means the United Kingdom of Great Britain and Northern Ireland.

1.1.141 **Unpaid Sum** means any sum due and payable but unpaid by a Borrower under the Finance Documents.

1.1.142 **US** means the United States of America.

1.1.143 **US Government Securities Business Day** means any day other than:

- (a) a Saturday or a Sunday; and
- (b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities.

1.1.144 **Utilisation** means the utilisation of a Facility by means of a Loan.

1.1.145 **Utilisation Date** means the date on which a Loan is to be made.

1.1.146 **Utilisation Request** means in respect of a Loan requested under a Facility, a notice substantially in the form set out in Schedule 3 (Form of Utilisation Request).

1.1.147 **VAT** means:

- (a) value added tax as provided for in the South African Value Added Tax Act, 1991, and any general service Tax or other Tax of a similar nature in a jurisdiction other than South Africa; or
- (b) any other tax of a similar nature, whether imposed in the UK, a member state of the European Union or South Africa in substitution for, or levied in addition to, such tax referred to in paragraph 1.1.147(a), or imposed in any other jurisdiction.

1.1.148 **ZARONIA** means the South African Rand overnight index average administered by the South African Reserve Bank (or any other person which takes over the administration of that rate) published by the South African Reserve Bank (or any other person which takes over the publication of that rate).

1.2 **Financial definitions**

In this Agreement the following terms have the meanings set out below:

1.2.1 **Consolidated EBITDA**, in relation to any Measurement Period, means the aggregate of the consolidated operating income of the Covenant Group, before taxation (excluding the results from discontinued or sold operations), in each case, for that period (without double counting):

- (a) before deducting any Interest, commission, fees payable in respect of any Financial Indebtedness, discounts, prepayment fees, premiums or charges and any other finance payments and accrued as an obligation of any member of the Covenant Group, whether or not paid, payable, deferred or capitalised during that Measurement Period;
- (b) after adding any amount attributable to any depreciation or amortisation of assets and any charge for impairment and taking no account of the reversal of any previous impairment charge made in that Measurement Period;
- (c) after deducting the amount of any profit or adding back the amount of any loss of any member of the Covenant Group which is attributable to minority interests;

- (d) before taking into account any unrealised gains or losses on any derivative instrument (other than any financial instrument which is accounted for on a hedge accounting basis);
- (e) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset;
- (f) before taking into account any gain or loss arising on the disposal of any property, plant or equipment;
- (g) before taking into account any Exceptional Items which have been expensed through the income statement for that Measurement Period up to an aggregate maximum amount of USD10,000,000 (or its equivalent in any other currency or currencies);
- (h) before taking into account any exceptional, once-off, non-recurring or extraordinary items relating to the restructuring of any member of the Covenant Group for the purposes of maximising returns;
- (i) whilst continuing to treat each operating lease as an operating lease for accounting purposes notwithstanding any change (or the implementation of any change) to IFRS on or after 1 January 2019;
- (j) after adding the amount of cash received by any member of the Covenant Group through distributions by any associate entity or investment (which is not a member of the Covenant Group) in which any member of the Covenant Group has an ownership interest;
- (k) after adding back any costs relating to share-based employment payments and foreign exchange gains and losses,

after adding back any one-off acquisition fees and expenses actually incurred.

1.2.2

Consolidated Total Borrowings in respect of the Covenant Group, at any time, means the aggregate at that time of the Financial Indebtedness of the members of the Covenant Group from sources external to the Covenant Group calculated at its nominal or principal amount or, if greater, the maximum amount payable on repayment or redemption of the relevant liabilities.

1.2.3

Consolidated Total Finance Costs, in relation to any Measurement Period, means all Interest accrued in relation to Consolidated Total Borrowings during such period as an obligation of any member of the Covenant Group (whether or not paid or capitalised during or deferred for payment after such period), calculated on a consolidated basis, and **taking into account** any net payment or net receipt under any derivative transaction entered into by any member of the Covenant Group.

1.2.4

Consolidated Total Net Borrowings means, at any time, Consolidated Total Borrowings less the aggregate amount at that time of all Group Cash and Group Cash Equivalents held by members of the Covenant Group.

1.2.5

Covenant Group Net Leverage Ratio means, on any applicable Measurement Date, the ratio of Consolidated Total Net Borrowings on that Measurement Date to Consolidated EBITDA for the Measurement Period ending on that date.

1.2.6

Covenant Group Interest Cover Ratio means, on any applicable Measurement Date, the ratio of Consolidated EBITDA to Consolidated Total Finance Costs for the Measurement Period ending on that date.

1.2.7 **Exceptional Items** means any exceptional, once-off, non-recurring or extraordinary items, including, but not limited to, items of an unusual or non-recurring nature which represent gains or losses arising on:

- (a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (b) disposals, revaluations, provisions, write-downs or impairment of non-current assets or any reversal of any provisions or write-down or impairment; or
- (c) disposals of assets associated with discontinued operations.

1.2.8 **Finance Lease** means any lease or hire purchase contract, a liability under which would, in accordance with IFRS in force be treated as a balance sheet liability, save for any Operating Lease.

1.2.9 **Interest** means:

- (a) interest and amounts in the nature of interest accrued;
- (b) prepayment penalties or premiums incurred in repaying or prepaying any Financial Indebtedness;
- (c) discount fees and acceptance fees payable or deducted in respect of any Financial Indebtedness, including fees payable in respect of letters of credit and guarantees;
- (d) any net payment (or, if appropriate in the context, receipt) under any interest rate hedging agreement or instrument, taking into account any premiums payable;
- (e) any dividends on shares if those shares constitute Financial Indebtedness for purposes of this Agreement; and
- (f) any other payments and deductions of similar effect (including the finance cost element of Finance Leases),

and includes commitment and non-utilisation fees (including those payable under the Finance Documents), but excludes Lender's and front-end, management, arrangement and participation fees with respect to any Financial Indebtedness (including those payable under the Finance Documents).

1.2.10 **Measurement Date** means:

- (a) in relation to a Compliance Certificate referred to in Clause 21.2.1(a), the last day of March, June, September and December of each year, with the first Measurement Date being the last day of the third full quarter after the Closing Date;
- (b) in relation to a Compliance Certificate referred to in Clause 21.2.1(b) (Compliance Certificate), the date of the Utilisation Request delivered to the Lender; and
- (c) in relation to a Compliance Certificate referred to in Clause 21.2.1(c) (Compliance Certificate), the date of the applicable notice delivered by the Lender to the Company pursuant to that Clause.

1.2.11 **Measurement Period** means each period of 12 months ending on a Measurement Date.

1.2.12 **Operating Lease** means any lease contract (concluded either prior to or after 1 January, 2019) which would have been classified as an operating lease under IFRS16 prior to 1 January, 2019 and solely as a result of changes to IFRS with effect from 1 January, 2019 is now classified as a Finance Lease.

1.2.13 **Specified Measurement Date** means any Measurement Date contemplated in paragraph (a) of Clause 1.2.10.

1.3 **Construction**

1.3.1 In this Agreement, unless inconsistent with the context, any reference to:

- (a) the **Arranger**, the **Lender**, any **Secured Party**, any **Finance Party**, any **Party** or any other person shall be construed so as to include its successors in title, permitted assigns and transferees to, or of, its rights and/or obligations under the Finance Documents;
- (b) a document in **agreed form** is a document which is previously agreed in writing by or on behalf of the Company and the Lender or, if not so agreed, is in the form specified by the Lender;
- (c) an **amendment** includes an amendment, supplement, novation, re-enactment, replacement, restatement or variation and **amend** will be construed accordingly;
- (d) **assets** includes businesses, undertakings, securities, properties, revenues or rights of every description and whether present or future, actual or contingent;
- (e) **authority** includes any court or any governmental, intergovernmental or supranational body, agency, department or any regulatory, self-regulatory or other authority;
- (f) a Lender's **cost of funds** in relation to its participation in the Loan is a reference to the average cost (determined either on an actual or a notional basis) which that Lender would incur if it were to fund, from whatever source(s) it may reasonably select, an amount equal to the amount of that participation in the Loan for a period equal in length to the Interest Period of the Loan;
- (g) a **disposal** means a sale, transfer, cession, assignment, donation, grant, lease, licence or other alienation or disposal, whether voluntary or involuntary and whether pursuant to a single transaction or a series of transactions, and **dispose** will be construed accordingly;
- (h) **distribution** means a transfer by a person of money or other assets of that person (other, in the case of a company, than its own shares) to, or to the order (or otherwise for the benefit) of, one or more of its shareholders, members or partners or another entity within the same group, including any principal or interest in respect of amounts due (whether in respect of a loan or otherwise); any dividend (including any interest on any unpaid amount of a dividend), charge, fee, royalty, consideration or other distribution (whether in cash or in kind); any repayment or distribution of any share premium account or other capital; and the payment of any management, advisory or other fee;
- (i) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated, including an amendment providing for any increase in the amount of a facility or any additional facility or replacement facility;

- (j) a **guarantee** any guarantee, bond, letter of credit, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person, where, in each case, that obligation is assumed in order to maintain or assist the ability of that person to meet any of its indebtedness;
- (k) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (l) a **Party** or any other person includes its successors in title, permitted assigns and permitted transferees;
- (m) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
- (n) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (o) a provision of law is a reference to that provision as extended, applied, amended or re-enacted from time to time, and includes any subordinate legislation. Where such a reference is to a provision of law other than the law of England and Wales, then that provision shall have the meaning given to it in the relevant jurisdiction;
- (p) one gender includes a reference to the others; the singular includes the plural and *vice versa*; natural persons include juristic persons and *vice versa*; and
- (q) a time of day is a reference to Johannesburg time unless otherwise specified.

1.3.2

Section, Clause and Schedule headings are for ease of reference only, and do not in any way affect the interpretation of a Finance Document.

1.3.3

Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

1.3.4

A Default (other than an Event of Default) is **continuing** if it has not been remedied within any applicable remedy period expressly provided for in a Finance Document or waived, and an Event of Default is **continuing** if it has not been waived.

1.3.5

If any provision in a definition is a substantive provision conferring rights or imposing obligations on any Party, notwithstanding that it appears only in an interpretation clause, effect shall be given to it as if it were a substantive provision of the relevant Finance Document.

1.3.6

The Schedules to a Finance Document form an integral part thereof and a reference to a **Clause** or a **Schedule** is a reference to a clause of, or a schedule to, this Agreement.

1.3.7

The rule of construction that, in the event of ambiguity, a contract shall be interpreted against the party responsible for the drafting thereof, shall not apply in the interpretation of the Finance Documents.

1.3.8 The use of the word **including** followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific examples.

1.3.9 The expiry or termination of any Finance Documents shall not affect those provisions of the Finance Documents that expressly provide that they will operate after any such expiry or termination or which of necessity must continue to have effect after such expiry or termination, notwithstanding that the clauses themselves do not expressly provide for this.

1.3.10 The Finance Documents shall to the extent permitted by applicable law be binding on and enforceable by the administrators, trustees, permitted cessionaries, business rescue practitioners or liquidators of the Parties as fully and effectually as if they had signed the Finance Documents in the first instance and reference to any Party shall be deemed to include such Party's administrators, trustees, permitted cessionaries, business rescue practitioners or liquidators, as the case may be.

1.3.11 Unless a contrary indication appears, where any number of days is to be calculated from a particular day, such number shall be calculated as excluding that particular day and including the last day of such period.

1.3.12 The determination of the extent to which a rate is **for a period equal in length** to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.

1.3.13 Unless a contrary indication appears, all accounting expressions which are not otherwise defined in this Agreement shall be construed in accordance with the Accounting Principles.

1.3.14 Unless the contrary intention appears:

- (a) any obligations of a Borrower or an Obligor under the Finance Documents which is not a payment obligation remains in force for so long as any payment obligation of a Borrower is or may be or is capable of becoming outstanding under the Finance Documents; and
- (b) any obligations of a Borrower or an Obligor under the Finance Documents includes an obligation on that person not to contract or agree to do something or not to do something which would breach that first obligation, unless such contract or agreement is conditional on the approval of the Lender.

1.3.15 A reference in this Agreement to a **page** or **screen** of an information service displaying a rate shall include:

- (a) any replacement page of that information service which displays that rate; and
- (b) the appropriate page of such other information service which displays that rate from time to time in place of that information service, and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Lender after consultation with the Company.

1.4 **Currency symbols and definitions**

\$, USD and **dollars** denote the lawful currency of the United States of America.

R, ZAR and **rand** denote the lawful currency of South Africa.

1.5 **Third party rights**

1.5.1 Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the **Third Parties Act**) to enforce or to enjoy the benefit of any term of this Agreement.

1.5.2 Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

1.5.3 Any Receiver or Delegate may, subject to this Clause 1.5 and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

SECTION 2 THE FACILITIES

2. THE FACILITIES

2.1 Facility A

Subject to the terms of this Agreement, the Facility A Lender makes available to the Company a USD-denominated revolving credit facility in an amount equal to the Facility A Commitments.

2.2 Facility B

Subject to the terms of this Agreement, the Facility B Lender makes available to Mix Telematics a ZAR-denominated revolving credit facility in an amount equal to the Facility B Commitments.

2.3 Finance Parties' rights and obligations

2.3.1 The obligations of each Finance Party under the Finance Documents are separate and independent. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

2.3.2 The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights, and any debt arising under the Finance Documents to a Finance Party from a Borrower is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with Clause 2.3.3. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by a Borrower which relates to a Finance Party's participation in a Facility or its role under a Finance Document (including any such amount payable to the Lender on its behalf) is a debt owing to that Finance Party by that Borrower.

2.3.3 A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

2.4 Obligors' Agent

2.4.1 Each Obligor (other than the Company) by its execution of this Agreement irrevocably appoints the Company (acting through one or more authorised signatories) to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:

- (a) the Company on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, Utilisation Requests), to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
- (b) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Company,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

2.4.2 Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

3. PURPOSE

3.1 Purpose

A Borrower shall apply all amounts borrowed by it under the Facilities directly or indirectly for general corporate purposes and for no other purpose whatsoever.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

Subject to Clause 2.1 (Facility), a Utilisation Request may not be given (and the Lender has no obligation to advance any Loan or provide any other form of credit or financial accommodation under the Finance Documents to any person) unless the Lender has notified the Company that it has received all of the documents and other evidence listed in Schedule 2 (Conditions Precedent) in form and substance satisfactory to the Lender and the Lender shall notify the Company as soon as reasonably practicable upon the Lender being so satisfied.

4.2 Further conditions precedent

Subject to the terms of this Agreement, the Lender will only be obliged to participate in a Loan in relation to a Utilisation, if on the date of the Utilisation Request and on the proposed Utilisation Date:

4.2.1 all the representations and warranties in Clause 20 (Representations) or, in relation to any other Utilisation, the Repeating Representations to be made by each Obligor are true in all material respects; and

4.2.2 no Default is continuing or would result from the proposed Utilisation.

4.3 Waiver or deferral of conditions precedent

Each condition precedent referred to in this Clause 4 (Conditions of Utilisation) is for the benefit solely of the Finance Parties. The Lender may by written notice to the Company to such effect, waive or defer delivery of any condition precedent, in whole or in part, and subject to such other conditions (if any) as it may determine.

4.4 **Maximum number of Utilisations**

A Borrower may not deliver more than one Utilisation Request per Facility in each calendar month.

4.5 **Closing Date**

If the Closing Date has not occurred by 23h59 on 28 February, 2026 (or such later date as may be agreed by the Original Lender), the Total Commitments shall immediately, automatically and without a requirement for notice to be given to any person, be cancelled and reduced to zero.

SECTION 3 UTILISATION

5. UTILISATION

5.1 Delivery of the Utilisation Request

A Borrower may utilise a Facility by delivery to the Lender of a duly completed Utilisation Request not later than 10h00 on the date falling three Business Days prior to the proposed Utilisation Date (or such shorter period agreed by the Lender).

5.2 Completion of a Utilisation Request

5.2.1 A Utilisation Request will not be regarded as having been duly completed unless:

- (a) the proposed Utilisation Date is a Business Day within the Availability Period; and
- (b) the currency and amount of the Utilisation comply with Clause 5.3 (Currency and amount).

