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

FORM 10-Q

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

For the quarterly period ended June 30, 2026

or

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

For the transition period from ____ to ____

Commission File Number: 001-39080

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

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

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

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

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	AIOT	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	**Accelerated filer**	☒	**Non-accelerated filer**	☐	**Smaller reporting company**	☐
Emerging growth company	☐						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

The number of shares of the registrant's common stock, $0.01 par value per share, outstanding as of the close of business on August 6, 2026 was 134,225,918.

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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)

	March 31, 2026 (Audited)	June 30, 2026 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 36,496	**$ 32,824**
Restricted cash	4,322	**3,895**
Accounts receivable, net of allowance for credit losses of $9,177 and $9,344 as of March 31, 2026 and June 30, 2026, respectively	93,820	**91,399**
Inventory, net	22,448	**21,645**
Prepaid expenses and other current assets	22,094	**23,743**
Total current assets	179,180	**173,506**
Fixed assets, net	62,398	**63,800**
Goodwill	411,995	**421,062**
Intangible assets, net	255,518	**253,933**
Right-of-use asset	15,893	**16,189**
Severance payable fund	4,445	**4,863**
Deferred tax asset	4,537	**5,066**
Other assets	21,599	**24,143**
Total assets	$ 955,565	**$ 962,562**
LIABILITIES		
Current liabilities:		
Short-term bank debt and current maturities of long-term debt	$ 50,355	**$ 49,092**
Accounts payable	46,353	**44,455**
Accrued expenses and other current liabilities	37,699	**39,970**
Deferred revenue - current	20,159	**20,857**
Lease liability - current	3,386	**3,646**
Total current liabilities	157,952	**158,020**
Long-term debt - less current maturities	229,669	**229,300**
Deferred revenue - less current portion	4,005	**3,503**
Lease liability - less current portion	13,505	**13,576**
Accrued severance payable	5,666	**6,100**
Deferred tax liability	60,063	**60,840**
Other long-term liabilities	3,090	**2,331**
Total liabilities	473,950	**473,670**
Commitments and Contingencies (Note 22)		
REDEEMABLE NON-CONTROLLING INTERESTS		
Redeemable non-controlling interests	6,009	**6,192**
STOCKHOLDERS' EQUITY		
Preferred stock; authorized 50,000 shares, $0.01 par value	—	**—**

Common stock; authorized 175,000 shares, $0.01 par value; 136,224 and 136,291 shares issued at March 31, 2026 and June 30, 2026, respectively; shares outstanding, 134,158 and 134,226 at March 31, 2026 and June 30, 2026, respectively	1,343	**1,343**
Additional paid-in capital	682,344	**685,451**
Accumulated deficit	(226,335)	**(234,775)**
Accumulated other comprehensive income	29,660	**42,087**
Treasury stock; 2,066 and 2,066 common shares at cost at March 31, 2026 and June 30, 2026, respectively	(11,518)	**(11,518)**
Total Powerfleet, Inc. stockholders' equity	475,494	**482,588**
Non-controlling interest	112	**112**
Total equity	475,606	**482,700**
Total liabilities, redeemable non-controlling interests and stockholders' equity	$ 955,565	**$ 962,562**

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,	
	2025	**2026**
Revenues:		
Products	$ 17,657	**$ 16,480**
Services	86,464	**94,313**
Total revenues	104,121	**110,793**
Cost of revenues:		
Cost of products	13,228	**12,970**
Cost of services	34,412	**36,662**
Total cost of revenues	47,640	**49,632**
Gross profit	56,481	**61,161**
Operating expenses:		
Selling, general and administrative expenses	53,663	**56,531**
Research and development expenses	4,857	**4,360**
Total operating expenses	58,520	**60,891**
(Loss) profit from operations	(2,039)	**270**
Interest income	196	**234**
Interest expense	(6,786)	**(6,983)**
Other expense	(1,243)	**(405)**
Net loss before income taxes	(9,872)	**(6,884)**
Income tax expense	(362)	**(1,373)**
Net loss	(10,234)	**(8,257)**
Non-controlling interest	—	**(183)**
Net loss attributable to common stockholders	$ (10,234)	**$ (8,440)**
Net loss per share attributable to common stockholders - basic and diluted	$ (0.08)	**$ (0.06)**
Weighted average common shares outstanding - basic and diluted	133,313	**134,169**

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,	
	2025	**2026**
Net loss attributable to common stockholders	$ (10,234)	**$ (8,440)**
Foreign currency translation adjustment	22,519	**12,427**
Total other comprehensive income	22,519	**12,427**
Comprehensive income	$ 12,285	**$ 3,987**

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock							
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non-Controlling Interest	Total Stockholders' Equity
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**

	Common Stock							
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non-Controlling Interest *	Total Stockholders' Equity
Balance as of April 1, 2026	136,224	$ 1,343	$ 682,344	$ (226,335)	$ 29,660	$ (11,518)	$ 112	$ 475,606
Net loss attributable to common stockholders	—	—	—	(8,440)	—	—	—	(8,440)
Foreign currency translation adjustment	—	—	—	—	12,427	—	—	12,427
Stock-based compensation	—	—	3,107	—	—	—	—	3,107
Issue of stock appreciation rights and restricted share awards	67	—	—	—	—	—	—	—
Balance as of June 30, 2026	**136,291**	**$ 1,343**	**$ 685,451**	**$ (234,775)**	**$ 42,087**	**$ (11,518)**	**$ 112**	**$ 482,700**

(*) Excludes redeemable non-controlling interests.

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,	
	2025	**2026**
Cash flows from operating activities		
Net loss	$ (10,234)	**$ (8,440)**
Adjustments to reconcile net loss to cash provided by operating activities:		
Non-controlling interest	—	**183**
Inventory reserve	193	**558**
Stock-based compensation expense	1,853	**3,107**
Depreciation and amortization	16,031	**16,207**
Right-of-use assets, non-cash lease expense	974	**1,205**
Derivative mark-to-market adjustment	104	**(919)**
Bad debts expense	1,856	**2,958**
Deferred income taxes	(3,157)	**(1,538)**
Lease termination and modification losses	59	**—**
Other non-cash items	(513)	**(1,168)**
Changes in operating assets and liabilities:		
Accounts receivable	(2,391)	**893**
Inventories	(4,733)	**725**
Prepaid expenses and other current assets	(1,284)	**(2,144)**
Deferred costs	(2,730)	**(2,960)**
Deferred revenue	(420)	**71**
Accounts payable, accrued expenses and other current liabilities	9,637	**722**
Lease liabilities	(881)	**(1,033)**
Accrued severance payable	357	**16**
Net cash provided by operating activities	4,721	**8,443**
Cash flows from investing activities		
Proceeds from sale of fixed assets	16	**1**
Capitalized software development costs	(3,724)	**(4,100)**
Capital expenditures	(8,114)	**(4,873)**
Net cash used in investing activities	(11,822)	**(8,972)**
Cash flows from financing activities		
Repayment of long-term debt	(1,341)	**(1,679)**
Short-term bank debt, net	(5,428)	**(2,457)**
Net cash used in financing activities	(6,769)	**(4,136)**
Effect of foreign exchange rate changes on cash and cash equivalents	725	**566**
Net decrease in cash and cash equivalents, and restricted cash	(13,145)	**(4,099)**
Cash and cash equivalents, and restricted cash at beginning of the period	48,788	**40,818**

Cash and cash equivalents, and restricted cash at end of the period	$ 35,643	**$ 36,719**
Reconciliation of cash and cash equivalents, and restricted cash, at beginning of the period		
Cash and cash equivalents	44,392	**36,496**
Restricted cash	4,396	**4,322**
Cash and cash equivalents, and restricted cash, at beginning of the period	$ 48,788	**$ 40,818**
Reconciliation of cash and cash equivalents, and restricted cash, at end of the period		
Cash and cash equivalents	31,196	**32,824**
Restricted cash	4,447	**3,895**
Cash and cash equivalents, and restricted cash, at end of the period	$ 35,643	**$ 36,719**
Supplemental disclosure of cash flow information:		
Cash paid for:		
Taxes	$ 873	**$ 1,721**
Interest	$ 5,994	**$ 6,444**

See accompanying notes to condensed consolidated financial statements.