5.2.2 Only one Loan may be requested in a Utilisation Request.

5.3 Currency and amount

5.3.1 The currency specified in a Utilisation Request:

- (a) in respect of Facility A, must be USD; and
- (b) in respect of Facility B, must be ZAR.

5.3.2 The amount of the proposed Loan:

- (a) under Facility A must be a minimum of USD500,000 and integral multiples of USD100,000 or, if less, the Available Facility; and
- (b) under Facility B must be a minimum of ZAR10,000,000 and integral multiples of ZAR5,000,000 or, if less, the Available Facility; and

5.4 Lender's participation

If the conditions set out in this Agreement have been met, the Lender shall advance and lend to the relevant Borrower, who shall borrow from the Lender, the Loan to be advanced under the relevant Facility.

5.5 Cancellation of Commitment

The Commitments which, at that time, are unutilised, and in respect of which no Utilisation Request has been delivered, shall be immediately cancelled at 11:00 a.m. on the last day of the Availability Period.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

6. REPAYMENT

Each Borrower which has drawn a Loan shall repay that Loan on the Final Maturity Date.

7. PREPAYMENT AND CANCELLATION

7.1 Mandatory Prepayment - illegality

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

7.1.1 that Lender shall notify the relevant Borrower as soon as reasonably practicable upon becoming aware of that event; upon the Lender notifying the relevant Borrower, the Available Commitment of that Lender will be immediately cancelled; and

7.1.2 the relevant Borrower shall repay that Lender's participation in the Loans (together with all other Facility Outstandings due to that Lender) on the last day of the Interest Period for each Loan occurring after the Lender has notified that Borrower or, if earlier, the date specified by the Lender in the notice delivered to the relevant Borrower (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitments shall be cancelled in the amount of the participations repaid.

7.2 Mandatory prepayment - sanctions

7.2.1 If:

(a) any member of the Covenant Group:

- (i) is or becomes a Sanctioned Entity;
- (ii) participates in any manner in any Sanctioned Transaction; or
- (iii) contravenes any Sanctions, or it is targeted under any Sanctions; or

(b) any direct or indirect shareholder of the Company becomes a Sanctioned Entity,

the Company shall notify the Lender promptly upon becoming aware of that event.

7.2.2 If any event contemplated by Clause 7.2.1 occurs, the following shall apply:

(a) the Lender shall not be obliged to fund any Utilisation; and

(b) if a Lender so requires, the Lender shall cancel the Commitments of that Lender and declare the participation of that Lender in the outstanding Loans, together with all other Facility Outstandings due to that Lender, due and payable, whereupon the Commitments of that Lender will be cancelled immediately and all such outstanding amounts will become due and payable on the last day of the Interest Period for each Loan occurring after the Lender has so notified the Company or, if earlier, the date specified by the Lender in that notice (being no earlier than the last day of any applicable grace period permitted by law or other legal obligation of any Finance Party).

7.3 Mandatory prepayment - change of control or transfer of business

If, at any time:

7.3.1 without the written approval of the Lender, the shares in the capital of the Company are not admitted to trading on the NASDAQ or JSE (or any other investment stock exchange reasonably acceptable to the Finance Parties);

7.3.2 without the written approval of the Lender, the Company does not, or ceases to, hold legally and beneficially, and have the right to vote as it sees fit, directly or indirectly, 100 per cent. of the issued share capital of any Obligor, or otherwise ceases to Control any Obligor;

7.3.3 there is one or more sales (whether in a single transaction or a series of related transactions), over the term of this Agreement, of assets or any one or more member of the Covenant Group which, on a cumulative basis taking account of each such asset's dollar contribution (direct or indirect) to Consolidated EBITDA of the Covenant Group, aggregate more than 33.33 per cent. of Consolidated EBITDA of the Covenant Group,

(each a **Control Event**) the Company shall promptly notify the Lender upon becoming aware of that Control Event, and the following shall apply:

- (a) a Lender shall not be obliged to fund any Utilisation; and
- (b) if a Lender so requires, the Lender shall, by notice to the relevant Borrower, immediately cancel the Commitments of that Lender and declare the participation of that Lender in all outstanding Loans, together with all other Facility Outstandings due to that Lender immediately due and payable, whereupon the Commitments of that Lender will be cancelled immediately and all such outstanding amounts will become immediately due and payable.

7.4 Voluntary prepayment

7.4.1 A Borrower may, if it gives the Lender not less than 3 Business Days' (or such shorter period as the Lender may agree) prior notice, prepay the whole or any part of a Loan (but if in part, being an amount that reduces the amount of a Loan under Facility A by a minimum amount of USD500,000 and integral multiples of USD100,000 or a Loan under Facility B by a minimum amount of ZAR10,000,000 and integral multiples of ZAR5,000,000).

7.4.2 Notwithstanding the provisions in the Agreement that regulate the voluntary prepayment of Loans, the Parties agree that a Borrower may if it gives the Original Lender prior notice not less than 5 RFR Banking Days (or such shorter period as the Original Lender may agree) prepay the whole or any part of any Compounded Rate Loan.

7.4.3 Unless a contrary indication appears in this Agreement, any part of a Facility which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

7.5 Voluntary Cancellation

7.5.1 The Company may, if it gives not less than 5 Business Days' (or such shorter period as the Lender may agree) prior notice, cancel the whole or any part (being a minimum amount of USD500,000) of the Available Facility under Facility A.

7.5.2 The Company may, if it gives not less than 5 Business Days' (or such shorter period as the Lender may agree) prior notice, cancel the whole or any part (being a minimum amount of ZAR10,000,000) of the Available Facility under Facility B.

7.5.3 Any cancellation under this Clause shall reduce the Commitments of the Lenders under a Facility rateably.

7.6 **Application of prepayments**

Any amount to be applied in prepayment of Loans and other Facility Outstandings in accordance with this Agreement must be applied to the Loans and other Facility Outstandings *pro rata*.

7.7 **Restrictions**

7.7.1 Any notice of cancellation, prepayment, authorisation or other election given by any Party under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

7.7.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

7.7.3 A Borrower shall not cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

7.7.4 No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

7.7.5 If the Lender receives a notice under this Clause 7 it shall as soon as reasonably possible forward a copy of that notice to the Company.

SECTION 5 COSTS OF UTILISATION

8. INTEREST

8.1 Calculation of interest – Loans under Facility A

Subject to the other provisions of this Clause, the rate of interest on each Loan under Facility A for an Interest Period is the percentage rate per annum which is the aggregate of the applicable:

8.1.1 Margin; and

8.1.2 Reference Rate.

8.2 Calculation of interest – Compounded Rate Loans

8.2.1 The rate of interest on each Compounded Rate Loan for any day during an Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin; and

(b) Compounded Reference Rate for that day.

8.2.2 If any day during an Interest Period for a Compounded Rate Loan is not an RFR Banking Day, the rate of interest on that Compounded Rate Loan for that day will be the rate applicable to the immediately preceding RFR Banking Day.

8.2.3 Interest on each Compounded Rate Loan (save for any overdue amount) shall:

(a) be calculated inclusive of the first day and exclusive of the last day of each Interest Period for which it is calculated;

(b) accrue at the interest rate set out in Clause 8.2.1 (Calculation of interest – Compounded Rate Loans) above on a day-to-day basis, with the Daily Non-Cumulative Compounded RFR Rate being calculated in accordance with the Schedule to this Agreement entitled "*Daily Non-Cumulative Compounded RFR Rate*" of this Agreement;

(c) be calculated on the actual number of days elapsed and, for the purposes of calculation, based on a year of 365 days, irrespective of whether the year in question is a leap year.

8.3 Payment of interest

A Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period.

8.4 Default interest

8.4.1 If a Borrower fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to Clause 8.4.2, is 2 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Lender (acting reasonably). Any interest accruing under this Clause 8.4 shall be immediately payable by that Borrower on demand by the Lender.

8.4.2 If any Unpaid Sum consists of all or part of a Loan and which became due on a day which was not the last day of an Interest Period relating to that Loan:

- (a) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
- (b) the rate of interest applying to the overdue amount during that first Interest Period shall be 2 per cent. per annum higher than the rate which would have applied if the overdue amount had not become due.

8.5 Notifications

8.5.1 The Original Lender shall as soon as reasonably possible notify the Borrowers of the determination of a rate of interest relating to the Loan.

8.5.2 The Original Lender shall as soon as reasonably possible notify the Borrowers of each Funding Rate relating to the Loan.

8.5.3 This Clause 8.5 shall not require the Original Lender to make any notification to any Party on a day which is not a Business Day.

8.5.4 The provisions contained in the Agreement that regulate the Lender's obligation to notify the Borrowers of the interest rate applicable to each Interest Period, the amount of interest due and the payment date for interest (as applicable) shall be supplemented as set out in Clause 8.5.5 for purposes of regulating notifications in respect of Compounded Rate Loans.

8.5.5 The Parties agree that Original Lender shall promptly upon a Compounded Rate Interest Payment being determinable notify:

- (a) the Borrowers of that Compounded Rate Interest Payment; and
- (b) the Lender and the Borrowers of each applicable rate of interest relating to the determination of that Compounded Rate Interest Payment; and
- (c) to the extent it is then determinable, the Market Disruption Rate (if any) relating to the relevant Compounded Rate Loan.

This Clause 8.5.5 shall not apply to any Compounded Rate Interest Payment determined pursuant to Clause 10.4 (Cost of funds).

8.5.6 The Original Lender shall promptly notify the Borrowers of the determination of a rate of interest relating to a Compounded Rate Loan to which Clause 10.4 (Cost of funds) applies.

8.5.7 Clause 8.5.5 shall not require the Original Lender to make any notification to any Party on a day which is not a Business Day.

9. INTEREST PERIODS

9.1 Duration

Each Loan shall have successive Interest Periods:

9.1.1 commencing on (and including) the Utilisation Date of that Loan (in respect of the first Interest Period for that Loan) or thereafter on (and including) each Interest Payment Date; and

9.1.2 ending on (but excluding) the next Interest Payment Date.

9.2 No overrunning the Final Maturity Date

If an Interest Period would otherwise extend beyond the Final Maturity Date, it will be shortened so that it ends on the Final Maturity Date. This Clause does not apply to Interest Periods selected under Clause 8.4 (Default interest) in respect of Unpaid Sums which remain outstanding on the Final Maturity Date.

9.3 Other adjustments

The Lender and the relevant Borrower may enter into such other arrangements as they may agree for the adjustment of Interest Periods and the splitting of Loans.

9.4 Consolidation of Loans

On the last day of an Interest Period, all outstanding Loans under a Facility will be consolidated and treated as a single Loan under that Facility.

9.5 Non-Business Days

9.5.1 Other than where Clause 9.5.2 below applies, if an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

9.5.2 If the Loan or Unpaid Sum is a Compounded Rate Loan and there are rules specified as Business Day Conventions in the Compounded Rate Terms, those rules shall apply to each Interest Period for that Loan or Unpaid Sum

10. CHANGES TO THE CALCULATION OF INTEREST

10.1 Unavailability of Term SOFR

10.1.1 *Interpolated Term SOFR:* If no Term SOFR is available for the Interest Period of the Loan, the applicable Reference Rate shall be the Interpolated Term SOFR rate for a period equal in length to the Interest Period of the Loan.

10.1.2 *Shortened Interest Period:* If no Term SOFR is available for the Interest Period of the Loan and it is not possible to calculate the Interpolated Term SOFR, the Interest Period of the Loan shall (if it is longer than the applicable Fallback Interest Period) be shortened to the applicable Fallback Interest Period and the applicable Reference Rate for that shortened Interest Period shall be determined pursuant to the definition of Reference Rate.

10.1.3 *Shortened Interest Period and Historic Term SOFR:* If the Interest Period of the Loan is, after giving effect to Clause 10.1.2, either the applicable Fallback Interest Period or shorter than the applicable Fallback Interest Period and, in either case, no Term SOFR is available for the Interest Period of the Loan and it is not possible to calculate the Interpolated Term SOFR, the applicable Reference Rate shall be the Historic Term SOFR for the Loan.

10.1.4 *Shortened Interest Period and Interpolated Historic Term SOFR:* If Clause 10.1.3 applies but no Historic Term SOFR is available for the Interest Period of the Loan, the applicable Reference Rate shall be the Interpolated Historic Term SOFR for a period equal in length to the Interest Period of the Loan.

10.1.5 *3-Month Treasury Bill Rate:* If Clause 10.1.4 applies but no Interpolated Historic Term SOFR is available for the Interest Period of the Loan, the applicable Reference Rate shall be the 3-Month Treasury Bill Rate.

10.2 **Unavailability of ZARONIA**

The Parties agree:

- 10.2.1 if there is no applicable RFR or Central Bank Rate for the purposes of calculating the Daily Non- Cumulative Compounded RFR Rate for an RFR Banking Day during an Interest Period for a Compounded Rate Loan;
- 10.2.2 the Daily Rate cannot be calculated in accordance with the methodology set out in the definition for "Daily Rate" in the Compounded Rate Terms; and
- 10.2.3 "**Cost of Funds will apply as a fallback**" is specified in the Compounded Rate Terms,

Clause 10.4 (Cost of funds) shall apply to that Loan for that Interest Period.

10.3 **Market disruption**

- 10.3.1 In the case of a Loan under Facility A, if before close of business in London for Loans under Facility A on the Quotation Day for the relevant Interest Period the Lender receives notifications from a Lender or Lenders (whose participations in the Loan exceed 30.00 per cent. of the Loan) that its cost of funds relating to its participation in the Loan would be in excess of the Market Disruption Rate, then Clause 10.4 (Cost of funds) shall apply to the Loan for the relevant Interest Period.

- 10.3.2 In the case of a Compounded Rate Loan:

- (a) If a Market Disruption Rate is specified in the Compounded Rate Terms; and
- (b) before the Reporting Time, the Original Lender determines that the cost of the Lender funding that Loan would be in excess of the Market Disruption Rate,

then Clause 10.4 (Cost of funds) shall apply to that Loan for the relevant Interest Period.

10.4 **Cost of funds**

- 10.4.1 If this Clause 10.4 applies the rate of interest on each Lender's share of the Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:

- (a) the applicable Margin; and
- (b) in respect of a Loan under Facility A, the rate notified to the Original Lender by that Lenders as soon as practicable and in any event within 5 Business Days of the first day of that Interest Period (or, if earlier, on the date falling 2 Business Days before the date on which interest is due to be paid in respect of that Interest Period); or
- (c) in respect of a Compounded Rate Loan, the rate determined by the Lender as soon as practicable and in any event in relation to a Compounded Rate Loan, by the Reporting Time,

to be that expresses as a percentage rate per annum its cost of funds relating to its participation in the Loan.

- 10.4.2 If this Clause 10.4 applies and the Original Lender or a Borrower so requires, the Original Lender and the Borrowers shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

10.4.3 Any alternative basis agreed pursuant to Clause 10.4.2 shall, with the prior consent of all the Lenders and the Borrowers, be binding on all Parties.

10.4.4 If this Clause 10.4 applies pursuant to Clause 10.3 (Market disruption) and:

- (a) a Lender's Funding Rate is less than the Market Disruption Rate; or
- (b) a Lender does not notify a rate to the Original Lender by the time specified in Clause 10.4.2,

that Lender's cost of funds relating to its participation in the Loan for that Interest Period shall be deemed, for the purposes of Clause 10.4.1, to be Market Disruption Rate.

10.5 **Notification to the Borrowers**

If this Clause 10.4 applies the Original Lender shall, as soon as is reasonably practicable, notify the Borrowers.

10.6 **Unavailability of Funds**

10.6.1 Clause 10.6.2 applies if: (i) in relation to any dollars at any time before the start of an Interest Period, the Original Lender receives notification from a Lender or Lenders whose commitments in aggregate exceed 50 per cent. of the Total Commitments that deposits are not available to them in the Relevant Market in the ordinary course of their business in sufficient amounts to fund their participations in the Utilisation in dollars or (ii) a Lender does not provide its participation in the Loan to the Original Lender by the relevant Utilisation Date.

10.6.2 The Original Lender will notify the Borrowers as soon as reasonably practicable and the Loan may not be drawn by a Borrower until notice to the contrary is given by the Original Lender to that Borrower.

11. **TREATMENT OF SUPPLEMENTS**

The Parties agree that:

11.1 any Compounded Rate Supplement overrides anything in:

11.1.1 the Schedule to this Agreement entitled "*Compounded Rate Terms*"; or

11.1.2 any earlier Compounded Rate Supplement; and

11.2 a Compounding Methodology Supplement relating to the Daily Non-Cumulative Compounded RFR Rate or the Cumulative Compounded RFR Rate overrides anything relating to that rate in:

11.2.1 the Schedule to this Agreement entitled "*Daily Non-Cumulative Compounded RFR Rate*" or "*Cumulative Compounded RFR Rate*", as the case may be; or

11.2.2 any earlier Compounding Methodology Supplement.

12. **BREAK COSTS**

12.1 The Borrowers shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs (if any) attributable to all or any part of the Loan or Unpaid Sum being paid by the Borrowers on a day prior to the last day of an Interest Period for the Loan or Unpaid Sum.

12.2 On the condition that no Default is then continuing, a Lender shall, within 10 Business Days of demand by a Borrower, pay to that Borrower the amount of any Break Gain attributable to all or any part of the participation of that Lender in the Loan being repaid or prepaid on a day other than an Interest Payment Date.

12.3 Each Lender shall, as soon as reasonably practicable after a demand by the Company, provide a certificate confirming the amount of its Break Costs or Break Gains, as the case may be, for any Interest Period in respect of which they become, or may become, payable.

13. FEES

13.1 Non-Refundable Upfront fee

The Company shall pay to the Arranger a non-refundable upfront fee in the amount and at the times agreed in a Fee Letter.

13.2 Commitment Fees

13.2.1 The Company shall pay to the Lender a fee (the **Commitment Fee**) computed at the rate of:

- (a) 35 per cent. per annum of the applicable Margin if the utilisation during an Interest Period is less than 50 per cent of the Commitment;
- (b) 20 per cent. per annum of the applicable Margin, if the utilisation during an Interest Period is equal or more than 50 per cent of the Commitment under Facility A;
- (c) 26 per cent. per annum of the applicable Margin, if the utilisation during an Interest Period is equal or more than 50 per cent of the Commitment under Facility B,

on each undrawn Commitment of the Lender during the Availability Period;

13.2.2 The Commitment Fee:

- (a) will accrue daily on and from the first day of the Availability Period until the earlier of (i) the last day of the Availability Period and (ii) the date that that Facility is cancelled in full; and
- (b) is payable on each Interest Payment Date which occurs during the Availability Period, on the last day of the Availability Period and, if the Facility is cancelled in full, on the cancelled amount of the Commitment at the time the cancellation is effective.

SECTION 6 ADDITIONAL PAYMENT OBLIGATIONS

14. TAX GROSS-UP AND INDEMNITIES

14.1 Definitions

14.1.1 In this Agreement:

- (a) **IRS** means the US Internal Revenue Service.
- (b) **Protected Party** means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to

a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

- (c) **US Borrower** means a Borrower that is organised, incorporated or formed under the laws of the United States or any State thereof (including the District of Columbia).
- (d) **US Qualifying Finance Party** means, in respect of a payment by or in respect of a US Tax Obligor, a Finance Party which (a)(i) is entitled to a complete exemption from withholding of US federal income tax on all payments payable to it under this Agreement and (ii) has supplied to the relevant US Tax Obligor a properly completed and executed applicable Withholding Form evidencing such exemption or (b) a US Treaty Finance Party.
- (e) **US Tax Deduction** means a Tax Deduction required under U.S. federal income tax law.
- (f) **US Tax Obligor** means (a) a US Borrower; or (b) an Obligor some or all of whose payments under the Finance Documents are from sources within the United States for US federal income tax purposes.
- (g) **US Treaty Finance Party** means a Finance Party which:
 - (i) is treated as a resident of a US Treaty State for the purposes of the relevant US Treaty;
 - (ii) does not carry on a business in the United States through a permanent establishment with which that Lender's participation in the Loan is effectively connected; and
 - (iii) fulfils any other conditions which must be fulfilled for residents of the relevant US Treaty State to obtain full exemption under the relevant US Treaty from Tax imposed by the United States on interest, including the delivery to the relevant US Tax Obligor a properly completed and executed applicable Withholding Form claiming such exemption and the completion of any other necessary procedural formalities.
- (h) **US Treaty State** means a jurisdiction having a double taxation agreement (a US Treaty) with the United States which makes provision for full exemption from tax imposed by the United States on interest.
- (i) **Withholding Form** means whichever of the following is applicable (including in each case any successor form):
 - (i) IRS Form W-8BEN or W-8BEN-E;
 - (ii) IRS Form W-8IMY (with appropriate attachments);
 - (iii) IRS Form W-8ECI;
 - (iv) IRS Form W-8EXP;
 - (v) IRS Form W-9, certifying a complete exemption from backup withholding taxes imposed under Code Section 3406;
 - (vi) in the case of a Lender relying on the so-called "portfolio interest exemption", IRS Form W-8BEN or W-8BEN-E and a certificate to the effect that such Lender is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the relevant Obligor within the meaning of Section 881(c)(3)(B) of the Code, or (3) a

"controlled foreign corporation" described in Section 881(c)(3)(C) of the Code; or

(vii) any other IRS form by which a person may claim complete exemption from, or reduction in the rate of, withholding (including backup withholding) of US federal income tax on interest and other payments to that person,

(viii) which, in each case, may be provided under cover of, if required to establish such an exemption, an IRS Form W-8IMY and the certificate described in paragraph (vi) above in respect of its beneficial owners, if applicable.

(j) **Tax Credit** means a credit against, relief or remission for, or repayment of any Tax.

(k) **Tax Deduction** means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

(l) **Tax Payment** means either the increase in a payment made by a Borrower to a Finance Party under Clause 14.2 (Tax gross-up) or a payment under Clause 14.3 (Tax indemnity).

14.1.2 Unless a contrary indication appears, in this Clause 14 a reference to **determines** or **determined** (or any similar expression) means a determination made by the person making such determination in good faith.

14.2 **Tax gross-up**

14.2.1 Each Borrower shall make all payments to be made by it free and clear of and without any Tax Deduction, unless a Tax Deduction is required by law.

14.2.2 Each Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Lender accordingly.

14.2.3 Subject to Clauses 14.2.4 and 14.2.5, if a Tax Deduction is required by law to be made by a Borrower, the amount of the payment due from that Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

14.2.4 A payment shall not be increased under Clause 14.2.3 by reason of a US Tax Deduction on account of a Tax imposed by the United States, if on the date on which the payment falls due:

(a) the payment could have been made to the relevant Finance Party without such a US Tax Deduction if the Finance Party (or beneficial owner) had been a US Qualifying Finance Party with respect to that payment, but on that date the Finance Party (or beneficial owner) is not or has ceased to be a US Qualifying Finance Party with respect to that payment other than as a result of a change after the date such Finance Party first became a Finance Party under this Agreement in (or in the interpretation, administration, or application of) any law or double taxation agreement; or

(b) a Borrower (or the Company on behalf of a Borrower) is able to demonstrate that the payment could have been made without the US Tax Deduction or with the application of a reduced rate had the Finance Party complied with the obligations under Clause 14.2.8.

14.2.5 A payment shall not be increased under Clause 14.2.3 by reason of a Tax Deduction that is not a US Tax Deduction if such Finance Party is not, at the date of this Agreement, a Finance Party which is entitled to receive payments from the Borrowers under the Finance Documents free and clear of and without any Tax Deduction.

14.2.6 If a Borrower is required to make a Tax Deduction, that Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

14.2.7 Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the relevant Borrower shall deliver to the Lender for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

14.2.8 Notwithstanding anything to the contrary:

- (a) each Finance Party shall provide the Company with documents reasonably requested by the Company in completing any procedural formalities necessary (at any time) for the Company to obtain and maintain authorisation (at all times) to make a payment either without a Tax Deduction or, where a payment cannot be made without a Tax Deduction, with a reduced Tax Deduction;
- (b) with respect to payments made by or in respect of a US Tax Obligor, each Lender shall supply to the relevant US Tax Obligor a properly completed and executed applicable Withholding Form and will supply additional Withholding Forms upon a reasonable time following a written request by that US Tax Obligor. A Lender shall promptly notify the US Tax Obligor if any Withholding Form previously provided by such Lender has become invalid or incorrect, and shall provide a replacement Withholding Form to the US Tax Obligor.

14.2.9 If a Borrower is required to make a Tax Deduction as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made, in each case after the date of this Agreement, the Lender and that Borrower shall co-operate in completing any procedural formalities necessary for that Borrower to obtain authorisation to make that payment without a Tax Deduction.

14.3 Tax indemnity

14.3.1 Each Borrower shall (within five Business Days of demand by the Lender) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

14.3.2 Clause 14.3.1 shall not apply:

- (a) with respect to any Tax assessed on a Finance Party under the law of the jurisdiction (or any political subdivision thereof) in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes, or under the law of the jurisdiction in which that Finance Party is resident for tax purposes, or in which that Finance Party's Facility Office is located, in respect of amounts received or receivable in that jurisdiction, if that Tax is imposed on or calculated by reference to the net income received or receivable by that Finance Party, or if that Tax is considered a franchise Tax (imposed in lieu of net income Tax) or a branch profits or similar Tax; or
- (b) to the extent a loss, liability or cost:

- (i) is compensated for by an increased payment under Clause 14.2 (Tax gross-up);
- (ii) would have been compensated for by an increased payment with Clause 14.2 (Tax gross-up) but was not or will not be so compensated solely because of one of the exclusions in Clause 14.2 (Tax gross-up) applies or will apply;
- (iii) relates to a FATCA Deduction required to be made by a Party; or
- (iv) is compensated for by Clause 14.5 (Stamp taxes) or Clause 14.6 (Value added tax) (or would have been so compensated for under such Clause but was not so compensated solely because any of the exceptions set out therein applied).

14.3.3 A Protected Party making, or intending to make a claim under Clause 14.3.1 shall notify the Lender as soon as reasonably practicable of the event which will give, or has given, rise to the claim, following which the Lender shall notify the relevant Borrower of such claim.

14.3.4 A Protected Party shall, on receiving a payment from the relevant Borrower under this Clause 14.3, notify the Lender.

14.4 **Tax Credit**

Subject to Clause 28 (Conduct of Business by the Secured Parties), if a Borrower makes a Tax Payment and the relevant Finance Party determines that:

14.4.1 a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

14.4.2 that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to that Borrower, as soon as reasonably practicable, which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by that Borrower.

14.5 **Stamp taxes**

Each Borrower shall (within three Business Days of demand) indemnify each Secured Party against, and shall pay to the relevant Secured Party, any cost, loss or liability that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

14.6 **Value added tax**

14.6.1 All amounts set out or expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any amounts in respect of VAT which is chargeable on such supply or supplies, and accordingly, subject to Clause 14.6.2, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to that Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of such VAT (and such Finance Party shall provide an appropriate VAT invoice to that Party as soon as reasonably practicable).

14.6.2 If VAT is or becomes chargeable on any supply made by any Finance Party (the **Supplier**) to any other Finance Party (the **Recipient**) under a Finance Document, and any Party other than the Recipient (the **Relevant Party**) is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):

- (a) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this Clause 14.6.2(a) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant Tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
- (b) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to a credit or repayment from the relevant tax authority in respect of that VAT.

14.6.3 Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any costs or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant Tax authority.

14.6.4 In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

14.7 **FATCA Information**

14.7.1 Subject to Clause 14.7.3, each Party shall, within ten Business Days of a reasonable request by another Party:

- (a) confirm to that other Party whether it is:
 - (i) a FATCA Exempt Party; or
 - (ii) not a FATCA Exempt Party;
- (b) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
- (c) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

14.7.2 If a Party confirms to another Party pursuant to Clause 14.7.1(a) that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

14.7.3 Clause 14.7.1 shall not oblige any Finance Party to do anything, and Clause 14.7.1(c) shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

- (a) any law or regulation;
- (b) any fiduciary duty; or
- (c) any duty of confidentiality.

14.7.4 If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 14.7.1(a) or (b) (including, for the avoidance of doubt, where Clause 14.7.3 applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

14.8 **FATCA Deduction**

14.8.1 Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

14.8.2 Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Company and the Lender and the Lender shall notify the other Finance Parties.

14.9 **Lender Status Confirmation**

14.9.1 The Original Lender shall indicate to the Company, no later than fifteen Business Days before the first Interest Payment Date, in which of the following categories it falls in respect of a US Tax Obligor:

- (a) not a US Qualifying Finance Party; or
- (b) a US Qualifying Finance Party.

14.9.2 Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate, the Assignment Agreement, or such other document which it executes on becoming a Party, which of the following categories it falls in respect of a US Tax Obligor:

- (a) not a US Qualifying Finance Party; or
- (b) a US Qualifying Finance Party.

14.9.3 If a Lender fails to indicate its status in respect of a US Tax Obligor in accordance with Clauses 14.9.1 or 14.9.2 above (as applicable) then such Lender shall be treated for the purposes of this Agreement (including by the relevant Obligor) as if it is not a US Qualifying Finance Party until such time as it notifies the Company which category applies. For the avoidance of doubt, a Transfer Certificate, Assignment Agreement, or other such document shall not be invalidated by any failure of a Finance Party to comply with this Clause 14.9.

15. INCREASED COSTS

15.1 Increased costs

15.1.1 Subject to Clause 15.3 (Exceptions), the Company shall, within three Business Days of a demand by the Lender, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation;
- (b) compliance with any law or regulation made after the date of this Agreement; or
- (c) the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III, including, without limitation, any such law or regulation (including a Basel III directive) concerning capital adequacy requirements, liquid asset holding requirements, special deposit requirements, prudential limits, reserve assets or Tax.

15.1.2 In this Agreement:

- (a) **Increased Costs** means:

- (i) a reduction in the rate of return from a Facility or on a Finance Party's (or its Affiliate's) overall capital (including, without limitation, as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Finance Party);
 - (ii) an additional or increased cost; or
 - (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document;

- (b) **Basel III** means:

- (i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
 - (ii) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
 - (iii) any further guidance, standards or directives published by the Basel Committee on Banking Supervision relating to "Basel III".

15.2 Increased cost claims

15.2.1 A Finance Party intending to make a claim pursuant to Clause 15.1 (Increased costs) shall notify the Lender, as soon as reasonably possible after becoming aware of the claim, of the event giving rise to the claim, following which the Lender shall notify the Company as soon as reasonably practicable.

15.2.2 Each Finance Party shall, as soon as practicable after a demand by the Lender, provide a certificate confirming the amount of its Increased Costs.

15.3 Exceptions

15.3.1 Clause 15.1 (Increased costs) does not apply to the extent any Increased Cost is:

- (a) attributable to a Tax Deduction required by law to be made by a Borrower;
- (b) attributable to a FATCA Deduction required to be made by a Party;
- (c) compensated for by Clause 14.2 (Tax gross-up) or would have been compensated for by an increased payment under Clause 14.2 but was not or will not be so compensated solely because one of the exclusions in Clause 14.2 applies or will apply;
- (d) compensated for by Clause 14.3 (Tax indemnity) (or would have been compensated for under that Clause but was not so compensated solely because any of the exclusions in Clause 14.3.2 applied); or
- (e) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

15.3.2 In this Clause 15.3, a reference to a **Tax Deduction** has the same meaning given to that term in Clause 14.1 (Definitions).