POWERFLEET, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
June 30, 2026
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.

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, 2026 and June 30, 2026, the consolidated results of its operations for the three-month periods ended June 30, 2025 and 2026, the consolidated change in stockholders' equity for the three-month periods ended June 30, 2025 and 2026, and the consolidated cash flows for the three-month periods ended June 30, 2025 and 2026. The results of operations for the three-month period ended June 30, 2026 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, 2026 included in the Company's Annual Report on Form 10-K for the year then ended.

NOTE 2 - USE OF ESTIMATES

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

NOTE 3 - ACQUISITION

RTS Acquisition

On February 1, 2026, MiX Telematics Africa (Pty) Ltd. ("MiX Africa"), a wholly owned subsidiary of the Company, acquired 100% of the issued and outstanding share capital of RTS Solutions Africa (Pty) Ltd. ("RTS") from Macrocomm Group (Pty) Ltd ("Macrocomm") (such acquisition, the "RTS Acquisition"). As consideration for the RTS Acquisition, 127 MiX Africa shares were issued to Macrocomm, representing an11.27% interest in MiX Africa, with an acquisition-date fair value of $8,765.

The RTS Acquisition was accounted for as a business combination using the acquisition method under ASC 805, Business Combinations, with the Company identified as the accounting acquirer.

Allocation of Purchase Price

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated acquisition-date fair values, with the excess recorded as goodwill. Goodwill primarily reflects the assembled workforce and expected revenue and cost synergies and is not deductible for tax purposes.

RTS contributed revenue of $1,328 and net income of $66 to the Company's consolidated statement of operations for the three-month period ended June 30, 2026.

The purchase price allocation remains provisional and may be adjusted as the Company completes its valuation analyses and obtains additional information regarding facts and circumstances existing as of the February 1, 2026 acquisition date.

Measurement period adjustments, if any, will be recognized in the period in which adjustments are determined, including the effect on earnings of amounts that would have been recorded in prior periods had the accounting been completed. The measurement period ends January 31, 2027.

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

Acquired Identifiable Intangible Assets

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

	Fair value		Weighted-average useful lives
Trade name	$	586	14 years
Developed technology		558	5 years
	$	**1,144**	

Acquisition - Related Expenses

The Company expensed a total of $202 of acquisition-related costs in the consolidated statements of operations related to the RTS Acquisition for the three-month period ended June 30, 2026. Acquisition-related costs are classified as selling, general and administrative expenses in the consolidated statements of operations.

Financial Information

If the business acquired in the RTS Acquisition had been acquired with an effective date as of April 1, 2025, it would have contributed revenue of $1.0 million and a net loss of $8 for the three months ended June 30, 2025, of which $34 related to the amortization of acquired identifiable intangible assets.

Redeemable Non-Controlling Interests

In connection with the RTS Acquisition, MiX Africa and MiX Telematics Ltd ("MiX Telematics") entered into a shareholders agreement with Macrocomm, which provides, among other things, Macrocomm with an option, exercisable within six months following the fifth year anniversary of consummation of the RTS Acquisition, to require MiX Africa or its nominee to purchase all equity interests in MiX Africa held by Macrocomm for either (i) the greater of (x) an amount based on a predetermined formula applied to MiX Africa's revenue for the immediately preceding financial year and (y) R 90,000, with settlement in cash, and (ii) a fixed number of shares of the Company's common stock (provided that the Company's common stock is then-listed on the Johannesburg Stock Exchange) (the "Put Option").

Because redemption under the Put Option is not solely within the Company's control, the non-controlling interest is classified as temporary equity. The balance is adjusted each reporting period for attributable income or loss and distributions and, under the Company's elected immediate method, to the greater of its redemption value or carrying amount. The acquisition-date fair value of the redeemable non-controlling interest, including the Put Option, was $8,765 based on an estimate using a Monte Carlo simulation that incorporated expected revenue growth, market correlation, volatility and an appropriate discount rate.

The table below presents the reconciliation of changes in redeemable non-controlling interests as of March 31, 2026 and June 30, 2026 (in thousands):

	March 31, 2026	June 30, 2026
Opening balance	$ —	$ 6,009
Issuance of redeemable non-controlling interest	8,765	—
Rebalancing of ownership percentage between parent and subsidiaries	(3,364)	—
Net income attributable to redeemable non-controlling interest	608	183
Closing balance	$ 6,009	$ 6,192

In February 2026, the issuance of 127 MiX Africa shares to Macrocomm changed the relative ownership interests in MiX Africa while the Company retained control. Accordingly, the Company recorded the transaction as an equity transaction under ASC 810, decreasing redeemable non-controlling interests and increasing additional paid-in capital by $3,364 as of March 31, 2026.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents unless they are legally or contractually restricted. The Company's cash and cash equivalent balances exceed Federal Deposit Insurance Corporation and other local jurisdictional limits. Restricted cash at March 31, 2026 totaled $4,322 and consisted primarily of cash of $3,156 held in escrow related to the Company's acquisition of the Fleet Complete business (the "FC Acquisition") to secure certain tax liabilities, cash of $312 held in escrow for purchases from a vendor, cash of $720 held by MiX Telematics Enterprise BEE Trust to be used solely for the benefit of its beneficiaries, cash securing guarantees of $58 issued in respect of property lease agreements entered into by MiX Telematics Australasia and cash securing guarantees of $76 issued in respect of property lease agreements entered into by Fleet Complete Australia. Restricted cash at June 30, 2026 consisted of cash of $2,694 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 $750 held by MiX Telematics Enterprise BEE Trust to be used solely for the benefit of its beneficiaries, cash securing guarantees of $59 issued in respect of property lease agreements entered into by MiX Telematics Australasia and cash securing guarantees of $80 issued in respect of property lease agreements entered into by Fleet Complete Australia.

NOTE 5 - REVENUE RECOGNITION

The Company generates revenue from sales of products and from customer software-as-a-service ("SaaS"), data integration and hosting infrastructure fees. The revenue streams are categorized as product revenue and services revenue, based on the nature of the underlying goods and services provided.

Product revenues consists primarily of revenue derived from the sale of hardware devices.

Service revenue consists primarily of revenue derived from the provision of recurring subscription services, as well as professional implementation and other non-recurring services.

The Company also generates revenue through distributor and channel partner arrangements and, to a lesser extent, leasing arrangements.

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 collected concurrently with revenue-producing activities are excluded from revenue.

The Company applies the following five-step model under ASC 606, Revenue from Contracts with Customers ("ASC 606"), to determine revenue recognition: (i) identification of the contract with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as, the performance obligations are 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.

Product Revenue

Product revenue consists primarily of hardware, parts and accessories relating to artificial intelligence ("AI")-enabled cameras, in-vehicle telematics devices and in-warehouse devices and sensors.

Product revenue is recognized at a point in time when control transfers to the customer, typically upon shipment or delivery in accordance with contractual terms.

Recurring Subscription Services

Recurring subscription services revenue consists primarily of access to the Company's cloud-based software platforms, data analytics, hosted applications, and connectivity services that enable data transmission between devices and the Company's systems. Subscription arrangements are generally non-cancellable and range from one to five years.

Recurring subscription services represent a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. Accordingly, these services are accounted for as a single performance obligation satisfied over time, as customers simultaneously receive and consume the benefits of the services.

Revenue is recognized ratably over the contractual service period beginning when the services are made available to the customer.

Professional Implementation and Other Non-Recurring Services

Professional and other non-recurring services consist primarily of implementation, installation, configuration, training, and technical support services.

Revenue from professional services is recognized at a point in time when the services are performed, as these services are typically short-term in nature and customers receive the benefit upon completion of the services provided.

Distributor and Partner Arrangements

The Company sells its products and services both directly to customers and indirectly through distributors and channel partners.

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.

Transaction Price and Allocation - Standalone Selling Price (SSP)

For contracts containing multiple performance obligations, the Company applies judgment in identifying performance obligations and determining whether promised goods or services are distinct or should be combined as a single performance obligation.

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.

Contract Balances

Contract liabilities (deferred revenue) consist of amounts invoiced or received in advance of satisfying performance obligations, primarily related to subscription, connectivity, maintenance, and support services. Deferred revenue is recognized over the applicable service period and classified as current or long-term based on the timing of expected satisfaction of performance obligations.