16. OTHER INDEMNITIES

16.1 Currency indemnity

16.1.1 If any sum due from a Borrower under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

- (a) making or filing a claim or proof against that Borrower; or
- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Borrower shall as an independent obligation, within three Business Days of demand, indemnify each Secured Party to whom that Sum is due against, and shall pay to each such Secured Party, any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

16.1.2 Each Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

16.2 **Other indemnities**

16.2.1 Each Borrower shall within three Business Days of demand, indemnify each Secured Party against, and shall pay to each Secured Party, any cost, loss or liability incurred by that Secured Party as a result of:

- (a) the occurrence of any Default;
- (b) any information produced or approved by that Borrower or any member of the Group under or in connection with the Finance Documents being misleading or deceptive in any respect;
- (c) a failure by that Borrower or other Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 29 (Sharing Among the Finance Parties);
- (d) funding, or making arrangements to fund, its participation in a Loan requested by that Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of gross negligence or wilful default by that Secured Party alone); or
- (e) any Loan (or part of a Loan) not being prepaid in accordance with the terms of this Agreement.

16.3 **Indemnity to the Lender**

Each Borrower shall within three Business Days of demand indemnify the Lender against and shall pay to the Lender any cost, loss or liability incurred by the Lender (acting reasonably) as a result of:

- 16.3.1 investigating or taking any other action in connection with any event which it reasonably believes is a Default;
- 16.3.2 acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
- 16.3.3 instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement.

16.4 **Indemnity in relation to Transaction Security**

16.4.1 Each Borrower shall, within three Business Days of demand, indemnify the Lender and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:

- (a) any failure by that Borrower to comply with its obligations under Clause 18 (Costs and Expenses);
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
- (c) the taking, holding, protection or enforcement of the Transaction Security;
- (d) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Lender and each Receiver and Delegate by the Finance Documents or by law;
- (e) any default by it in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or

(f) acting as Lender, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Charged Property (otherwise, in each case, than by reason of the gross negligence or wilful misconduct of the Lender, Receiver or Delegate alone).

16.4.2 The Lender and every Representative may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 16.4 and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

16.5 **Environmental indemnity**

Each Obligor shall, within 3 Business Days of demand, indemnify each Finance Party and its officers, employees, agents and delegates (together the **Indemnified Parties**) against any loss or liability suffered or incurred by that Indemnified Party (except to the extent caused by such Indemnified Party's own gross negligence or wilful default) which:

16.5.1 arises by virtue of any actual or alleged breach of any Environmental Law (by a Borrower or any member of the Group); or

16.5.2 arises in connection with an Environmental Claim; and

16.5.3 any enquiry, investigation, subpoena (or similar order) or litigation with respect to any Environmental Claim and any other enquiry, investigation, subpoena (or similar order) or litigation in respect of any breach of any Environmental Law that has or is reasonably likely to give rise to a liability for any Finance Party,

which relates to the Group, any assets of the Group or the operation of all or part of the business of the Group (or, in each case, any member of the Group) and which would not have arisen if the Finance Documents or any of them had not been executed by that Finance Party. Any Finance Party, Affiliate or any director, officer, employee, agent or delegate of a Finance Party or its Affiliate may rely on this Clause 16.5 may rely on this Clause 16.5.3 subject to Clause 1.5 (Third party rights) and the provisions of the Third Parties Act.

17. MITIGATION BY THE LENDER

17.1 **Mitigation**

17.1.1 Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in a Facility ceasing to be available or any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (Mandatory Prepayment - illegality), Clause 14 (Tax Gross-up and Indemnities) or Clause 15 (Increased Costs).

17.1.2 Clause 17.1.1 above does not in any way limit the obligations of the Borrowers under the Finance Documents.

17.2 **Limitation of liability**

17.2.1 Each Borrower shall promptly indemnify each Finance Party against all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 17.1 (Mitigation).

17.2.2 A Finance Party is not obliged to take any steps under Clause 17.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably):

(a) any law or regulation would not allow or permit it; or

(b) to do so might be prejudicial to it.

18. COSTS AND EXPENSES

18.1 Transaction expenses

Each Borrower shall within three Business Days of demand pay the Lender and any other Finance Party the amount of all costs and expenses (including legal fees) reasonably incurred by any of them (and, in the case of the Lender, by any Representative appointed by it) in connection with the negotiation, preparation, printing, execution and syndication of:

- 18.1.1 this Agreement, the other Finance Documents and any other documents referred to in this Agreement (including all costs of registering or perfecting Transaction Security); and
- 18.1.2 any other Finance Documents executed after the date of this Agreement.

18.2 Amendment costs

18.2.1 If:

- (a) the Company requests an amendment, waiver or consent; or
- (b) an amendment is required pursuant to Clause 31.8 (Change of currency),

the Company shall, within three Business Days of demand reimburse each Finance Party for the amount of all costs and expenses (including legal fees) reasonably incurred by that Finance Party (and, in the case of the Lender, by any Representative appointed by it) in responding to, evaluating, negotiating or complying with that request or requirement.

18.3 Enforcement costs

The Company shall, within three Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees whether incurred before or after judgment) incurred by it in connection with the enforcement of, or the preservation of any rights under, any Finance Document and the Transaction Security and any proceedings instituted by or against the Lender as a consequence of taking or holding the Transaction Security or enforcing these rights.

SECTION 7 GUARANTEE

19. GUARANTEE AND INDEMNITY

19.1 **Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

- 19.1.1 guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- 19.1.2 undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- 19.1.3 agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 19 if the amount claimed had been recoverable on the basis of a guarantee.

19.2 **Continuing guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

19.3 **Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 19 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

19.4 **Waiver of defences**

The obligations of each Guarantor under this Clause 19 will not be affected by an act, omission, matter or thing which, but for this Clause 19, would reduce, release or prejudice any of its obligations under this Clause 19 (without limitation and whether or not known to it or any Finance Party) including:

- 19.4.1 any time, waiver or consent granted to, or composition with, any Obligor or other person;
- 19.4.2 the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- 19.4.3 the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any

formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

- 19.4.4 any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- 19.4.5 any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- 19.4.6 any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- 19.4.7 any insolvency or similar proceedings.

19.5 **Guarantor intent**

Without prejudice to the generality of Clause 19.4 (Waiver of defences), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

19.6 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 19. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

19.7 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- 19.7.1 refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- 19.7.2 hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 19.

19.8 **Deferral of Guarantors' rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Lender otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19:

- 19.8.1 to be indemnified by an Obligor;
- 19.8.2 to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
- 19.8.3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
- 19.8.4 to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 19.1 (Guarantee and indemnity);
- 19.8.5 to exercise any right of set-off against any Obligor; and/or
- 19.8.6 to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Lender or as the Lender may direct for application in accordance with Clause 31 (Payment Mechanics).

19.9 **Release of Guarantors' right of contribution**

If any Guarantor (a **Retiring Guarantor**) ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- 19.9.1 that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- 19.9.2 each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

19.10 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

19.11 **US Guarantee Limitations**

Notwithstanding any term or provision of this Clause 19 or any other term in this Agreement or any other Finance Document, if at any time after the date of a Security Document, the relevant security provider or Guarantor under the Security Document notifies the Lender that the guarantee or a pledge of or security interest in the equity interests or other assets which are the subject of Transaction Security under a Security Document has a material adverse US tax implication on any member of the Group (including its ability to conduct its operations and business as otherwise not prohibited by the Finance Documents) under Section 956 of the Code as a result of any member of the Group entering into any transaction which is not prohibited under the terms of the Finance Document or as a result of any change in or re-enactment of (or in the interpretation,

administration, implementation or application of) any law or regulation existing as at or after the date of this Agreement or the introduction of any new law or regulation occurring after the date of this Agreement, each Lender irrevocably and unconditionally agrees to enter into good faith discussions (acting reasonably) with the Obligors (or the Company on their behalf) with a view to agreeing to discharge any guarantees or release any Transaction Security under any Finance Documents and to enter into such documentation as is required by that security provider or the relevant Guarantor in order to effect such release or discharge to the extent necessary to eliminate such material adverse US tax implication in its entirety.

19.12 **Guarantee Limitations – South Africa**

This guarantee does not apply to any liability to the extent it would result in a breach of the approvals obtained from the Financial Surveillance Department of the South African Reserve Bank obtained for this guarantee as it relates to Guarantors that are subject to exchange control regulation in South Africa provided those approvals have been disclosed to and approved by the Lender pursuant to Clause 4.1 (Initial conditions precedent) or otherwise pursuant to this Agreement.

19.13 **Guarantee Requirements - Canada**

19.13.1 **Scope**

This clause relates to any person that accedes to this Agreement as a Guarantor that is incorporated under the laws of Ontario or the laws of Canada (each a **Canadian Guarantor**).

19.13.2 **Annual Equivalence of Interest Rates**

To the extent that interest is payable by a Canadian Guarantor under this Agreement, that rate must be expressed as an annual rate. If that rate is expressed as a rate for a period of less than a calendar year, the annual rate to which that rate is equivalent is the rate quoted multiplied by a fraction, the numerator of which is the number of days in the year for which the rate is being calculated divided by the number of days in the period applicable to the quoted rate. For purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest shall not apply to any interest rate calculation under this Agreement, and the interest rates stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

19.13.3 **Withholding Tax**

In some circumstances payments under a guarantee may be subject to withholding tax in Canada. Prior to demanding payment from a Canadian Guarantor, each Lender agrees to enter into good faith discussions with the Obligors (or a Borrower on their behalf) with a view to agreeing how the payment from the Canadian Guarantor should be made.

19.13.4 **Canadian Dollars**

19.13.5 Judgements in Canada may only be issued in Canadian dollars.

SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

20. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 20 to each Finance Party.

20.1 Status

20.1.1 It and each member of the Covenant Group is a limited liability company (or equivalent entity), duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

20.1.2 It and each member of the Covenant Group has the power to own its assets and carry on its business as it is being conducted.

20.2 Binding obligations

20.3 Subject to the Legal Reservations and, in the case of the Security Documents, the Perfection Requirements:

20.3.1 the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations;

20.3.2 without limiting the generality of Clause 20.2.1, each Security Document to which it is a party creates the security interests which that Security Document purports to create and those security interests are valid and effective.

20.4 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is or will be a party and the granting of the Transaction Security to which it is or will be a party, do not and will not conflict with:

20.4.1 any law or regulation applicable to it;

20.4.2 its constitutional documents; or

20.4.3 any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

20.5 Capacity, power and authority

20.5.1 It has the legal capacity and power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.

20.5.2 No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

20.6 **Validity and admissibility in evidence**

20.6.1

Subject to, where applicable, the Perfection Requirements, all Authorisations required:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations under the Finance Documents to which it is a party and to ensure that the obligations expressed to be assumed by it in the Finance Documents to which it is a party are legal, valid, binding and enforceable; and
- (b) to make the Finance Documents to which it is a party admissible in evidence in each of its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect.

20.6.2

All Authorisations necessary for the conduct of the business, trade and ordinary activities of it and each member of the Covenant Group have been obtained or effected and are in full force and effect if failure to obtain or effect those Authorisations has or is reasonably likely to have a Material Adverse Effect.

20.7 **Governing law and enforcement**

20.7.1

The choice of governing law of the Finance Documents to which it is a party will be recognised and enforced in its Relevant Jurisdictions.

20.7.2

Subject to the Legal Reservations, its:

- (a) submission under this Agreement to the jurisdiction of the courts of England; and
- (b) agreement not to claim any immunity to which it or its assets may be entitled,

are legal, valid and binding under the laws of its Relevant Jurisdictions.

20.7.3

Subject to the Legal Reservations, any judgment obtained in relation to a Finance Document to which it is a party in the jurisdiction of the stated governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

20.8 **No adverse consequences**

20.8.1

It is not necessary under the laws of any Obligor's Relevant Jurisdiction that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in that jurisdiction:

- (a) in order to enable any Finance Party to enforce its rights under any Finance Document; or
- (b) by reason of any Finance Party having entered into any Finance Document or the performance by it of its obligations under any Finance Document.

20.8.2

As at the date of this Agreement, the Closing Date and the Utilisation Date, no Finance Party is or will be deemed to be resident, domiciled or carrying on business in the Relevant Jurisdiction of either Borrower by reason only of the entry into, performance and/or enforcement of any Finance Document.

20.9 **No immunity**

20.9.1

The entry into by it of each Finance Document to which it is a party constitutes, and the exercise by it of its rights and performance of its obligations under each Finance

Document will constitute private and commercial acts performed for private and commercial purposes.

20.9.2 In any proceedings taken in its Relevant Jurisdiction, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process in relation to this Agreement or any other Finance Document.

20.10 Insolvency and Financial Distress

No:

20.10.1 corporate action, legal proceeding or other procedure or step described in Clause 24.7 (Insolvency proceedings); or

20.10.2 creditors' process described in Clause 24.8 (Creditors' process),

has been taken or, to its knowledge, threatened in relation to it and or any member of the Covenant Group and none of the circumstances described in Clause 24.6 (Insolvency) applies to it or any member of the Covenant Group.

20.11 No filing or stamp taxes

20.12 Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents, except for this purpose (x) any Transfer Certificate or Assignment Agreements (and any related transfer or assignment), and (y) any filing, recording or enrolling or any stamp, registration, notarial or similar Tax or fee payable which will be made or paid by it promptly after the date of the relevant Finance Document.

20.13 Deduction of Tax

Subject to the completion of any procedural formalities necessary for such payment to be made without a Tax Deduction including, without limitation, the delivery of a Withholding Form establishing a complete exemption from any such deduction with respect to any US Tax Obligor, it is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Documents to a Lender.

20.14 No default

20.14.1 No Event of Default and, on the date of this Agreement, the Closing Date, no Default is continuing or is reasonably likely to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Finance Document.

20.14.2 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any member of the Covenant Group or to which its or any member of the Covenant Group's assets are subject which has or is reasonably likely to have a Material Adverse Effect.

20.15 No misleading information

20.15.1 All forecasts and projections contained in any information supplied by or on behalf of a Borrower or any other Obligor to the Lender or any other Finance Party under or in connection with the Finance Documents were prepared on the basis of recent

historical information and assumptions which were fair and reasonable at the date they were prepared and supplied and were not misleading in any respect.

20.15.2 All other information supplied by or on behalf of a Borrower or any other Obligor to the Lender or any other Finance Party under or in connection with the Finance Documents is true, complete and accurate in all material respects as at the date it was given and is not misleading in any respect.

20.15.3 No information has been given or withheld by a Borrower or any other Obligor which, if disclosed, might result in the information or projections referred to above being untrue or misleading in any respect.

20.16 **Financial statements**

20.16.1 Its and each member of the Covenant Group's audited financial statements most recently delivered to the Lender:

- (a) have been prepared in accordance with the Accounting Principles, consistently applied; and
- (b) fairly represent its financial condition (consolidated, if applicable) as at the end of, and its consolidated results of operations for, the period to which they relate.

20.16.2 There has been no material adverse change in the assets, business or financial condition of the Group (or the assets, business or consolidated financial condition of any member of the Covenant Group which material adverse change is material to the Finance Parties) since the date to which the Original Financial Statements were drawn up.

20.17 **No proceedings pending or threatened**

20.17.1 No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which are not unlikely to be adversely determined and, if adversely determined, are reasonably likely to have a Material Adverse Effect have been started or (to the best of its knowledge and belief (having made due and careful enquiry)) threatened in writing against it or any member of the Covenant Group.

20.17.2 No judgment or order of a court, arbitral body or agency which is reasonably likely to have a Material Adverse Effect has been made against it or any member of the Covenant Group.

20.18 **No breach of laws**

20.18.1 It has not (and no member of the Covenant Group has) breached any law or regulation which is material to the conduct of its business.

20.18.2 No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Covenant Group which have or might reasonably be expected to have a Material Adverse Effect.

20.19 **Taxation**

20.19.1 It and each member of the Covenant Group is not materially overdue in the filing of any Tax returns or in the payment of any Tax (taking into account any extensions granted by any applicable Tax authority for the filing of such returns) unless and only to the extent that:

- (a) such payment is being contested in good faith;

- (b) the amount under dispute is not in excess of USD1,000,000 (or its equivalent in another currency or currencies);
- (c) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements; and
- (d) such payment can be lawfully withheld.

20.19.2 No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any member of the Covenant Group) with respect to Taxes such that a liability of, or claim against, it or any member of the Covenant Group is reasonably likely to have a Material Adverse Effect.

20.19.3 It is resident for Tax purposes only in the jurisdiction under whose laws it was incorporated as at the date of this Agreement.

20.20 Anti-corruption law and Sanctions

20.20.1 No member of the Group:

- (a) is using nor will use the proceeds of a Facility for the purpose of financing or making funds available directly or indirectly to any person or entity which is currently a Sanctioned Entity or as part of a Sanctioned Transaction, to the extent such financing or provision of funds would currently be prohibited by Sanctions or, to its knowledge, would otherwise cause any person to be in breach of Sanctions;
- (b) is contributing nor will contribute or otherwise make available the proceeds of a Facility to any other person or entity for the purpose of financing the activities of any person or entity which is currently listed on a Sanctions List, to the extent such contribution or provision of proceeds would currently be prohibited by Sanctions or would otherwise cause any person to be in breach of Sanctions; or
- (c) to the best of its knowledge and belief:
 - (i) has been nor is targeted under any Sanctions; or
 - (ii) has violated or is violating any applicable Sanctions.

20.20.2 It and each member of the Covenant Group has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

20.21 Security and Financial Indebtedness

20.21.1 No Security or Quasi-Security exists over all or any of the present or future assets of an Obligor other than as permitted by this Agreement.

20.21.2 No Obligor has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

20.21.3 Subject to (where applicable) the filing and registration required by law with the appropriate statutory public register, on and with effect from the Closing Date or (if applicable) any later date on which it is expressed to become of force and effect, each Security Document to which it is a party creates the security interests which it purports to create, and the Transaction Security so established:

- (a) is valid and effective;
- (b) constitutes first ranking Security of the type described, over the assets referred to, in the relevant Security Document and those assets are not subject to any prior or *pari passu* Security in favour of any other person; and
- (c) is not subject to avoidance in the event of any winding-up, dissolution or administration involving any Obligor.

20.22 Good title to assets

It and each member of the Covenant Group has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

20.23 Legal and beneficial ownership

It is the sole legal and beneficial owner of the assets over which it purports to grant the Transaction Security free from any claims, third party rights or competing interests other than Permitted Security.

20.24 Shares

- 20.24.1 The shares of any member of the Covenant Group which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights.
- 20.24.2 The constitutional documents of companies whose shares are subject to the Transaction Security do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security.
- 20.24.3 Except as provided in any shareholders agreement, there are no agreements in force which provide for the issue or allotment of, or grant any person the right to call for the issue or allotment of, any share or loan capital of any member of the Covenant Group (including any option or right of pre-emption or conversion).

20.25 Intellectual Property Rights

It and each member of the Covenant Group:

- 20.25.1 is the sole legal and beneficial owner of or has licensed to it all the Intellectual Property Rights which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted;
- 20.25.2 does not, in carrying on its business, infringe any Intellectual Property Rights of any third party in any respect which has or is reasonably likely to have a Material Adverse Effect; and
- 20.25.3 has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property Rights owned by it.

20.26 Group Structure Chart

The Group Structure Chart delivered to the Lender pursuant to Schedule 2 (Conditions precedent) is true, complete and accurate in all material respects and shows the following information:

- 20.26.1 each member of the Group, including current name and company registration number, its jurisdiction of incorporation and/or its jurisdiction of establishment, a list

of shareholders and indicating whether a company is or is not a company with limited liability; and

20.26.2 all minority interests in any member of the Group and any person in which any member of the Group holds shares in its issued shares or share capital or equivalent ownership interest of such person.

20.27 Pari Passu Ranking

Its payments obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its unsecured and unsubordinated creditors, except for obligations mandatorily preferred by Law.

20.28 Environmental laws

20.28.1 Each member of the Group is in compliance with Clause 23.11 (Environmental compliance) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or might reasonably be expected to have (a) a Material Adverse Effect or (b) result in a financial liability for any Finance Party.

20.28.2 No Environmental Claim has commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has or might reasonably be expected, if determined against that member of the Group, to have a Material Adverse Effect or which is reasonably likely to give rise to a financial liability for any Finance Party.

20.28.3 The cost to the Group of compliance with Environmental Laws (including Environmental Permits) is (to the best of its knowledge and belief, having made due and careful enquiry) adequately provided for.

20.29 Authorised Signatures

Any person specified as its authorised signatory under Schedule 2 (Conditions Precedent) or Clause 21.6 (Information: miscellaneous) is authorised to sign Utilisation Requests, if applicable, and other notices under the Finance Documents on its behalf.

20.30 Repetition

20.30.1 All the representations and warranties set out in this Clause 20 are made by the Obligors on the date of this Agreement.

20.30.2 All the representations and warranties in this Clause 20 are deemed to be made by each Obligor on the Closing Date, on the date of each Utilisation Request and on each Utilisation Date.

20.30.3 The Repeating Representations are deemed to be made by each Obligor on the first day of each Interest Period.

20.30.4 Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

21. INFORMATION UNDERTAKINGS

The Company is bound by the undertakings set out in this Clause 21 relating to it. The undertakings in this Clause 21 remain in force from the date of this Agreement until the Final Discharge Date.

21.1 **Financial statements and reports**

The Company shall supply to the Lender as soon as the same become available, but in any event within 150 days after the last day of each of the below specified person's financial years:

21.1.1 its audited consolidated financial statements for that financial year;

21.1.2 the audited financial statements for each Obligor (other than the Company) for that financial year; and

as soon as the same become available, but in any event within 45 days after the last day of its financial quarter its consolidated management accounts (and to include cumulative consolidated management accounts for the financial year of the Group to date) for that financial quarter.

21.2 **Compliance Certificate**

21.2.1 The Company shall supply a Compliance Certificate to the Lender:

- (a) with each set of financial statements and management accounts delivered pursuant to Clause 21.1 (Financial statements and reports) in relation to or which corresponds with a Specified Measurement Date;
- (b) with each Utilisation Request delivered to the Lender; and
- (c) not more than once in any calendar year, within 10 Business Days of any other day on which the Lender notifies the Company that it requires a Compliance Certificate to be delivered.

21.2.2 Each Compliance Certificate must:

- (a) be signed by two authorised signatories of the Company; and
- (b) set out (in reasonable detail) computations as to compliance with Clause 22 (Financial Covenants) as at the applicable Measurement Date;
- (c) set out the Cash and Cash Equivalents of each member of the Covenant Group as at the applicable Measurement Date.

21.3 **Requirements as to financial statements**

21.3.1 The Company shall procure that each set of financial statements delivered pursuant to Clause 21.1 (Financial statements and reports) includes a balance sheet, profit and loss account and cash flow statement and shall be audited by the Auditors.

21.3.2 Each set of financial statements delivered by the Company pursuant to Clause 21.1 (Financial statements and reports) shall be:

- (a) certified by a director of the relevant company as giving a true and fair view of (in the case of financial statements delivered pursuant to Clause 21.1 (Financial statements and reports) for any financial year), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up;
- (b) comprises at least a balance sheet, profit and loss account and cashflow statement for the financial period then ended, and (in the case of management accounts) for the financial year to date and the period of 12 months ending on the last day of the half year financial period; and

(c) prepared using the Accounting Principles, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, it notifies the Lender that there has been a change in the Accounting Principles, those accounting practices or those reference periods.

21.3.3 If the Company notifies the Lender of any change in Accounting Principles, as contemplated by Clause 21.3.2(c), it shall procure that its Auditors (or, if appropriate, the auditors of the relevant member of the Covenant Group) deliver to the Lender:

- (a) a description of any change necessary for those financial statements to reflect Accounting Principles, the accounting practices and the reference periods as applied in the preparation of the Original Financial Statements; and
- (b) sufficient information, in form and substance reasonably required by the Lender, to enable the Lender to determine whether Clause 22 (Financial Covenants) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

21.3.4 Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

21.4 Budget

The Company shall supply to the Lender, as soon as the same become available but in any event within 60 days after the start of each financial year an annual budget for that financial year.

21.5 Financial year-end

Without the express prior written consent of the Lender, the Company shall not change the date of its financial year end from 31 December.

21.6 Information: miscellaneous

The Company shall supply to the Lender:

- 21.6.1 at the same time as they are dispatched, copies of all documents dispatched by an Obligor, to its creditors generally (or any class of them);
- 21.6.2 promptly upon becoming aware of them, the details of any litigation, arbitration, administrative proceedings, liquidation applications, winding up applications or business rescue applications which are current, or to its knowledge, threatened, or pending against it or any other member of the Covenant Group or its assets, which, if adversely determined, would or might reasonably be expected to have a Material Adverse Effect;
- 21.6.3 promptly, such information as the Lender may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Security Documents; and
- 21.6.4 promptly, such further information regarding the financial condition, assets, business and operations of the Borrowers, the Group and/or any member of the Covenant Group as any Finance Party (through the Lender) may reasonably request.

21.7 **Notification of default**

21.7.1 The Company shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

21.7.2 Promptly upon a request by the Lender, the Company shall supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

21.8 **"Know your customer" checks**

21.8.1 If:

- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
- (b) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement;
- (c) the on-going compliance with any know your customer or similar identification procedures; or
- (d) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges any Lender (or, in the case of paragraph (d), any prospective new Lender) to comply with **know your customer** or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by that Lender or any Lender (for itself or, in the case of the event described in paragraph (d), on behalf of any prospective new Lender) in order for the Lender or, in the case of the event described in paragraph (d), any prospective new Lender to carry out and be satisfied it has complied with all necessary **know your customer** or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

22. FINANCIAL COVENANTS

22.1 **Undertakings in relation to financial condition**

22.1.1 **Covenant Group Net Leverage Ratio**

The Company shall ensure that the Covenant Group Net Leverage Ratio on each Measurement Date set out in column 1 of the table below is less than the ratio set out in column 2 of the table below opposite that date:

Measurement Date [Column 1]	Ratio [Column 2]
31 March, 2026	3.00 : 1
For each Measurement Date from, and including, 30 June 2026	2.75 : 1

22.1.2

Covenant Group Interest Cover Ratio

The Company shall ensure that the Covenant Group Interest Cover Ratio is, at all times from the first Measurement Date during the applicable period set out in column 1 of the table below, greater than the ratio set out in column 2 of the table below opposite that period:

Period [Column 1]	Ratio [Column 2]
From, and including, the Closing Date to, but excluding, 30 September, 2026	3.00 : 1
From, and including, 30 September, 2026	3.50 : 1

22.2 **Basis of calculations**

22.2.1 All the terms defined in Clause 1.2 (Financial definitions) are to be determined on a consolidated basis and (except as may be expressly included or excluded in the relevant definition, or as stated below) in accordance with the Accounting Principles.

22.2.2 The financial undertakings in Clause 22.1 (Undertakings in relation to financial condition) shall apply on each day during the term of this Agreement.

22.2.3 Compliance (or otherwise) with the financial undertakings in Clauses 22.1 (Undertakings in relation to financial condition):

- (a) as at any Specified Measurement Date, shall be verified by reference to (A) the consolidated financial statements and management accounts delivered under Clause 21.1 (Financial statements and reports) as at that Specified Measurement Date and (B) each Compliance Certificate delivered pursuant to Clause 21.2 (Compliance Certificate) in relation to that Specified Measurement Date;
- (b) as at any other date:
 - (i) in relation to determining the Consolidated EBITDA, it shall be verified by reference to the financial statements and management accounts most recently delivered under Clause 21.1 (Financial statements and reports) before that date; and
 - (ii) in relation to all other determinations as at that date, shall be verified by reference to the Compliance Certificate delivered pursuant to Clause 21.2 (Compliance Certificate) in relation to that date and the calculations set out in that Compliance Certificate.

22.2.4 No item shall be deducted or credited more than once in any calculation.

22.2.5 In relation to any calculation under this Clause 22 in respect of any Measurement Period, any amount denominated in a currency other than dollars shall be taken into account using the relevant spot rate of exchange on the last day of such Measurement Period.

22.3 **Equity cure**

22.3.1 In this Clause:

Cure Amount means the amount of cash proceeds received by the Company from a Shareholder Contribution to be applied in accordance with this Clause; and

Cure Period, in relation to a Measurement Period, means the period ending on the date which falls 45 days after the Measurement Date for that period.

22.3.2

If, as at a Measurement Date, the Company calculates that any requirement of Clauses 22.1.1 or 21.1.2 (Undertakings in relation to financial condition) (each a **Relevant Financial Undertaking**) is not met, the Company may treat (solely for the purpose of measuring compliance with the Relevant Financial Undertaking under this Clause, and not for any other purpose) a Cure Amount received and paid to the Lender in accordance with Clause 22.4 (Cure Amounts - mandatory prepayment) within the applicable Cure Period, by way of a notional adjustment, as follows:

- (a) in relation to the Covenant Group Net Leverage Ratio, as a reduction of Consolidated Total Net Borrowings by an equivalent amount at the relevant Measurement Date; and
- (b) in relation to the Covenant Group Interest Cover Ratio, as giving rise to a reduction in Consolidated Total Finance Costs in the amount by which Consolidated Total Finance Costs would have been reduced if the Loans and had been repaid (*pro rata* across all Facilities) in an amount equal to the Cure Amount on the date which falls 12 months before the applicable Measurement Date.

22.3.3

Only so much of a Cure Amount as is required to ensure compliance with the Relevant Financial Undertakings may be taken into account by way of the notional adjustments referred to in Clause 22.3.2(a) and 22.3.2(b) above. For the purposes of Clause 22.3.2(b) above, Consolidated Total Finance Costs shall be recalculated, taking into account the relevant reduction resulting from the operation of Clause 22.3.2(b) above, for each financial half year of the Group which occurs during the 12 month-period ending on the applicable Measurement Date. In respect of the relevant subsequent Measurement Dates where the Measurement Period ending on that date includes a part of that 12 month-period (each such part of that Measurement Period, for the purposes hereof, an **Overlapping Period**), the Consolidated Total Finance Costs amount for the full Measurement Period shall include those amounts for each Overlapping Period taking into account any notional reduction allocable to that Overlapping Period under this Clause.

22.3.4

Following payment of a Cure Amount to the Lender, the Company shall, by no later than the last day of the relevant Cure Period, deliver to the Lender a Compliance Certificate which reflects the results of:

- (a) the calculations of all Relevant Financial Undertakings before the payment of the Cure Amount in accordance with Clause 22.4 (Cure Amounts - mandatory prepayment) and the application of Clauses 22.3.2 and 22.3.3; and
- (b) the recalculations of all Relevant Financial following the payment of the Cure Amount in accordance with Clause 22.4 (Cure Amounts - mandatory prepayment) and the application of Clauses 22.3.2 and 22.3.3.

22.3.5

If, following payment to the Lender of a Cure Amount and a recalculation of the Relevant Financial Undertakings, as contemplated under Clause 22.3.4(b), the Relevant Financial Undertakings are met, the requirements of Clause 22.1 (Undertakings in relation to financial condition) will be deemed to have been satisfied, retrospectively on the relevant Measurement Date, and any Default which arose under Clause 22 (Financial Covenants) as a result of the original failure to comply shall be deemed to have been remedied.

22.3.6 The rights of the Company under this Clause 22.3 are subject to the following restrictions:

- (a) a Cure Amount may not be raised and taken into account under this Clause for two consecutive Measurement Periods; and
- (b) no more than three Cure Amounts in total may be taken into account before the Final Discharge Date for the purposes of this Clause.

22.4 **Cure Amounts - mandatory prepayment**

The Company shall apply all the proceeds of any Cure Amount received by a member of the Group in or towards payment, repayment or prepayment of the Loans and other Senior Facility Outstandings under the Facilities, promptly upon receipt and, in any event, no later than the last day of the relevant Cure Period.

23. **GENERAL UNDERTAKINGS**

Each Obligor is bound by the undertakings set out in this Clause 23 relating to it. The undertakings in this Clause 23 remain in force from the date of this Agreement until the Final Discharge Date.