Costs to Obtain Contracts

Incremental costs of obtaining contracts, primarily sales commissions paid to employees and distributors, are capitalized when the Company expects to recover those costs. These costs are amortized on a systematic basis over the estimated period of benefit, generally one to five years.

Warranties

The Company’s standard hardware warranties represent assurance-type warranties and are not separate performance obligations under ASC 606. Expected costs associated with these warranties are recognized as an expense when the related products are sold and are accounted for in accordance with ASC 460, Guarantees.

Remaining Performance Obligations

The Company has elected the practical expedients permitted under ASC 606 and therefore does not disclose the value of remaining performance obligations for:

(i) contracts with original expected durations of one year or less; and
(ii) contracts for which revenue is recognized in an amount corresponding directly with the value transferred to the customer.

The following table presents the Company’s revenues disaggregated by revenue source for the three months ended June 30, 2025 and 2026 (in thousands):

	Three Months Ended June 30,	
	2025	2026
Products	$ 17,657	$ 16,480
Services	86,464	94,313
	$ 104,121	$ 110,793

The balances of contract assets and contract liabilities from contracts with customers are as follows as of March 31, 2026 and June 30, 2026 (in thousands):

	March 31, 2026		June 30, 2026	
Contract Assets:				
Deferred contract costs [1]	$	12,431	$	14,177
Deferred costs - current	$	—	$	172
Contract Liabilities:				
Deferred revenue – services [2]	$	23,337	$	23,759
Deferred revenue – products [2]		827		601
		24,164		24,360
Less: Deferred revenue – current		(20,159)		(20,857)
Deferred revenue – long term	$	4,005	$	3,503

[1] Deferred contract costs are included in Other assets on the condensed consolidated balance sheet.
[2] The Company records deferred revenues when cash payments are received or due in advance of the Company's performance. For the year ended March 31, 2026 and the three-month period ended June 30, 2026, the Company recognized revenue of $22,203 and $6,620, respectively, which was included in the deferred revenue balance at the beginning of each reporting period. The Company expects to recognize as revenue through fiscal year 2029, when it transfers those goods and services and, therefore, satisfies its performance obligation to the customers.

NOTE 6 - ALLOWANCE FOR CREDIT LOSSES

The Company's accounts receivable were evaluated to determine an appropriate allowance for credit losses. For accounts receivable, 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 accounts receivable multiplied by the historical uncollectible rate for the range of days past due or earlier if the account is deemed uncollectible for other reasons. Recoveries of amounts previously charged as uncollectible are credited to the allowance for credit losses.

An analysis of the allowance for credit losses for the periods ended June 30, 2025 and 2026 is as follows (in thousands):

	Three Months Ended June 30,			
	2025		2026	
Allowance for credit losses, March 31	$	4,057	$	9,177
Current period provision for expected credit losses		5,388		3,747
Write-offs charged against the allowance		(1,634)		(3,705)
Foreign currency translation		626		125
Allowance for credit losses, June 30	$	8,437	$	9,344

NOTE 7 - PREPAID EXPENSES AND OTHER ASSETS

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

	March 31, 2026	June 30, 2026
Sales-type lease receivables, current	$ 831	$ 757
Prepaid expenses	8,865	9,059
Contract assets	5,017	3,536
Tax receivables	1,190	1,401
VAT receivable	1,669	1,084
Sundry debtors	4,037	6,934
Other current assets	485	971
	$ 22,094	$ 23,743

NOTE 8 - INVENTORY

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

Inventories consist of the following (in thousands):

	March 31, 2026	June 30, 2026
Components	$ 8,495	$ 7,272
Finished goods, net	13,953	14,373
	$ 22,448	$ 21,645

NOTE 9 - FIXED ASSETS

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

	March 31, 2026	June 30, 2026
Installed and uninstalled products	$ 73,750	$ 78,073
Computer software	11,807	12,421
Computer and electronic equipment	8,596	8,949
Furniture and fixtures	4,004	4,462
Leasehold improvements	650	729
Plant and equipment	278	309
Assets in progress	107	23
	99,192	104,966
Accumulated depreciation and amortization	(36,794)	(41,166)
	$ 62,398	$ 63,800

Depreciation and amortization expense for the three-month periods endedJune 30, 2025 and 2026 was $6,172 and $5,744, respectively.

NOTE 10 - INTANGIBLE ASSETS AND GOODWILL

The Company capitalizes certain development 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 development 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 capitalized development 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, 2026 and June 30, 2026 (in thousands):

June 30, 2026	**Useful Lives (In Years)**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Definite-lived:				
Customer relationships	9 - 13	$ 214,972	$ (46,099)	$ 168,873
Trademark and tradename	3 - 15	23,926	(8,956)	14,970
Patents	7 - 11	2,128	(1,086)	1,042
Technology	5 - 7	86,252	(36,243)	50,009
Software to be sold or leased	3 - 7	27,295	(8,421)	18,874
		354,573	(100,805)	253,768
Indefinite-lived:				
Customer list		104	—	104
Trademark and tradename		61	—	61
		165	—	165
Total		$ 354,738	$ (100,805)	$ 253,933

March 31, 2026	**Useful Lives (In Years)**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Definite-lived:				
Customer relationships	9 - 13	$ 213,107	$ (40,868)	$ 172,239
Trademark and tradename	3 - 15	23,637	(8,291)	15,346
Patents	7 - 11	2,128	(961)	1,167
Technology	3 - 5	85,187	(36,165)	49,022
Software to be sold or leased	3 - 5	22,875	(5,296)	17,579
		346,934	(91,581)	255,353
Indefinite-lived:				
Customer list		104	—	104
Trademark and tradename		61	—	61
		165	—	165
Total		$ 347,099	$ (91,581)	$ 255,518

The weighted-average remaining amortization periods for customer relationships, trademarks and tradenames, patents, technology, and capitalized software to be sold or leased at June 30, 2026 were 10.3, 10.1, 2.1, 2.5, and 2.7 years, respectively, and at March 31, 2026 were 10.2, 9.8, 3.0, 2.8, and 2.8 years, respectively.

Amortization expense for the three-month periods ended June 30, 2025 and2026 was $9,859 and $10,463, respectively.

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

Fiscal Year	Estimated Future Amortization Expense
2027 (remaining)	$ 31,760
2028	41,183
2029	32,364
2030	23,898
2031	17,818
Thereafter	106,745
	$ 253,768

Reconciliation of Total Goodwill

The following table is a reconciliation of the carrying amount of goodwill as of March 31, 2026 and June 30, 2026 (in thousands):

Goodwill	Carrying Amount
Balance at March 31, 2025	$ 383,146
Businesses acquired	
Powerfleet Africa Sky	552
RTS Acquisition	5,637
Foreign currency translation difference	22,660
Balance at March 31, 2026	411,995
Foreign currency translation difference	9,067
Balance at June 30, 2026	$ 421,062

For the three-month period ended June 30, 2026, the Company did not identify any indicators of impairment.

NOTE 11 - STOCK-BASED COMPENSATION

[A] Stock Options:

During the three-month period ended June 30, 2026, the Company didnot grant any market-based stock options.

The following table summarizes the activity relating to the Company's market-based stock options for the three-month period ended June 30, 2026:

	Options (in thousands)	Weighted-Average Exercise Price ($)	Weighted-Average Contractual Remaining Term (years)	Aggregate Intrinsic Values (in thousands)
Outstanding as of April 1, 2026	5,090	14.09	—	—
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Outstanding as of June 30, 2026	5,090	14.09	5.68	$ 687
Exercisable as of June 30, 2026	—	—	—	$ —

During the three-month period ended June 30, 2026, the Company didnot grant any options to purchase shares of common stock with time-based vesting conditions.

The following table summarizes the activity relating to the Company's stock options, excluding the market-based stock options, for the three-month period ended June 30, 2026:

	Options (in thousands)	Weighted-Average Exercise Price ($)	Weighted-Average Contractual Remaining Term (years)	Aggregate Intrinsic Values (in thousands)
Outstanding as of April 1, 2026	1,807	4.51	—	—
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(182)	4.66	—	—
Outstanding as of June 30, 2026	1,625	4.49	5.50	$ 346
Exercisable as of June 30, 2026	1,575	4.50	5.42	$ 346

The Company recorded stock-based compensation expense of $447 and $231 for the three-month periods ended June 30, 2025 and 2026, respectively, in connection with awards made under the stock option plans, including market-based and time-based options.