Authorisations and compliance with laws

23.1 **Authorisations**

Each Obligor shall (and shall ensure that each other member of the Covenant Group will) promptly:

23.1.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and

23.1.2 supply certified copies to the Lender of;

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

- (a) enable it to perform its obligations under the Finance Documents;
- (b) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and
- (c) carry on its business in the ordinary course and in all material respects as it is being conducted where failure to do so has or is reasonably likely to have a Material Adverse Effect.

23.2 **Compliance with laws**

Each Obligor shall (and shall ensure that each member of the Covenant Group will) comply in all respects with all laws, permits and licences which are material to the conduct of its business.

23.3 **Anti-corruption law and Sanctions**

23.3.1 Each Obligor shall not (and shall ensure that no other member of the Group will):

- (a) contravene any Sanctions;
- (b) at any time be a party to or participate in a Sanctioned Transaction in any manner; or

(c) directly or indirectly use the proceeds of a Facility for any purpose which would breach the South African Prevention and Combating of Corrupt Activities Act, 2004, the United Kingdom Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.

23.3.2

Each Obligor shall (and shall ensure that each member of the Group will):

- (a) take all reasonable steps to ensure that appropriate controls and safeguards are in place, designed to prevent it or any other member of the Group from being or becoming involved in a Sanctioned Transaction; and
- (b) conduct its businesses in compliance with applicable anti-corruption laws and maintain policies and procedures designed to promote and achieve compliance with such laws.

23.4

Taxation

23.4.1

Each Obligor shall (and shall ensure that each member of the Covenant Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

- (a) such payment is being contested in good faith;
- (b) the amount under dispute is not in excess of USD500,000 (or its equivalent in any other currency or currencies) in relation to any single disputed amount or not in excess of an aggregate of USD1,000,000 (or its equivalent in any other currency or currencies) in relation to multiple disputed amounts;
- (c) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Lender under Clause 21.1 (Financial statements and reports); and
- (d) such payment can be lawfully withheld.

23.4.2

The Company may not and no member of the Covenant Group may change its residence for Tax purposes without the prior written consent of the Lender.

Restrictions on business focus

23.5

Merger

23.5.1

Except as permitted under this Clause 23.5, no Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than pursuant to:

- (a) any transaction or combination of transactions which is required to be implemented or expressly permitted by the terms of this Agreement; or
- (b) any amalgamation, demerger, merger, unbundling or corporate reconstruction permitted in writing by the Lender.

23.5.2

Paragraph 23.5.1 does not apply to any amalgamation, demerger, merger, consolidation or corporate reconstruction between or among Obligors and/or one or more of their Subsidiaries.

23.6 **Change of business**

Each Obligor shall procure that no substantial change is made to the general nature of the business of the Obligors or of any member of the Covenant Group taken as a whole from that carried on at the date of this Agreement.

23.7 **Acquisitions**

23.7.1 Except as permitted under this Clause 23.7, no Obligor shall:

- (a) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
- (b) incorporate a company or establish any person.

23.7.2 Paragraph 23.7.1 above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company or establishment of any person which is a Permitted Acquisition.

23.8 **Joint ventures**

23.8.1 No Obligor shall:

- (a) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities, partnership interest or other interest in any Joint Venture;
- (b) transfer any assets to or lend to or guarantee or give an indemnity for or grant any security interest for the obligations of a Joint Venture or maintain the solvency of, or provide working capital to, any Joint Venture (or agree to do any of the foregoing); or
- (c) trade with or sell to or acquire assets or services from any Joint Venture to which any member of the Covenant Group is a party otherwise than on arm's length terms.

23.8.2 Clause 23.8.1 does not apply to any investment in any Permitted Joint Venture.

Restrictions on dealing with assets and Security

23.9 **Preservation of assets**

Each Obligor shall (and shall ensure that each other member of the Covenant Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business.

23.10 **Pari passu ranking**

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

23.11 **Environmental Compliance**

The Company shall (and shall ensure that each member of the Group will):

23.11.1 comply with all Environmental Law;

23.11.2 obtain, maintain and ensure compliance with all requisite Environmental Permits that are required to carry on its business in the ordinary course; and

23.11.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law to the extent appropriate in light of the business of the relevant member of the Group,

where failure to do so has or is reasonably likely to have a Material Adverse Effect or is reasonably likely to result in any liability for a Finance Party.

23.12 Environmental Claims

The Company shall, as soon as possible (and, in any event, within 10 Business Days) upon becoming aware of the same, inform the Lender in writing of:

23.12.1 any Environmental Claim against any member of the Group which is current, pending or threatened; and

23.12.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the Environmental Claim is material to the conduct of the business of a member of the Group or is reasonably likely to result in any liability for a Finance Party.

23.13 Negative pledge

23.13.1 In this Clause 23.13, "Quasi-Security" means an arrangement or transaction described in paragraph (b) below.

23.13.2 Except as permitted under Clause 23.13.3 below:

- (a) no Obligor shall create or permit to subsist any Security over any of its assets.
- (b) no Obligor shall:
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any member of the Covenant Group;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms other than by way of a Permitted Disposal;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

23.13.3 Clauses (a) and (b) do not apply to any Security or (as the case may be) Quasi-Security, which is Permitted Security.

23.14 Disposals

No Obligor shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of

any asset. This restriction does not apply to any sale, lease, transfer or other disposal which is a Permitted Disposal.

23.15 Arm's length basis

23.15.1 Except as permitted under Clause 23.15.2 below, no Obligor shall enter into any transaction with any person except on arm's length terms and for full market value.

23.15.2 Clause 23.15.1 above does not apply to:

- (a) intra-Group loans permitted under Clause 23.16 (Loans or credit);
- (b) fees, costs or expenses payable under any Finance Documents; or
- (c) any other transaction approved in writing by the Lender.

Restrictions on movement of cash – cash out

23.16 Loans or credit

23.16.1 Except as permitted under Clause 23.16.2, no Obligor shall be a creditor in respect of any Financial Indebtedness.

23.16.2 Clause 23.16.1 does not apply to a Permitted Loan.

23.17 No guarantees or indemnities

23.17.1 Except as permitted under Clause 23.17.2, no Obligor shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person.

23.17.2 Clause 23.17.1 does not apply to a guarantee which is a Permitted Guarantee.

23.18 Dividends and share redemption

23.18.1 Except as permitted under Clause 23.18.2, no Obligor shall:

- (a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
- (b) repay or distribute any dividend or share premium reserve;
- (c) pay or allow any member of the Group to pay any management, advisory or other fee or taxes in respect of any share incentive scheme to or to the order of any of the direct or indirect shareholders of the Company; or
- (d) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.

23.18.2 Clause 23.18.1 does not apply to a Permitted Distribution.

23.18.3 The Company must not (and must ensure that the members of the Covenant Group do not), without the prior written consent of the Lender, permit any restriction (contractual or otherwise) being placed, following the Closing Date, on any member of the Covenant Group's ability to make distributions to its shareholders other than the restrictions existing on the Closing Date.

Restrictions on movement of cash – cash in

23.19 Financial Indebtedness

23.19.1 Except as permitted under Clause 23.19.2, no Obligor shall incur or allow to remain outstanding any Financial Indebtedness.

23.19.2 Clause 23.19.1 does not apply to Financial Indebtedness which is Permitted Financial Indebtedness.

23.20 Share capital

No Obligor shall issue any shares or share capital (or any instrument convertible into shares or share capital) to any person except pursuant to a Permitted Share Issue.

Miscellaneous

23.21 Insurance

23.21.1 Each Obligor shall (and shall ensure that each other member of the Covenant Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business in comparable jurisdictions.

23.21.2 All insurances must be with reputable independent insurance companies or underwriters.

23.22 Access

23.22.1 Upon reasonable notice by the Lender to that Obligor, each Obligor shall (or shall procure that each other relevant member of the Covenant Group will) allow any one or more representatives of the Finance Parties and/or accountants or other professional advisers and contractors appointed by the Finance Parties to have access during normal business hours to (a) the premises, assets, books and records of that member of the Covenant Group and (b) meet and discuss matters with senior management.

23.22.2 The Lender may not give notice under Clause 23.22.1 more than once every financial year, unless it reasonably believes that a Default is continuing or may have occurred or may occur and notifies the Company that it is exercising its rights under this Clause 23.22.

23.23 Intellectual Property Rights

Each Obligor shall (and shall procure that each other member of the Covenant Group will):

23.23.1 make any registration and pay any fee or other amount which is necessary to retain and protect the Intellectual Property Rights which are material to the business of a member of the Covenant Group;

23.23.2 use reasonable endeavours to prevent third parties infringing those Intellectual Property Rights in any material respect; and

23.23.3 not use or permit any such Intellectual Property Right to be used in a way which may, or take or omit to take any action which may, materially and adversely affect the existence or value of such Intellectual Property Right,

in each case where failure to do so, or such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

23.24 Prohibition on amendments to documents and resolutions

23.24.1

No Obligor shall (and shall ensure that no other member of the Covenant Group will):

- (a) amend, vary, novate, supplement, supersede, waive or terminate any term of its memorandum of incorporation or other constitutional documents (including the shareholders' agreement of the Company);
- (b) amend, vary, novate, supplement, supersede, waive or terminate any term of any documents delivered to the Lender pursuant to Clause 4.1 (Initial conditions precedent),

23.24.2 in each case, in a manner or to an extent which is reasonably likely in any way to adversely affect the interests of the Finance Parties under the Finance Documents without the express prior written consent of the Lender.

23.24.3

The Company must promptly supply to the Lender a copy of any amendment to or waiver of any of the documents, or any agreement with any shareholder in the Company (or any of their Affiliates), in either case referred to in Clause 23.24.1 above.

23.25 Bank accounts

No Obligor shall open or maintain any account or enter into any banking relationship with any branch of any bank or other financial institution providing similar services other than with an Acceptable Bank.

23.26 Treasury Transactions

No Obligor shall enter into any Treasury Transaction, other than:

23.26.1

spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and

23.26.2

any Treasury Transaction expressly permitted in writing by the Lender.

23.27 Further assurance

23.27.1

Each Obligor shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as any Finance Party may reasonably specify (and in such form as the Finance Party may reasonably require in favour of the Finance Party or its nominee(s)):

- (a) to perfect the Security created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Lender or the Finance Parties provided by or pursuant to the Finance Documents or by law;
- (b) to confer on the Lender or confer on the Finance Parties Security over any property and assets of that member of the Group and/or Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Security Documents; and/or
- (c) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.

23.27.2

Each Obligor shall take all such action as is available to it (including making all filings and registrations) as is necessary for the purpose of the creation, perfection,

protection or maintenance of any Security conferred or intended to be conferred on the Lender or the Finance Parties by or pursuant to the Finance Documents.

24. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 24 (other than Clause 24.19 (Acceleration)) is an Event of Default.

24.1 **Non-payment**

A Borrower does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- 24.1.1 its failure to pay is caused by administrative or technical error or a Disruption Event; and
- 24.1.2 payment is made within three Business Days of its due date.

24.2 **Financial covenants**

Any requirement of Clause 22 (Financial Covenants) is not satisfied.

24.3 **Other obligations**

- 24.3.1 An Obligor or any other member of the Covenant Group does not comply, timeously and in full, with any provision of the Finance Documents to which it is party (other than, in respect of a Borrower only, those referred to in Clause 24.1 (Non-payment) and Clause 22 (Financial Covenants)).
- 24.3.2 No Event of Default under Clause 24.3.1 will occur if the failure to comply is capable of remedy and is remedied within 15 Business Days of the earlier of (a) the Lender giving notice to an Obligor and (b) an Obligor or any other member of the Covenant Group becoming aware of the failure to comply.

24.4 **Misrepresentation**

Any representation or statement made or deemed to be made by an Obligor or any other member of the Covenant Group in the Finance Documents to which it party or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be repeated unless the circumstances giving rise to the misrepresentation or breach of warranty:

- 24.4.1 are capable of remedy; and
- 24.4.2 are remedied within 15 Business Days of the earlier of the Lender giving notice and any Obligor becoming aware of the misrepresentation or breach of warranty.

24.5 **Cross default**

- 24.5.1 Any of the following occurs in respect of any Obligor or any other member of the Covenant Group:

- (a) any of its Financial Indebtedness (or any amount payable in respect of its Financial Indebtedness) is not paid when due (after the expiry of any originally applicable grace period); or
- (b) any of its Financial Indebtedness:

- (i) is declared to be or otherwise becomes prematurely due and payable prior to its stated maturity or, if the Financial Indebtedness arises under a guarantee, prior to the stated maturity of the Financial Indebtedness which is the subject of the guarantee;
- (ii) is placed on demand;
- (iii) is capable of being declared by or on behalf of a creditor to be prematurely due and payable or of being placed on demand; or
- (iv) is terminated or closed out or is capable of being terminated or closed out,

in each case, as a result of an event of default or any provision having a similar effect (howsoever described); or

- (c) any commitment of a provider of Financial Indebtedness to it is cancelled or suspended, or is capable of being cancelled or suspended by such provider, in each case, as a result of an event of default or any provision having a similar effect (howsoever described).

24.5.2 No Event of Default will occur under this Clause 24.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within Clauses 24.5.1(a) to 24.5.1(c) above is less than USD5,000,000 (or its equivalent in any other currency or currencies).

24.6 **Insolvency**

24.6.1 An Obligor or any other member of the Covenant Group:

- (a) is, or is deemed for the purposes of any applicable law to be, insolvent or unable to pay its debts as they fall due;
- (b) by reason of actual or anticipated financial difficulties, suspends making payments on any of its debts or announces an intention to do so; or
- (c) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to the rescheduling, restructuring or compromise of any of its indebtedness.

24.6.2 The value of the assets of any member of an Obligor or any other member of the Covenant Group is less than its liabilities (taking into account contingent and prospective liabilities).

24.6.3 A moratorium is declared, instituted or takes effect in respect of any of the indebtedness of any member of an Obligor or any other member of the Covenant Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

24.7 **Insolvency proceedings**

24.7.1 Any corporate action, legal proceedings or other procedure or step (including an application to court, proposal or convening of a meeting) is taken with a view to:

- (a) the suspension of payments, a moratorium of any indebtedness, bankruptcy, liquidation, winding-up, dissolution, administration, judicial management, business rescue or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor or any other member of the Covenant Group;

- (b) a composition, compromise, assignment or arrangement with any creditor of an Obligor or any other member of the Covenant Group;
- (c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, business rescue practitioner or other similar officer in respect of an Obligor or any other member of the Covenant Group or all or substantially all of their assets; or
- (d) enforcement of any Security over any assets of an Obligor or any other member of the Covenant Group,

or any analogous procedure or step is taken in any jurisdiction.

24.7.2 A meeting is proposed or convened by the directors of an Obligor or any other member of the Covenant Group, a resolution is proposed or passed, application is made or an order is applied for or granted, to authorise the entry into or implementation of any business rescue proceedings (or any similar proceedings) in respect of an Obligor or any other member of the Covenant Group, or any analogous procedure or step is taken in any jurisdiction.

24.8 **Creditors' process**

24.8.1 Any expropriation, attachment, sequestration, implementation of any business rescue plan, distress or execution or any analogous process in any jurisdiction affects any asset or assets of an Obligor or any other member of the Covenant Group.

24.8.2 No Event of Default will occur under Clause 24.8.1 if:

- (a) the aggregate value of those assets is less than USD2,500,000 (or its equivalent in any other currency or currencies); or
- (b) that expropriation, attachment, sequestration, implementation of any business rescue plan, distress or execution or any analogous process in any jurisdiction is being contested in good faith and is discharged within 60 Business Days.

24.9 **Failure to comply with court judgment or arbitral award**

24.9.1 An Obligor or any other member of the Covenant Group fails to discharge in full by the applicable due date, any amount payable pursuant to a final judgement or order made or given by any court or other authority of competent jurisdiction in any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or enquiry (including any such investigations, proceedings or enquiry by any competition authority, environmental authority, tax authority or sector specific regulatory authority).