The fair value of options vested during the three-month periods ended June 30, 2025 and 2026 amounted to $100 and $67, respectively. There were no option exercises that occurred during the three-month periods ended June 30,2025 and 2026.

As of June 30, 2026, there was $123 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 0.34 years.

As of June 30, 2026, there was $853 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 0.98 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, Restricted Stock Units and Performance Stock Units:

The Company has granted from time to time restricted stock, restricted stock units (“RSUs”) and performance stock units (“PSUs”) to employees under its equity incentive plans.

Each RSU represents a contingent right to receive one share of the Company’s common stock upon vesting. RSUs are generally subject to service-based vesting conditions and vest in equal installments over a three-year period, provided the recipient remains employed by, or continues to provide service to, the Company through each applicable vesting date.

PSUs represent the right to receive a variable number of shares of the Company’s common stock upon vesting, subject to the achievement of specified performance criteria and continued service requirements.

The stock awards are unvested at the time of grant, and, upon vesting, there are no legal restrictions on the stock. Some participants have the option to have their shares withheld for their taxes upon vesting. Shares withheld for taxes are treated as a purchase of treasury stock. The fair value of each share is based on the Company’s closing stock price on the date of the grant.

During the three-month period ended June 30, 2025, the Company granted 373 restricted shares of common stock to the Company’s senior management team, which vest in equal installments over a three-year period, provided that they remain employed by the Company on each scheduled vesting date. 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 three-month period ended March 31, 2026, the Company granted 1,335 RSUs 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 grant date for these awards was determined to be February 25, 2026.

During the three-month period ended June 30, 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.

During the three-month period ended March 31, 2026, the Company granted 2,671 PSUs to the Company’s 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 February 25, 2026.

A summary of all unvested restricted stock, RSUs and PSUs for the three-month period ended June 30, 2026 is as follows:

	Time-Based Awards		Market-Based Awards		Performance-Based Awards	
	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, 2026	1,985	4.24	834	5.35	3,993	4.05
Granted	—	—	—	—	—	—
Vested/Exercised	(1)	4.75	—	—	—	—
Forfeited or expired	—	—	—	—	—	—
Unvested, June 30, 2026	1,984	4.23	834	5.35	3,993	3.62

The Company recorded stock-based compensation expenses of $820 and $2,503 for the three-month periods ended June 30, 2025 and 2026, respectively, in connection with restricted stock, RSU and PSU grants. As of June 30, 2026, there was $13,496 of total unrecognized compensation cost related to unvested shares, RSUs and PSUs.

[C] Stock Appreciation Rights:

The following table summarizes the activity relating to the Company's stock appreciation rights ("SARs") for the three-month period ended June 30, 2026:

	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, 2026	2,369	2.36		
Granted	—	—		
Exercised	(312)	2.52		
Forfeited	0	—		
Outstanding as of June 30, 2026	2,057	2.34	2.26	
Exercisable as of June 30, 2026	971	2.42	2.06	$ 1,367

The total stock-based compensation expense recognized during the three-month periods endedJune 30, 2025 and 2026 was $361 and $325, respectively.

As of June 30, 2026, there was $5,788 of unrecognized compensation cost related to unvested SARs. This amount is expected to be recognized over a weighted-average period of 1.55 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 purchase130 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-month period ended June 30, 2025 and 2026was $226 and $14 , respectively.

As of June 30, 2026, there was $6 of unrecognized compensation expense related to unvested warrants. This amount is expected to be recognized over a weighted-average period of 0.25 years.

NOTE 12 - NET LOSS PER SHARE

Net loss per share for the three-month periods ended June 30, 2025 and 2026 are as follows (in thousands, except per share data):

	Three Months Ended June 30,	
	2025	2026
Basic and diluted loss per share		
Net loss attributable to common stockholders	$ (10,234)	$ (8,440)
Net loss per share attributable to common stockholders - basic and diluted	$ (0.08)	$ (0.06)
Weighted-average common share outstanding - basic and diluted	133,313	134,169

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.

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

Amounts outstanding under short-term and long-term debt were classified on the consolidated balance sheets as follows (in thousands):

	March 31, 2026	June 30, 2026
Short-term bank debt	$ 44,072	$ 42,410
Current maturities of long-term debt	$ 6,283	$ 6,682
Long-term debt - less current maturities	$ 229,669	$ 229,300

As of June 30, 2026, the Company had debt outstanding under credit facilities with Bank Hapoalim B.M. ("Hapoalim") and FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"). As of June 30, 2026, short-term bank debt consisted of $42,396 of borrowing facilities and $14 of book overdrafts.

Summary of Debt Facilities

Short-Term Debt

The following table summarizes the Company’s revolving credit facilities as of June 30, 2026 (in thousands):

Facility	Denominated Currency	Total Committed Amount (USD equivalent at balance sheet date)	Amount Outstanding (Drawn)	Available Borrowing Capacity (Undrawn)	Interest Rate	Final Maturity	Classification
RMB General Facility	ZAR	$ 21,332	$ 18,067	$ 3,265	SA Prime – 0.75%	On demand (April 2, 2026)	Current
RMB Revolving Credit Facility A	USD	$ 10,000	$ 5,000	$ 5,000	SOFR + 2.5%	February 1, 2027	Current
RMB Revolving Credit Facility B	ZAR	$ 10,971	$ —	$ 10,971	South African rand overnight index average + 1.95%	February 1, 2027	Current
Hapoalim Revolving Credit Facility C	USD/NIS	$ 10,000	$ 6,648	$ 3,352	USD-denominated: SOFR + 2.15% NIS-denominated: Hapoalim Prime + 2.5%	February 27, 2027	Current
Hapoalim Revolving Credit Facility D	USD	$ 20,000	$ 12,681	$ 7,319	SOFR + 2.59%	February 27, 2027	Current
		$ 72,303	**$ 42,396**	**$ 29,907**			

RMB General Facility

As part of the business combination with MiX Telematics in April 2024 (the “MiX Combination”), MiX Telematics entered into a committed general banking facility with RMB in the principal amount of R350,000 (the equivalent of $21,332 at June 30, 2026) (the “RMB General Facility”). The RMB General Facility was repayable on demand and had a contractual term of 365 days from the available date. Repayment, including capitalized interest, was due by April 2, 2026, unless extended by agreement between MiX Telematics and RMB. Interest was calculated on the daily outstanding balance, compounded monthly in arrears and payable quarterly.

Subsequent to June 30, 2026, the Company continued discussions with RMB regarding the establishment of a new general banking facility, which would extend and replace the RMB General Facility, and certain additional operational banking facilities in connection with the transition of the Company’s South African transactional banking relationship to RMB. The proposed arrangements include a general banking facility intended to support working capital and cash management requirements, as well as additional operational banking facilities supporting transactional banking activities. The proposed facilities have received credit approval from RMB and remain subject to the execution of definitive documentation and receipt of certain corporate approvals. The Company expects to finalize the arrangements following completion of these internal approval and documentation processes. RMB has not demanded, and has indicated that it does not intend to demand, repayment of the RMB General Facility.

2026 RMB Revolving Credit Facilities

On February 5, 2026, the Company, together with certain wholly owned subsidiaries, entered into a facilities agreement with RMB (the "RMB Revolving Credit Facilities Agreement") providing revolving credit facilities in the aggregate principal amounts of $10,000 ("RMB Revolving Credit Facility A") and R180,000 ("RMB Revolving Credit Facility B" and, together with RMB Revolving Credit Facility A, the "RMB Revolving Credit Facilities"), respectively.

The RMB Revolving Credit Facilities are available for general corporate purposes.

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

The Company was 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 RMB Revolving Credit 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 applicable RMB Revolving Credit Facility, (ii) 20% per annum of the applicable margin if utilization is equal to or greater than 50% of RMB Revolving Credit Facility A, and (iii) 26% per annum of the applicable margin if utilization is equal to or greater than 50% of RMB Revolving Credit Facility B.