24.9.2 For the purposes of Clause 24.9.1 above, a final judgment or order means a judgment or order:

- (a) which is not appealable, or which is appealable but in respect of which the period for the lodging of an appeal has lapsed and the applicable Obligor or other member of the Covenant Group has failed to institute appeal proceedings; and
- (b) which is not capable of rescission or being set aside, or which is capable of rescission or being set aside but in respect of which the period for applying for rescission or setting-aside has lapsed and the applicable Obligor or other member of the Covenant Group has failed to apply for rescission or setting-aside or has applied for rescission or setting-aside of such judgment or order and the application for rescission or setting-aside has been denied.

24.10 Unlawfulness and invalidity

- 24.10.1 It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Security Documents ceases to be effective.
- 24.10.2 Any obligation or obligations of a party (other than a Finance Party) to a Finance Document, under any Finance Document, for any reason, is not or ceases to be legal, valid, binding or enforceable.
- 24.10.3 Any Finance Document ceases to be in full force and effect or any Transaction Security ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

24.11 Cessation of business

An Obligor or any other member of the Covenant Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business or changes the nature of its business from that undertaken as at the date of this Agreement without the express prior written consent of the Lender.

24.12 Audit qualification

- 24.12.1 The Auditors of the Group qualify the audited annual consolidated financial statements of the Company.
- 24.12.2 The Auditors of a member of the Covenant Group qualify the audited annual financial statements of that member of the Covenant Group provided that the grounds for such qualification are material to the rights and obligations of the Finance Parties in the context of the Finance Documents.

24.13 Litigation

Any litigation, arbitration, administrative, governmental, regulatory or other investigation, proceeding or dispute is commenced or threatened:

- 24.13.1 in relation to the Finance Documents or the transactions contemplated in the Finance Documents; or
- 24.13.2 otherwise against an Obligor or any other member of the Covenant Group or its assets,

which, in each case, if adversely determined, has, or is reasonably likely to have, a Material Adverse Effect.

24.14 Expropriation

- 24.14.1 The authority or ability of an Obligor or any other member of the Covenant Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, compulsory acquisition, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Covenant Group or any of its assets.
- 24.14.2 By the authority of any governmental, regulatory or other authority or other person:
 - (a) the management of an Obligor or any other member of the Covenant Group is wholly or substantially replaced; or

(b) all or a majority of the shares of an Obligor or any other member of the Covenant Group or the whole or any part of its assets or revenues is seized, expropriated or compulsorily acquired.

24.15 **Repudiation and rescission of agreements**

A party (other than a Finance Party) to a Finance Document or any Transaction Security rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

24.16 **Material adverse change**

Any event or circumstance occurs which, in the reasonable opinion of the Lender, has or is reasonably likely to have a Material Adverse Effect.

24.17 **Environmental matters**

24.17.1 The Company or any member of the Covenant Group does not:

- (a) comply with all Environmental Law;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Permits; and
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect or is reasonably likely to result in any liability for the Finance Parties in an amount (in respect of any one or more claims) equal to or greater than USD25,000 (or its equivalent in any other currency or currencies).

24.17.2 An Environmental Claim has commenced or is threatened against the Company or any member of the Covenant Group where that claim has or is reasonably likely, if determined against the Company or that member of the Covenant Group, to have a Material Adverse Effect.

24.18 **Condition subsequent**

The Company shall, by no later than 60 days from the Closing Date (or such later date as may be agreed by the Lender in writing), ensure that Main Street 2000 has acceded to this Agreement as an Additional Guarantor in accordance with the terms of Clause 26.2 (Additional Guarantors).

24.19 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing, the Lender may, without prejudice to any other rights or remedies which a Finance Party may have under any Finance Document or at law:

24.19.1 by notice to the Company;

- (a) cancel each Available Commitment of the Lender at which time each such Available Commitment shall immediately be cancelled and the Facilities shall immediately cease to be available for further utilisation;
- (b) declare that all or part of the Facility Outstandings are immediately due and payable, at which time they shall become immediately due and payable; and/or

(c) declare that all or part of the Facility Outstandings be payable on demand, at which time they shall immediately become payable on demand by the Lender; and/or

24.19.2 exercise any or all of the other rights, remedies, powers or discretions arising under the Finance Documents.

SECTION 9
CHANGES TO PARTIES

25. CHANGES TO THE LENDER

25.1 Assignments and transfers by the Lender

Subject to this Clause 25 (Changes to the Lender), a Lender (the **Existing Lender**) may:

25.1.1 assign any of its rights; or

25.1.2 transfer by novation any of its rights and obligations,

(in each case, a **Transfer**) under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (a **New Lender**).

25.2 Conditions of assignment or transfer

25.2.1 The prior consent of the Company is required for a Transfer by an Existing Lender, unless the Transfer is made by the Existing Lender:

- (a) to another Lender or an Affiliate of any Lender;
- (b) to a person identified in Schedule 9 (Acceptable Lenders);
- (c) to a fund which is a Related Fund of that Existing Lender; or
- (d) at a time when an Event of Default is continuing.

25.2.2 Where the consent of the Company to a Transfer is required that consent must not be unreasonably withheld or delayed. The Company will be deemed to have given its consent 10 Business Days after the Existing Lender has requested it unless consent is expressly refused by the Company within that time.

25.2.3 A Transfer will only be effective if the procedure set out in Clause 25.4 below (Procedure for transfer) is complied with.

25.2.4 If:

- (a) the Lender Transfers any of its rights or obligations under the Finance Documents; and
- (b) as a result of circumstances existing at the date the Transfer or change occurs, the Company would be obliged to make a payment to the New Lender under Clause 14 (Tax Gross-up and Indemnities) or Clause 15 (Increased Costs),

then, unless the Transfer is made by a Lender in order to mitigate in accordance with Clause 17 (Mitigation by the Lender) any circumstances giving rise to the Tax Payment, Increased Cost or a right to be prepaid and/or cancelled by reason of illegality, the New Lender is only entitled to receive payment under those Clauses to the same extent as the Existing Lender would have been if the Transfer or change had not occurred.

25.2.5 Each New Lender, by executing the relevant Transfer Certificate confirms, for the avoidance of doubt, that the Existing Lender has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the Existing Lender in accordance with this Agreement on or prior to the date on which the

Transfer becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained the Lender.

25.3 **Limitation of responsibility of Existing Lenders**

25.3.1 Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

- (a) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;
- (b) the financial condition of a Borrower;
- (c) the performance and observance by a Borrower, an Obligor or any other member of the Group of its obligations under the Finance Documents or any other documents; or
- (d) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document, and any representations or warranties implied by law are excluded.

25.3.2 Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

- (a) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the relevant Borrower and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document or the Transaction Security; and
- (b) will continue to make its own independent appraisal of the creditworthiness of the relevant Borrower and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

25.3.3 Nothing in any Finance Document obliges an Existing Lender to:

- (a) accept a re-Transfer from a New Lender of any of the rights and obligations transferred under this Clause 25; or
- (b) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by a Borrower of its obligations under the Finance Documents or otherwise.

25.4 **Procedure for transfer**

25.4.1 Subject to the conditions set out in Clause 25.2 (Conditions of assignment or transfer), a Transfer is effected in accordance with Clause 25.4.3 below when the Existing Lender and New Lender execute an otherwise duly completed Transfer Certificate.

25.4.2 The Lender shall only be obliged to execute a Transfer Certificate once it is satisfied it has complied with all necessary **know your customer** or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

25.4.3 On the Transfer Date:

- (a) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each Borrower and each other Obligor and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the **Discharged Rights and Obligations**);
- (b) each Borrower, each other Obligor and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Borrower or that other Obligor and the New Lender have assumed and/or acquired the same in place of the Discharged Rights and Obligations;
- (c) the Lender, the Arranger and the New Lender shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Lender, the Arranger and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (d) the New Lender shall become a Party as a **Lender**.

25.5 **Procedure for assignment**

- 25.5.1 Subject to the conditions set out in Clause 25.2 (Conditions of assignment or transfer), a Transfer is effected in accordance with Clause 25.5.3 below when the Existing Lender and the New Lender execute an otherwise duly completed Assignment Agreement.
- 25.5.2 The Lender shall only be obliged to execute an Assignment Agreement once it is satisfied it has complied with all necessary "know your customer" or similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- 25.5.3 On the Transfer Date:
 - (a) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
 - (b) the Existing Lender will be released from the obligations (the **Relevant Obligations**) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
 - (c) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.
- 25.5.4 The Lender may utilise procedures other than those set out in this Clause 25.5 to assign their rights under the Finance Documents (but not, without the consent of the relevant member of the Group or Obligor or unless in accordance with Clause 25.4 (Procedure for transfer), to obtain a release by that relevant member of the Group or Obligor from the obligations owed to that relevant member of the Group or Obligor by the Lender nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 25.2 (Conditions of assignment or transfer) above.

25.5.5 In this Clause above, **Assignment Agreement** means an agreement substantially in the form set out in the form of facilities agreement recommended by the LMA for leverage finance transactions, or any other form agreed between the relevant assignor and assignee.

25.6 **Copy of Transfer Certificate and Assignment Agreement to Company**

The Lender shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Company a copy of that Transfer Certificate or Assignment Agreement.

25.7 **Security over Lender's rights**

In addition to the other rights provided to Lender under this Clause 25, the Lender may without consulting with or obtaining consent from Company, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- 25.7.1 any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- 25.7.2 in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,
 - except that no such charge, assignment or Security shall:
- 25.7.3 release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Lender as a party to any of the Finance Documents; or
- 25.7.4 require any payments to be made by a member of the Group or an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

26. CHANGES TO THE OBLIGORS

26.1 **Assignment and transfers by Obligors**

No Obligors may assign any of its rights nor transfer any of its rights or obligations under the Finance Documents.

26.2 **Additional Guarantors**

26.2.1 The Company shall ensure Main Street 2000 becomes an Additional Guarantor in accordance with Clause 24.18 (Condition subsequent).

26.2.2 Main Street 2000 shall become an Additional Guarantor if:

- (a) the Company and Main Street 2000 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 Main Street 2000, each in form and substance satisfactory to the Lender.

26.2.3 The Lender shall notify the Company 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 Main Street 2000.

26.3 **Resignation of a Guarantor**

26.3.1 The Company may request that a Guarantor (other than the Company or a Borrower) ceases to be a Guarantor by delivering to the Lender a Resignation Letter.

26.3.2 The Lender may accept a Resignation Letter at its discretion and notify the Company of its acceptance.

SECTION 10 THE FINANCE PARTIES

27. THE ADMINISTRATIVE PARTIES

27.1 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

28. CONDUCT OF BUSINESS BY THE SECURED PARTIES

No provision of this Agreement will:

- 28.1 interfere with the right of any Secured Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- 28.2 oblige any Secured Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- 28.3 oblige any Secured Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

29. SHARING AMONG THE FINANCE PARTIES

29.1 Payments to the Lender when the Transaction Security has become enforceable

Notwithstanding any other provision of any Finance Document, at any time after any Security created by or pursuant to any Security Document becomes enforceable, the Lender may require:

- 29.1.1 any Obligor to pay all sums due under any Finance Document; or
- 29.1.2 all sums received or recovered from an Obligor under any Finance Document,

in each case as the Lender may direct for application in accordance with the terms of the Security Documents.

30. FINANCE PARTY RIGHTS

Clauses 27 (The Administrative Parties) to Clause 29 (Sharing Among the Finance Parties) are for the benefit of the Finance Parties only. The Obligors shall not have any rights or benefits under those Clauses.

SECTION 11 ADMINISTRATION

31. PAYMENT MECHANICS

31.1 Payments to the Lender

31.1.1 On each date on which a Borrower is required to make a payment under a Finance Document, that Borrower shall make the same available to the Lender (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Lender as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

31.1.2 Payment shall be made to such account in the principal financial centre of the country of that currency and with such bank as the Lender, in each case, specifies. Until otherwise notified by the Lender from time to time:

- (a) its bank account details for payments in USD are as follows:

Bank: JP Morgan Chase Bank, N.A., New York

Account Name: FirstRand Bank Limited

Account Number: 0011-749322

Branch Code: CHASUS33

Reference: Powerfleet

- (b) its bank account details for payments in ZAR are as follows:

Bank: First National Bank

Account Name: Domestic Money Market Account

Account Number: 5061 9016 740

Branch Code: 255 005

Reference: IBD Powerfleet

31.2 Distributions by the Lender

Each payment received by the Lender under the Finance Documents for another Party shall, subject to Clause 31.3 (Distributions to the Borrowers) be made available by the Lender as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement, to such account as that Party may notify to the Lender by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency.

31.3 Distributions to the Borrowers

The Lender may (with the consent of the Company or in accordance with Clause 31.10 (Set-off)) apply any amount received by it for a Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Borrower under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

31.4 **Partial payments**

31.4.1 If the Lender receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by a Borrower under those Finance Documents, the Lender shall apply that payment towards the obligations of that Borrower under those Finance Documents in the following order:

- (a) **first**, in or towards payment *pro rata* of any unpaid amount owing to the Lender, any Receiver, any Delegate or the Arranger under the Finance Documents;
- (b) **secondly**, in or towards payment *pro rata* of any accrued interest, fees, Break Costs or commission due but unpaid under those Finance Documents;
- (c) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid under those Finance Documents; and
- (d) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

31.4.2 The Lender may vary the order set out in Clause 31.4.1 above.

31.4.3 This Clause 31.4 will override any appropriation made by a Borrower.

31.5 **No set-off by a Borrower**

All payments to be made by a Borrower under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

31.6 **Business Days**

31.6.1 Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

31.6.2 During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

31.7 **Currency of account**

31.7.1 Subject to the provisions of this Clause below, dollars is the currency of account and payment for any sum due from a Borrower under any Finance Document.

31.7.2 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

31.7.3 Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

31.8 **Change of currency**

31.8.1 Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

- (a) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into,

or paid in, the currency or currency unit of that country designated by the Lender (after consultation with the Company); and

(b) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Lender (acting reasonably).

31.8.2 If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Market, as applicable, and otherwise to reflect the change in currency.

31.9 **Disruption to payment systems etc.**

If either the Lender determines (in its discretion) that a Disruption Event has occurred or the Lender is notified by the Company that a Disruption Event has occurred:

31.9.1 the Lender may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of the Facilities as the Lender may deem necessary in the circumstances;

31.9.2 the Lender shall not be obliged to consult with the Company in relation to any changes mentioned Clause 31.9.1 if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

31.9.3 the Lender shall consult with the Finance Parties in relation to any changes mentioned in Clause 31.9.1 above;

31.9.4 any such changes agreed upon by the Lender and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 34 (Amendments and Waivers);

31.9.5 the Lender shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Lender) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 31.9; (Disruption to payment systems etc.) and

31.9.6 the Lender shall notify the Finance Parties of all changes agreed pursuant to Clause 31.9.4 above.

31.10 **Set-off**

A Finance Party may set off any matured obligation due from a Borrower under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

32. NOTICES

32.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by electronic mail or letter.

32.2 Addresses

The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

32.2.1 in the case of each Obligor:

Address: Powerfleet, Inc
123 Tice Boulevard
Woodcliff Lake, NJ 07677

Email address: ***

For the attention of: Chief Financial Officer;

with a copy (which shall constitute notice to):

Olshan Frome Wolosky LLP
1325 Avenue of the Americas
New York, NY 10019

Email address: ***

For the attention of: Michael R. Neidell and Honghui S. Yu

32.2.2 in the case of the Original Lender:

Address: 1 Merchant Place
14th Floor
Cnr Fredman Drive and Rivonia Road
Sandton, 2196

Email address: ***

For the attention of: Head of Transaction Management;

32.2.3 in the case of the Arranger:

Address: 1 Merchant Place
14th Floor
Cnr Fredman Drive and Rivonia Road
Sandton, 2196

Email address: ***

For the attention of: Head of Transaction Management;

32.2.4 in the case of any other Lender, those details notified in writing to the Lender on or before the date on which it becomes a Party, or any substitute address or email address or department or officer as the Party may notify in writing to the Lender (or the Lender may notify to the other Parties, if a change is made by the Lender) by not less than five Business Days' notice.