Hapoalim Revolving Credit Facilities

On March 18, 2024, Powerfleet Israel Ltd. ("Powerfleet Israel") and Pointer Telocation Ltd. ("Pointer" and, together with Powerfleet Israel, the "Borrowers") entered into an amended and restated credit agreement (as amended, the "A&R Credit Agreement"). The A&R Credit Agreement provides for 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 Revolving Credit Facility C" and "Hapoalim Revolving Credit Facility D," respectively, and, collectively, the "Hapoalim Revolving Credit Facilities"). On December 30, 2024, the Borrowers entered into an amendment to the A&R Credit Agreement, which increases the principal amount available under Hapoalim Revolving Credit Facility D from $10,000 to $20,000.

The proceeds of the Hapoalim Revolving Credit Facilities may be used by Pointer for general corporate purposes, including working capital and capital expenditures. The Company is required to pay non-utilization and credit allocation fees on undrawn balances equal to 0.5% per annum on undrawn and uncancelled amounts.

The Hapoalim Revolving Credit Facilities are 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 its assets, as well as cross-guarantees between Powerfleet Israel and Pointer, subject to specified exclusions.

The weighted-average interest rate on short-term borrowings as of March 31, 2026 and June 30, 2026 was 7.90% and 7.94%, respectively.

Long-Term Debt

The following table summarizes the Company’s loan facilities as of June 30, 2026 (in thousands):

Facility	Denominated Currency	Original Principal Amount (USD equivalent)	Outstanding Balance	Interest Rate	Final Maturity	Classification
Hapoalim Term Facility A	NIS	$ 20,000	$ 14,260	Hapoalim Prime (5.25%) + 2.2%	March 18, 2029	Non-current
Hapoalim Term Facility B **	NIS	$ 10,000	$ 12,267	Hapoalim Prime (5.25%) + 2.3%	March 18, 2029	Non-current
RMB Term Facility A	USD	$ 42,500	$ 42,500	8.699% to March 31, 2027, thereafter SOFR + 4.85%	March 31, 2028	Non-current
RMB Term Facility B	USD	$ 42,500	$ 42,500	8.979% fixed	March 31, 2029	Non-current
New RMB Term Facility	USD	$ 125,000	$ 125,000	5.0% + SOFR	October 31, 2029	Non-current
		$ 240,000	**$ 236,527**			

** The outstanding balance of the Hapoalim Term Facility B exceeds the original USD equivalent principal amount due to foreign currency fluctuations with no required principal payments until maturity.

Hapoalim Term Facilities

The A&R Credit Agreement also provides for 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 Term Facility A” and “Hapoalim Term Facility B,” respectively, and, collectively, the “Hapoalim Term Facilities”).

Hapoalim Term Facility A amortizes in quarterly installments over its five-year term, while Hapoalim Term Facility B does not amortize and is payable in full at maturity.

The A&R Credit Agreement was accounted for as a modification of the prior term loan facilities, as the change in the present value of future cash flows was less than 10% under the guidance in ASC 470-50. The proceeds ($30,000), less the prepayment of the prior term loan facilities (approximately $11,200), amounting to approximately $18,800, were recorded as an increase in the carrying value of the prior term loan facilities that was recognized previously.

For the three-month periods ended June 30, 2025 and 2026, the Company recorded a cost of $15 and $15, respectively, net of additional deferred costs and credit to the original debt issuance costs and amortization of the original debt issuance costs. The Company recorded charges of $624 and $624 to interest expense on its condensed consolidated statements of operations for the three-month periods ended June 30, 2025 and 2026, respectively, related to interest expense associated with the Hapoalim debt.

Hapoalim Covenants

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. As of June 30, 2026, the Company was in compliance with all applicable financial and non-financial covenants, and no events of default had occurred.

RMB Term Facilities

On March 7, 2024, the Company, together with certain of its wholly owned subsidiaries, entered into a facilities agreement (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 Term Facility A” and “RMB Term Facility B,” respectively, and, collectively, the “RMB Term Facilities”).

The RMB Term Facilities were drawn in full and used to redeem all the then-outstanding shares of the Company’s Series A convertible preferred stock (“Series A Preferred Stock”) and for general corporate purposes.

On October 31, 2025, the Company and RMB entered into a first amendment and restatement agreement(the “First Amendment and Restatement Agreement”), which amended and restated the Facilities Agreement to, among other things, extend maturities and modify interest terms. Under the terms of the First Amendment and Restatement Agreement, RMB Term Facility A matures on March 31, 2028, and RMB Term Facility B matures on March 31, 2029. Interest is payable quarterly in arrears. The Company may prepay the RMB Term 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 Term 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 Term Facilities.

Certain optional and contingent prepayment features within the RMB Term Facilities were determined to be embedded derivatives requiring bifurcation under of ASC 815-15 Embedded Derivatives. The embedded derivatives were separated from the debt host contracts and accounted for at fair value, with the debt host contracts recorded at amortized cost. Upon initial recognition of the RMB Term Facilities, a Prepayment Derivative asset of $610 and $1,616 for RMB Term Facility A and RMB Term 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 Term Facilities with and without the embedded derivative using both the binomial lattice model and discounted cash flow analysis.

The following key assumptions were used in June 30, 2026:

	Facility A	Facility B
Risk-free interest rate volatility	31 %	26 %
Risk-free rate	4.10 %	4.15 %
Credit rating	B	B

The Prepayment Derivative is classified as a Level 3 in the fair value hierarchy due to the use of at least one significant unobservable inpu 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 Term Facility A, a change of -10% in credit spread volatility would result in an increase in the derivative asset of $1, while a change of +10% in credit spread volatility would result in no change in the derivative asset. For the Prepayment Derivative asset in RMB Term Facility B, a change of -10% in credit spread volatility would result in an increase in the derivative asset of $8, while a change of +10% in credit spread volatility would result in an increase in the derivative asset of $6. The Prepayment Derivative assets are included in Other assets and their fair values were $1,215 and $2,291 for RMB Term Facility A and RMB Term Facility B, respectively, as of March 31, 2026 and $1,640 and $2,785 for RMB Term Facility A and RMB Term Facility B, respectively, as of June 30, 2026. The debt-host contracts are accounted for at amortized cost. Total debt issuance costs of approximately $1,000 were incurred. For the three-month periods ended June 30, 2025 and 2026, the Company recorded $72 and $55, respectively, of amortization of the original debt issuance costs and the refinancing fee to RMB.

For the three-month periods ended June 30, 2025 and 2026, the Company recorded interest expense of $1,920 and $1,920, respectively.

New RMB Term Facility

On September 27, 2024, the Company, together with certain of its wholly owned subsidiaries, entered into a term loan facility with RMB in an aggregate principal amount of $125,000 (the "New RMB Term Facility"), the proceeds of which were used to pay a portion of the purchase price of approximately $190,000 in connection with the FC Acquisition.

Interest on the New RMB Term Facility is payable quarterly in arrears. The stated interest rate at June 30, 2026 was 8.70%. The Company paid a non-refundable deal structuring fee of $1,250 to RMB on October 1, 2024. Total debt issuance costs incurred were $1,433, inclusive of the non-refundable deal structuring fee. For the three-month periods ended June 30, 2025 and 2026, the Company recorded $58 and $64, respectively, of amortization of these costs and $2,938 and $2,905, respectively, of interest expense.

The New RMB Term Facility is guaranteed, on a joint and several basis, by certain wholly owned subsidiaries and secured by first-priority security interests over their share capital.

RMB Covenants

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) 2.75 from June 30, 2026 through March 30, 2027, and (ii) 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 Term 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 applicable 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 Term Facilities or New RMB Term Facility, as applicable. As of June 30, 2026, the Company was in compliance with all applicable financial and non-financial covenants, and no events of default had occurred.

Contractual Maturities

Scheduled contractual maturities of the long-term debt as of June 30, 2026 are as follows (in thousands):

Fiscal Year	**Contractual Maturities**
2027 (remaining)	$ —
2028	5,060
2029	49,247
2030	57,220
2031	125,000
Thereafter	—
	236,527
Less: Current portion	(6,682)
Less: Debt costs and prepayment	(545)
Total	$ 229,300

NOTE 14 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	March 31, 2026	June 30, 2026
Accrued warranty	$ 959	$ 924
Accrued compensation	22,890	24,654
Government authorities	10,533	10,573
Other current liabilities	3,317	3,819
	$ 37,699	$ 39,970

The following table summarizes warranty activity for the three months ended June 30, 2025 and 2026 (in thousands):

	Three Months Ended June 30,	
	2025	2026
Accrued warranty reserve, beginning of year	$ 3,618	$ 2,202
Accrual for product warranties issued	97	225
Product replacements and other warranty expenditures	(229)	(334)
Expiration of warranties	(45)	—
Foreign currency translation difference	66	30
Accrued warranty reserve, end of period [(1)]	$ 3,507	$ 2,123

[(1)] Includes non-current accrued warranty included in other long-term liabilities at June 30, 2025 and 2026 of $2,134 and $1,199, respectively.

NOTE 15 - 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 June 30, 2025 and 2026, the Company recognized restructuring expenses of $1,995 and $727, 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 sheets) (in thousands):

	March 31, 2026	June 30, 2026
Opening balance	$ 1,324	$ 1,207
Charges	3,463	727
Cash payments	(3,580)	(753)
Foreign currency translation	—	(23)
Closing balance	$ 1,207	$ 1,158

From April 1, 2024 through June 30, 2026, the Company incurred expenses of $8,863 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 16 - ACCUMULATED OTHER COMPREHENSIVE INCOME

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

The accumulated balances for each classification of other comprehensive income for the three-month period ended June 30, 2026 are as follows (in thousands):

	Accumulated other comprehensive income
Balance at April 1, 2026	$ 29,660
Foreign currency translation adjustment	12,427
Balance at June 30, 2026	$ 42,087

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

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

There were no reclassification adjustments out of accumulated other comprehensive (loss) income during the period.

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 statements of operations. The Company derives its revenue from product revenue and service revenue. Product revenue consists primarily of the sale of hardware devices. Service revenue consists primarily of recurring subscription services as well as professional implementation and other non-recurring services. The measure of segment assets is reported on the consolidated balance sheets as net fixed assets.

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

	Three Months Ended June 30,	
	2025	2026
Total revenues	$ 104,121	$ 110,793
Total cost of revenues	47,640	49,632
Selling and marketing expenses	17,597	21,168
General and administrative expenses	33,275	33,081
Development costs incurred	8,559	9,283
Development costs capitalized	(3,702)	(4,923)
Depreciation and amortization	2,790	2,282
Interest income	196	234
Interest expense	(6,786)	(6,983)
Other expense	(1,243)	(405)
Income tax expense	(362)	(1,373)
Net loss	(10,234)	(8,257)
Non-controlling interest	—	(183)
Net loss attributable to common stockholders	$ (10,234)	$ (8,440)

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

	Three Months Ended June 30,	
	2025	2026
North America	$ 37,425	$ 34,430
Israel	13,295	17,735
Africa	25,462	29,230
Europe and Middle East	12,352	12,066
Australia	10,618	11,207
Other	4,969	6,125
	$ 104,121	$ 110,793

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

	March 31, 2026	June 30, 2026
North America	$ 16,409	$ 16,819
Israel	1,576	1,528
Africa	33,004	34,015
Europe and Middle East	6,098	6,254
Australia	550	455
Other	4,761	4,729
	$ 62,398	$ 63,800

NOTE 18 - INCOME TAXES

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

	Three Months Ended June 30,	
	2025	2026
Domestic pre-tax book loss	$ (10,345)	$ (10,437)
Foreign pre-tax book income	473	3,553
Total loss before income taxes	(9,872)	(6,884)
Income tax expense	(362)	(1,373)
Net loss before non-controlling interest	$ (10,234)	$ (8,257)
Effective tax rate	(3.67)%	(19.94)%

For the three-month periods ended June 30, 2025 and 2026, 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 9 years.

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

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

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

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

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

	Three Months Ended June 30,	
	2025	2026
Short-term lease cost	$ 419	$ 326

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

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2026
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations	$ 200	$ 855

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

	June 30, 2026
Weighted-average remaining lease term - operating leases (in years)[1]	5.34
Weighted-average discount rate	7.2%

[1] Including expected renewals where appropriate.

Scheduled maturities of operating lease liabilities outstanding as of June 30, 2026 are as follows (in thousands):

July 2026 - March 2027	$ 4,286
2028	4,740
2029	3,316
2030	2,056
2031	1,427
Thereafter	4,437
Total lease payments	20,262
Less: Imputed interest	(3,040)
Present value of lease payments	$ 17,222

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 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 Term Facilities is classified as a Level 3 in the fair value hierarchy due to the use of at least one significant unobservable input which is the credit spread volatility (see Note 13). There were no transfers between Level 1 or Level 2, or transfers in or out of Level 3, of the fair value hierarchy during the year ended March 31, 2026 and the three months ended June 30, 2026.

	As of June 30, 2026				
			Fair Value		
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Debt	$ 278,392	$ 282,435	$ —	$ 282,435	$ —
Prepayment derivative	$ 4,425	$ 4,425	$ —	$ —	$ 4,425

	As of March 31, 2026				
		Fair Value			
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Debt	$ 280,024	$ 281,081	$ —	$ 281,081	$ —
Prepayment derivative	$ 3,505	$ 3,505	$ —	$ —	$ 3,505

NOTE 21 - CONCENTRATION OF CUSTOMERS

For the three-month periods ended June 30, 2025 and 2026, 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.

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, 2026 and June 30, 2026 was $386 and $330, respectively. No loss is considered probable under this arrangement.

NOTE 23 - RECENT ACCOUNTING PRONOUNCEMENTS

In November 2024, the Financial Accounting Standards Board (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.

Effective April 1, 2026, the Company adopted ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (“ASU 2025-05”). The standard provides an optional practical expedient that permits entities to estimate expected credit losses for eligible current accounts receivable and current contract assets by assuming that conditions existing as of the reporting date remain unchanged throughout the remaining expected life of those assets. The adoption of ASU 2025-05 did not have a material impact on the Company’s consolidated financial statements or related disclosures and has been applied prospectively in accordance with the transition provisions of the standard.

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, 2026 (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 statements concerning our beliefs, plans, objectives, goals, expectations, strategies, anticipations, assumptions, estimates, intentions, future events, future revenues or performance, capital expenditures, integration and transformation initiatives, product and technology development, and other information that is not historical information. Forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause our actual results, performance or achievements to differ materially from those 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," "may," "will," "could," "should," "would" 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 our 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 a number of 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 or implied as forward-looking statements herein include, but are not limited, to:

- we may not fully realize the anticipated benefits of our acquisitions and ongoing business transformation initiatives, and these integration and business transformation initiatives may adversely affect our business, financial condition and results of operations;
- significant losses, accumulated deficits and an inability to achieve or sustain profitability may adversely affect our financial condition and the market price of our common stock;
- future global economic, political and business conditions, including inflation, interest rate increases, foreign exchange instability, geopolitical conflicts, sanctions, export controls and the potential imposition of tariffs;
- the commercial, financial, reputational and regulatory risks to our business associated with operating across multiple geographies, including exposure to foreign exchange fluctuations and economic instability in certain emerging markets;
- disruptions in our global supply chain, performance issues or failures by subcontractors, and reliance on a limited number of suppliers for critical components and services;
- the loss of any of our key customers, reductions in customer demand or purchasing levels, and reliance on third-party channel partner relationships, including telecommunication companies and regional distributors;
- changes in technology, products and customer expectations, which may be more rapid, costly or difficult to address, or less effective, than anticipated;
- risks associated with the deployment and use of artificial intelligence and machine learning technologies, including operational, legal, regulatory and reputational risks arising from their development, use or outputs;
- potential breaches, disruptions or failures of our information technology systems, including risks that could impair operations, customer access to services, or vendor and customer relationships;
- our inability to adequately protect our intellectual property rights or defend against third-party intellectual property claims;
- our ability to obtain additional capital to fund our operations; and
- other risks and uncertainties disclosed from time to time in our filings with the Securities and Exchange Commission (the "SEC"), including the risks set forth under "Risk Factors" in 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 and by the risk factors and other disclosures contained in our filings with the

SEC. 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 the statement was made or to reflect the occurrence of unanticipated events, or otherwise.