32.3 **Delivery**

32.3.1 Any communication, notice or document (for purposes of this Clause a **communication**) made or delivered by one person to another under or in connection with the Finance Documents will:

- (a) if by way of email, be deemed to have been received when actually received (or made available) in readable form;
- (b) if delivered by hand, be deemed to have been received at the time of delivery; and
- (c) if by way of courier service, be deemed to have been received on the seventh Business Day following the date of such sending,

and provided, if a particular department or officer is specified as part of its address details provided under Clause 32.2 above (Addresses), if such communication is addressed to that department or officer.

32.3.2 Any communication to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer specified in Clause 32.2 (Addresses), (or any substitute department or officer as the Lender shall specify for this purpose).

32.3.3 Any communication which becomes effective, in accordance with this Clause 32.3, after 5:00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

32.4 **Notification of address and email address**

Upon receipt of notification of an address or email address or change of address or email address pursuant to Clause 32.2 (Addresses), or changing its own address or email address, the Lender shall notify the other Parties as soon as reasonably practicable.

32.5 **Direct electronic delivery by an Obligor**

An Obligor may satisfy its obligation under this Agreement to deliver any information in relation to the Lender by delivering that information directly to the Lender in accordance with Clause 32.3 (Delivery) to the extent that the Lender agrees to this method of delivery.

32.6 **English language**

32.6.1 Any notice or other document given under or in connection with any Finance Document shall be in English.

32.6.2 All other documents provided under or in connection with any Finance Document must be:

- (a) in English; or
- (b) if not in English, and if so required by the Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

33. CALCULATIONS AND CERTIFICATES

33.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

33.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

33.3 Day count convention and interest calculation

33.3.1 Notwithstanding the provision in the Agreement that regulate the day count convention that applies to calculations of interest, commission or fees accruing under a Finance Document, the Parties agree that any interest, commission or fee accruing under a Finance Document will accrue from day to day and the amount of any such interest, commission or fee is calculated:

- (a) on the basis of the actual number of days elapsed and a year of 360 days for USD Loans and 365 days for ZAR Loans (irrespective of whether the year in question is a leap year); and
- (b) subject to Clause 33.3.2 below, without rounding.

33.3.2 The aggregate amount of any accrued interest, commission or fee which is, or becomes, payable by a Borrower under a Finance Document shall be rounded to two decimal places.

34. AMENDMENTS AND WAIVERS

34.1 Required consents

34.1.1 A term of the Finance Documents may be amended or waived only with the consent of the Lender and the Company.

34.1.2 The Lender may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 34.

34.1.3 No amendment or waiver contemplated by this Clause 34 shall be of any force or effect unless in writing and signed by or on behalf of the relevant Parties.

34.2 Exceptions

34.2.1 An amendment or waiver which relates to the rights or obligations of the Arranger (each in their capacity as such) may not be effected without the consent of the Arranger.

34.2.2 An amendment of any provision of Clauses 27 (The Administrative Parties) to Clause 29 (Sharing Among the Finance Parties) may be effected without the consent of or notice to the Company, provided that no such amendment to these Clauses shall adversely affect the rights of the Obligors under the Finance Documents or result in the creation of any additional obligations of the Obligors under any Finance Document.

34.3 Changes to reference rates

34.3.1 Subject to Clause 34.2 (Exceptions), if a Published Rate Replacement Event has occurred in relation to any Published Rate, any amendment or waiver which relates to:

- (a) providing for the use of a Replacement Reference Rate in relation to any Published Rate; and
- (b)
 - (i) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;
 - (ii) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);
 - (iii) implementing market conventions applicable to that Replacement Reference Rate;
 - (iv) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or
 - (v) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Reference Rate (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Original Lender (acting on the instructions of all the Lenders) and the Borrowers.

34.3.2 If any Lender fails to respond to a request for an amendment or waiver described in Clause 34.3.1 within 15 Business Days (or such longer time period in relation to any request which the Borrowers and the Original Lender may agree) of that request being made:

- (a) its Commitment(s) shall not be included for the purpose of calculating the Total Commitments under the Facility when ascertaining whether any relevant percentage of Total Commitments has been obtained to approve that request; and
- (b) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

34.3.3 In this Clause 34.3:

- (a) **Published Rate** means:
 - (i) SOFR;
 - (ii) the Term SOFR for any Quoted Tenor; or
 - (iii) the 3-Month Treasury Bill Rate.

(b) **Published Rate Replacement Event** means, in relation to a Published Rate:

- (i) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Lenders and the Borrower, materially changed;
- (ii)
 - (A)
 - (x) the administrator of that Published Rate or its supervisor publicly announces that such administrator is insolvent; or
 - (y) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Published Rate;

- (B) the administrator of that Published Rate publicly announces that it has ceased or will cease to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;
- (C) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued;
- (D) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used;

- (iii) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
 - (A) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Lenders) temporary; or
 - (B) in the opinion of the Lenders, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

(c) **Quoted Tenor** means, in relation to Term SOFR, any period for which that rate is customarily displayed on the relevant page or screen of an information service.

(d) **Relevant Nominating Body** means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

(e) **Replacement Reference Rate** means a reference rate which is:

- (i) formally designated, nominated or recommended as the replacement for a Published Rate by:

- (A) the administrator of that Published Rate (provided that the market or economic reality that such reference rate measures is the same as that measured by that Published Rate); or
- (B) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Reference Rate" will be the replacement under paragraph (B) above;

- (ii) in the opinion of the Lenders, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Published Rate; or
- (iii) in the opinion of the Lenders, an appropriate successor to a Published Rate.

34.4 **Replacement of Lender**

34.4.1

If:

- (a) any Lender becomes a Non-Consenting Lender (as defined in Clause 34.4.4); or
- (b) an Obligor becomes obliged to repay any amount in accordance with Clause 7.1 (Mandatory Prepayment - illegality) or to pay additional amounts pursuant to Clause 15.1 (Increased costs), Clause 14.2 (Tax gross-up) or Clause 14.3 (Tax indemnity) to any Lender,

then the Company may, on 15 Business Days' prior written notice to the Lender and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 25 (Changes to the Lender) all (and not part only) of its rights and obligations under this Agreement to an Eligible Institution (a **Replacement Lender**) which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 25 (Changes to the Lender) for a purchase price in cash payable at the time of transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.

34.4.2

The replacement of a Lender pursuant to this Clause 34.4 shall be subject to the following conditions:

- (a) the Company shall have no right to replace the Lender;
- (b) the Lender shall have no obligation to the Company to find a Replacement Lender;
- (c) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 30 Business Days after the date on which that Lender is deemed a Non-Consenting Lender;
- (d) in no event shall the Lender replaced under this Clause 34.4 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and
- (e) the Lender shall only be obliged to transfer its rights and obligations pursuant to Clause 34.4.1 once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that transfer.

34.4.3 A Lender shall perform the checks described in Clause 34.4.2(e) above as soon as reasonably practicable following delivery of a notice referred to in Clause 34.4.1 and shall notify the Lender and the Company when it is satisfied that it has complied with those checks.

34.4.4 In the event that:

- (a) the Company or the Lender (at the request of the Company) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;
- (b) the consent, waiver or amendment in question requires the approval of all the Lenders; and
- (c) Lenders whose Commitments aggregate more than 33.3 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 33.3 per cent. of the Total Commitments prior to that reduction), have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a **Non-Consenting Lender**.

35. CONFIDENTIAL INFORMATION

35.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 35.2 below (Disclosure of Confidential Information), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

35.2 Disclosure of Confidential Information

Any Finance Party may disclose:

35.2.1 to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this Clause 35.2.1 is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

35.2.2 to any other person:

- (a) to (or through) whom it Transfers (or may potentially Transfer) all or any of its rights and obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Lender and in each case, and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
- (b) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation or other credit participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or the Company and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

- (c) appointed by any Finance Party or by a person to whom paragraphs (a) or (b) applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;
- (d) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraphs (a) or (b);
- (e) to whom and to the extent that information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (f) to whom and to the extent that information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (g) to whom or for whose benefit and to the extent that that Finance Party charges, assigns or otherwise creates Security (or may do so pursuant to Clause 25.7 (Security over Lender's rights));
- (h) to any rating agency or direct provider of credit protection to a Finance Party;
- (i) who is a Party; or
- (j) with the consent of the Company,

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (i) in relation to paragraphs (a), (b) and (c), the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- (ii) in relation to paragraph (d), the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
- (iii) in relation to paragraphs (e), (f) and (g), the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

35.2.3

to any person appointed by that Finance Party or by a person to whom Clause 35.2.2(a) or Clause 35.2.2(b) applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this Clause 35.2.3 if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the Loan Market Association Master Confidentiality Undertaking for Use With Administration/Settlement Service

Providers or such other form of confidentiality undertaking agreed between the Company and the relevant Finance Party; and

35.2.4 to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Borrowers.

35.3 Entire agreement

This Clause 35 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

35.4 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

35.5 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Company:

35.5.1 of the circumstances of any disclosure of Confidential Information to be made (where practicable) or made pursuant to Clause 35.2.2(d) (Disclosure of Confidential Information) except where such disclosure is made to any of the persons referred to in that Clause during the ordinary course of its supervisory or regulatory function; and

35.5.2 upon becoming aware that Confidential Information has been disclosed in breach of this Clause 35.

35.6 Continuing obligations

The obligations in this Clause 35 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

35.6.1 the date on which all amounts payable by a Borrower under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

35.6.2 the date on which such Finance Party otherwise ceases to be a Finance Party.

36. CONFIDENTIALITY OF FUNDING RATES

36.1 Confidentiality and disclosure

36.1.1 The Original Lender and the Borrowers agree to keep each Funding Rate confidential and not to disclose it to anyone, save to the extent permitted by Clauses 36.1.2 and 36.1.3.

36.1.2 The Original Lender may disclose:

(a) any Funding Rate to the Borrowers pursuant to Clause 8.5 (Notifications); and

(b) any Funding Rate to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the Loan Market Association Master Confidentiality Undertaking for Use With Administration /Settlement Service Provider or such other form of confidentiality undertaking agreed between the Original Lender and the relevant Lender, as the case may be.

36.1.3 The Original Lender may disclose any Funding Rate, and the Borrowers may disclose any Funding Rate, to:

- (a) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or is otherwise bound by requirements of confidentiality in relation to it;
- (b) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Original Lender or the Borrowers, as the case may be, it is not practicable to do so in the circumstances;
- (c) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigation, proceedings or disputes if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Original Lender or the Borrower, as the case may be, it is not practicable to do so in the circumstances; and
- (d) any person with the consent of the relevant Lender, as the case may be.

36.2 **Related obligations**

36.2.1 The Original Lender and the Borrowers acknowledge that each Funding Rate is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Original Lender and the Borrowers undertake not to use any Funding Rate.

36.2.2 The Original Lender and the Borrowers agree (to the extent permitted by law and regulation) to inform the relevant Lender, as the case may be:

- (a) of the circumstances of any disclosure made pursuant to Clause 36.1.3(b) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that any information has been disclosed in breach of this Clause 35.3.

36.3 **No Event of Default**

No Event of Default will occur under Clause 24.3 (Other obligations) by reason only of a Borrower's failure to comply with this Clause 36.

37. **GENERAL PROVISIONS**

37.1 **Sole agreement**

The Finance Documents constitute the sole record of the agreement between the Parties in regard to the subject matter thereof.

37.2 **No implied terms**

No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded in a Finance Document.

37.3 **Rights and remedies**

37.3.1 No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies of each Finance Party under the Finance Documents:

- (a) are cumulative and not exclusive of its rights under the general law;
- (b) may be exercised as often as the Finance Party requires;
- (c) may be waived only in writing and specifically.

37.3.2 Delay in the exercise or non-exercise of any right does not constitute a waiver of that right or an election to affirm any of the Finance Documents. An election to affirm or a waiver shall be effective only in writing and if specifically expressed to be so.

37.4 **Partial invalidity**

If, at any time, any provision of a Finance Document is or becomes illegal, invalid, unenforceable or inoperable in any respect under any law of any jurisdiction, neither the legality, validity, enforceability or operation of the remaining provisions nor the legality, validity, enforceability or operation of such provision under the law of any other jurisdiction will in any way be affected or impaired. The term **inoperable** in this Clause 37.4 shall include, without limitation, inoperable by way of suspension or cancellation.

37.5 **Further assurances**

The Company must perform, or procure the performance of, all further things, and execute and deliver (or procure the execution and delivery) of all further documents, as may be required by any applicable law or regulation or as may be necessary to implement or give effect to this Agreement and the other Finance Documents and the transactions contemplated therein.

37.6 **Independent advice**

The Company acknowledges that it has been free to secure independent legal and other advice as to the nature and effect of all of the provisions of the Finance Documents and that it has either taken such independent legal and other advice or dispensed with the necessity of doing so. Further, the Company acknowledges that all of the provisions of each Finance Document and the restrictions therein contained are part of the overall intention of the Parties in connection with the Finance Documents.

Counterparts

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12 GOVERNING LAW AND ENFORCEMENT

38. GOVERNING LAW

This Agreement (including Clause 39.1 (Jurisdiction)) and any non-contractual obligations arising out of or in connection with it are governed by English law.

39. ENFORCEMENT

39.1 Jurisdiction

- 39.1.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a **Dispute**).
- 39.1.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- 39.1.3 This Clause 39.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

39.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, each Obligor:

- 39.2.1 irrevocably appoints MiX Telematics Europe Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
- 39.2.2 agrees that failure by a process agent to notify an Obligor of the process will not invalidate the proceedings concerned.

40. WAIVER OF IMMUNITY

The Company irrevocably and unconditionally:

- 40.1 agrees not to claim any immunity from suit, execution, attachment or other legal process brought by a Finance Party against it in relation to a Finance Document, and to ensure that no such claim is made on its behalf;
- 40.2 consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and
- 40.3 waives any right it may have to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

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

BORROWER

/s/ Steve Towe

For and on behalf of:

POWERFLEET, INC

Name: Steve Towe

Office: CEO
(who warrants his authority)

SIGNATURE PAGE

BORROWER

/s/ *Paul Dell*

For and on behalf of:

MIX TELEMATICS PROPRIETARY LIMITED

Name: Paul Dell

Office: Director
(who warrants his authority)

SIGNATURE PAGE

ORIGINAL GUARANTOR

/s/ *Steve Towe*

For and on behalf of:

POWERFLEET, INC

Name: Steve Towe

Office: CEO
(who warrants his authority)

SIGNATURE PAGE

ORIGINAL GUARANTOR

/s/ *Steve Towe*

For and on behalf of:

I.D. SYSTEMS, INC

Name: Steve Towe

Office: CEO
(who warrants his authority)

SIGNATURE PAGE

ORIGINAL GUARANTOR

/s/ *Steve Towe*

For and on behalf of:

POWERFLEET CANADA HOLDINGS INC.

Name: Steve Towe

Office: CEO
(who warrants his authority)

SIGNATURE PAGE

THE ARRANGER

/s/ *Blessings Magagane*

/s/ *Londa Sithole*

For and on behalf of:

**FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND
MERCHANT BANK DIVISION)**

Name: *Blessings Magagane*

Office: *Authorised*

(who warrants his authority)

For and on behalf of:

**FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND
MERCHANT BANK DIVISION)**

Name: *Londa Sithole*

Office: *Authorised*

(who warrants his authority)

SIGNATURE PAGE

THE ORIGINAL LENDER

/s/ *Blessings Magagane*

/s/ *Londa Sithole*

For and on behalf of:

**FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND
MERCHANT BANK DIVISION)**

Name: *Blessings Magagane*

Office: *Authorised*

(who warrants his authority)

For and on behalf of:

**FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND
MERCHANT BANK DIVISION)**

Name: *Londa Sithole*

Office: *Authorised*

(who warrants his authority)

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: February 9, 2026

/s/ Steve Towe

Steve Towe
Chief Executive Officer
(Principal Executive Officer)

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: February 9, 2026

/s/ David Wilson

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

**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: February 9, 2026

/s/ Steve Towe

Steve Towe
Chief Executive Officer
(Principal Executive Officer)

Date: February 9, 2026

/s/ David Wilson

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.