Overview

We are a global provider of Artificial Intelligence-of-Things solutions providing valuable connected business intelligence for managing high-value enterprise and mid-market 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

High interest rates, moderating but persistent inflationary pressures, fluctuations in currency exchange rates, continued supply chain disruptions, and ongoing geopolitical conflicts, such as the conflicts in the Middle East, have contributed to significant global economic uncertainty. In addition, disruptions in global trade, including the imposition of tariffs, export controls and other trade restrictions, as well as evolving monetary and fiscal policies in major economies, have further effected macroeconomic stability and created additional uncertainty for global commerce. More recent disruptions, including periodic shipping constraints in key maritime routes, have also contributed to supply chain volatility.

Our products incorporate specialized electronic components, including cellular communication modules, GPS chipsets and other semiconductors, which are available from a limited number of suppliers. Integrating new components can require modification of our device firmware. During the three months ended June 30, 2026, we experienced production delays within one of our product lines that resulted in the deferral of certain customer orders. A contributing factor to these delays was firmware compatibility issues that we identified while validating certain new components. We are working to resolve these issues and currently expect to do so during the quarter ending September 30, 2026, although we can provide no assurance as to the timing of resolution. Component transitions of this nature may require additional engineering time and expense and could delay the completion and delivery of finished products in future periods.

While we have identified the effects of these matters on our results for the quarter, as discussed under “Results of Operations” below, the dynamic and uncertain nature of the current macroeconomic environment means we cannot reasonably estimate the ultimate impact of these developments on our financial condition, results of operations or cash flows in future periods. Such effects could persist for an extended period of time.

Risks to Our Business

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

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

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

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

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

Critical Accounting Policies

For the three-month period ended June 30, 2026, 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 June 30,	
	2025	2026
Revenues:		
Products	17.0 %	14.9 %
Services	83.0 %	85.1 %
Total revenues	100.0 %	100.0 %
Cost of revenues:		
Cost of products	12.7 %	11.7 %
Cost of services	33.1 %	33.1 %
Total cost of revenues	45.8 %	44.8 %
Gross profit	54.2 %	55.2 %
Operating expenses:		
Selling, general and administrative expenses	51.5 %	51.0 %
Research and development expenses	4.7 %	3.9 %
Total operating expenses	56.2 %	55.0 %
(Loss) profit from operations	(2.1)%	0.2 %
Interest income	0.2 %	0.2 %
Interest expense	(6.5)%	(6.3)%
Other expense	(1.2)%	(0.4)%
Net loss before income taxes	(9.5)%	(6.2)%
Income tax expense	(0.3)%	(1.2)%
Net loss	(9.9)%	(7.5)%
Non-controlling interest	— %	(0.2)%
Net loss attributable to common stockholders	(9.9)%	(7.6)%

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

REVENUES. Revenues increased by $6.7 million, or 6.4%, to $110.8 million in the three months ended June 30, 2026, from $104.1 million in the same period in 2025.

Product revenues decreased by $1.2 million, or 6.7%, to $16.5 million for the three months ended June 30, 2026, from $17.7 million in the prior-year period. The decrease primarily reflected the timing of late-in-the-quarter shipments within one of our product lines, including the deferral of certain customer orders arising from production delays, to which firmware compatibility issues associated with new components were a contributing factor.

Services revenue increased by $7.8 million, or 9.1%, to $94.3 million in the three months ended June 30, 2026, compared to $86.5 million in the same period in 2025. The increase in services revenues for the combined business (reflecting Powerfleet following the completion of the MiX Combination and FC Acquisition) was driven primarily by Unity safety and AI video solutions.

COST OF REVENUES. Cost of revenues increased by $2.0 million, or 4.2%, to $49.6 million in the three months ended June 30, 2026, from $47.6 million for the same period in 2025, primarily attributable to higher costs associated with the growth in services revenue, partially offset by lower product-related costs resulting from the decline in product revenues. Gross profit was $61.2 million in the three months ended June 30, 2026, compared to $56.5 million for the same period in 2025. As a percentage of revenues, gross profit increased to 55.2% in the three months ended June 30, 2026, from 54.2% in the same period in 2025. This was primarily driven by an increase in higher margin services revenue that comprised 85.1% of total revenues in the three months ended June 30, 2026, compared to 83.0% for the same period in 2025.

Cost of products decreased by $0.3 million, or 2.0%, to $13.0 million in the three months ended June 30, 2026, from $13.2 million in the same period in 2025. Gross profit for products was $3.5 million in the three months ended June 30, 2026, compared to $4.4 million in the same period in 2025. As a percentage of product revenues, gross profit decreased to 21.3% in the three months ended June 30, 2026, from 25.1% in the same period in 2025. Gross profit as a percentage of product revenues was negatively impacted by an unfavorable shift in product mix.

Cost of services increased by $2.2 million, or 6.5%, to $36.7 million in the three months ended June 30, 2026, from $34.4 million in the same period in 2025. The amortization of acquisition intangibles for the MiX Telematics, Fleet Complete and RTS transactions contributed $6.1 million and $5.8 million in the aggregate to cost of services for the three months ended June 30, 2026 and 2025, respectively. Gross profit for services was $57.7 million in the three months ended June 30, 2026, compared to $52.1 million in the same period in 2025. As a percentage of services revenues, gross profit increased to 61.1% in the three months ended June 30, 2026, compared to 60.2% in the same period in 2025.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses increased by $2.9 million, or 5.3%, to $56.5 million in the three months ended June 30, 2026, compared to $53.7 million in the same period in 2025. The increase was driven primarily by higher investments in go-to-market initiatives, including higher sales and marketing costs. These increases were partially offset by a $0.9 million and $1.4 million decrease in acquisition-related and restructuring charges for the period ended June 30, 2026, compared to June 30, 2025. As a percentage of revenues, SG&A expenses were 51.0% for the three months ended June 30, 2026, compared to 51.5% in the same period in 2025.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development ("R&D") expenses decreased by $0.5 million, or 10.2%, to $4.4 million in the three months ended June 30, 2026, compared to $4.9 million in the same period in 2025, primarily due to an increase in R&D costs capitalized as a result of a greater portion of employee hours being devoted to projects that qualified for capitalization. As a percentage of revenues, R&D expenses were 3.9% in the three months ended June 30, 2026, compared to 4.7% in the same period in 2025.

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS. Net loss attributable to common stockholders was $8.4 million, or $(0.06) per basic and diluted share, for the three months ended June 30, 2026, as compared to net loss of $10.2 million, or $(0.08) per basic and diluted share, for the same period in 2025. The $1.8 million decrease in net loss was driven primarily by an increase in gross profit, partially offset by the increase in SG&A 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, interest expense (net), other expense (net), income tax expense, depreciation and amortization, stock-based compensation, foreign currency losses, restructuring-related expenses, derivative mark-to market adjustment, 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 core operating performance and trends, to prepare and approve our annual budget, and to develop short and long-term operational plans. In particular, the exclusion of certain expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results. Because our method for calculating adjusted EBITDA may differ from other companies’ methods, the non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

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

Reconciliation of Net Loss Attributable to Common Stockholders to Adjusted EBITDA

	Three Months Ended June 30,	
	2025 [1]	2026
	(In thousands)	
Net loss attributable to common stockholders	$ (10,234)	$ (8,440)
Non-controlling interest	—	183
Interest expense, net	6,590	6,749
Other expense, net	23	26
Income tax expense	362	1,373
Depreciation and amortization	16,031	16,207
Stock-based compensation	1,853	3,107
Foreign currency losses	1,161	1,336
Restructuring-related expenses	2,442	1,038
Derivative mark-to-market adjustment	104	(919)
Acquisition-related expenses	1,130	228
Integration-related expenses	675	640
Adjusted EBITDA	$ 20,137	$ 21,528

[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 months ended June 30, 2025 and 2026, we reported adjusted EBITDA of $20.1 million and $21.5 million, respectively. During the same periods, we also invoiced recoveries of $1.5 million and $0.9 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.

Because of these limitations, adjusted EBITDA should be considered alongside other financial performance measures, including profit (loss) from operations, net loss 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 Term 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 (as defined below). 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, dated August 19, 2019 (as amended, 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 Term Facility A and Hapoalim Term Facility B) and two revolving credit facilities totaling $20 million (Hapoalim Revolving Credit Facility C and Hapoalim Revolving Credit 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 Revolving Credit Facility D from $10 million to $20 million. As of June 30, 2026, Powerfleet Israel had utilized approximately $19.3 million under the Hapoalim Revolving Credit 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 Term Facility A and Hapoalim Term Facility B are Hapoalim’s prime rate + 2.2% per annum and Hapoalim’s prime rate + 2.3% (Hapoalim’s prime rate was 5.25% at June 30, 2026), respectively. The Hapoalim Term Facilities will mature on March 18, 2029, with Hapoalim Term Facility A amortizing quarterly and Hapoalim Term Facility B due at maturity.

Interest rates for borrowings under Hapoalim Revolving Credit 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 Revolving Credit Facility D bear interest at SOFR + 2.59%. 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 Credit Facilities during the period commencing on March 18, 2024 and ending on the last day of the applicable availability period of the Hapoalim Revolving Credit Facilities. The Hapoalim Revolving Credit Facilities are available for successive one-month periods until and including February 27, 2027, unless the Borrowers deliver prior notice to Hapoalim of their request not to renew the Hapoalim Revolving Credit 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 Term Facilities totaling $85 million, composed of RMB Term Facility A and RMB Term 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 to, among other things, (i) extend the final maturity date of RMB Term Facility A by 12 months, (ii) update the interest rates of the RMB Term Facilities, and (iii) update certain financial covenants to conform to the facility agreement (the “Facility Agreement”) with RMB relating to the New RMB Term Facility. Pursuant to a First Amendment and Restatement Agreement with RMB, which amended and restated the Facilities Agreement (as amended and restated, the “Amended and Restated Facilities Agreement” and, together with the Facility Agreement, the “RMB Facilities Agreements”), 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 Term Facility A, and a fixed annual rate of 8.979%, with respect to RMB Term Facility B, with principal repayments for RMB Term Facility A and RMB Term 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 June 30, 2026, $18.1 million of the RMB General Facility was utilized.

Subsequent to June 30, 2026, we continued discussions with RMB regarding the establishment of a new general banking facility, which would extend and replace the RMB General Facility, and certain additional operational banking facilities in connection with the transition of our South African transactional banking relationship to RMB. The proposed arrangements include a general banking facility intended to support working capital and cash management requirements, as well as additional operational banking facilities supporting transactional banking activities. The proposed facilities have received credit approval from RMB and remain subject to the execution of definitive documentation and receipt of certain corporate approvals. We expect to finalize the arrangements following completion of these internal approval and documentation processes. RMB has not demanded, and has indicated that it does not intend to demand, repayment of the RMB General Facility.

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 RMB Revolving Credit Facilities Agreement with RMB, pursuant to which RMB agreed to provide us and MiX Telematics with the RMB Revolving Credit Facilities, composed of RMB Revolving Credit Facility A in the aggregate principal amount of $10 million and RMB Revolving Credit Facility B in the aggregate principal amount of R180 million. RMB Revolving Credit 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). RMB Revolving Credit 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 RMB Revolving Credit Facilities will mature one year from the closing date of the RMB Revolving Credit Facilities Agreement. As of June 30, 2026, $5.0 million of the RMB Revolving Credit Facilities was utilized. Debt obligations are further discussed in Note 13, “Short-Term Bank Debt and Long-Term Debt” to our condensed consolidated financial statements included elsewhere in this Form 10-Q.

Liquidity Position

As of June 30, 2026, we had cash and cash equivalents (including restricted cash) of $36.7 million and working capital of $15.5 million, compared to cash and cash equivalents (including restricted cash) of $40.8 million and working capital of $21.2 million as of March 31, 2026. As of June 30, 2026, Pointer had $19.3 million outstanding under the Hapoalim Revolving Credit Facilities, with $10.7 million of remaining borrowing capacity. As of June 30, 2026, $18.1 million of the RMB General Facility was outstanding. As of June 30, 2026, $5.0 million of the RMB Revolving Credit Facilities was outstanding and the $5.0 million remained available for borrowing. No amounts were outstanding under the RMB Revolving Credit Facility B, which had available borrowing capacity of R180 million or $11.0 million at June 30, 2026. In the aggregate, we had approximately $29.9 million of available short-term borrowing capacity as of June 30, 2026.

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 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 three months ended June 30, 2026, net cash provided by operating activities was $8.4 million, compared to net cash provided by operating activities of $4.7 million for the same period in 2025. The net cash provided by operating activities for the three months ended June 30, 2026 primarily included $16.2 million for depreciation and amortization expense, $3.0 million for bad debts expense, $3.1 million of non-cash charges for stock-based compensation, $0.6 million for inventory reserve adjustments, $1.2 million for ROU asset amortization and $1.2 million for other non-cash items, partially offset by $1.5 million for deferred income taxes and $0.9 million for derivative mark-to-market adjustment. Changes in operating assets and liabilities included:

- a decrease in accounts receivables of $0.9 million;
- an increase in deferred costs of $3.0 million;
- a decrease in inventory, net of reserve of $0.7 million;
- an increase in prepaid expenses and other assets of $2.1 million; and
- a decrease in lease liabilities of $1.0 million; partially offset by
- an increase in accounts payable of $0.7 million; and
- an increase in deferred revenue of $0.1 million.

Cash flows from operating activities for the three months ended June 30, 2026 include approximately $0.9 million ($1.5 million for the three months ended June 30, 2025), 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 three months ended June 30, 2026 was $9.0 million, compared to net cash used in investing activities of $11.8 million for the same period in 2025. The net cash used by investing activities was primarily due to $4.9 million for the purchase of fixed assets and $4.1 million for capitalized software development costs. The net cash used in investing activities of $11.8 million in the same period in 2025 was primarily due to $8.1 million for the purchase of fixed assets and $3.7 million for capitalized software development costs.

Financing Activities

During the three months ended June 30, 2026, net cash used in financing activities was $4.1 million, compared to $6.8 million net cash used in financing activities for the same period in 2025. The cash used in financing activities was primarily due to the repayment of long-term debt of $1.7 million and repayment in short-term bank debt of $2.5 million. The net cash used in financing activities during the three months ended June 30, 2025 was primarily due to the repayment of short-term bank debt of $5.4 million and repayment of long-term debt of $1.3 million.

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 13 to our condensed consolidated financial statements contained in Item 1 of Part I of this Quarterly Report on Form 10-Q, which sets out the terms of each of these loans. In South Africa, the South African Reserve Bank's Monetary Policy Committee reduced interest rates from 8.25% in May 2024 to 6.75% in November 2025, and interest rates remained at 6.75% through March 2026 before increasing by 25 basis points to 7.00% in May 2026. In Israel, the Bank of Israel reduced interest rates to 4.0% in January 2026 and then further to 3.5% in July 2026. Our U.S. dollar-denominated borrowings are based on the Standard Overnight Financing Rate ("SOFR") for which the 90-day average rate was 3.63% as of June 30, 2026, compared to 4.34% as of June 30, 2025, 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 June 30, 2026. 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	$ 3,630	1%	(1%)	$ 493	$ (493)
RMB Facilities- Variable	$ 12,952	1%	(1%)	$ 1,481	$ (1,481)
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 June 30, 2026, trade receivables totaled $91.4 million, net of an allowance for credit losses of $9.3 million. Refer to Note 6 of the 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.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2026.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2026. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Exchange Act is:

- recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms; and
- accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

b. Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Our business is subject to numerous risks, a number of which are described under Part I, Item 1A. "Risk Factors" in our Form 10-K. As of June 30, 2026, there have been no material changes to the risk factors previously disclosed in our Form 10-K.

The risks described in our Form 10-K should be carefully considered together with the other information contained in this Quarterly Report on Form 10-Q, as they could materially affect our business, financial condition, cash flows and results of operations. The risks described under Part I, Item 1A. "Risk Factors" in our Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we believe to be immaterial, also may also materially adversely affect our business, financial condition and results of operations.

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

None.

Item 6. Exhibits

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

Exhibits:

Exhibit Number	Description
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. § 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets as of March 31, 2026 and June 30, 2026; (ii) Condensed Consolidated Statements of Operations for the three months ended June 30, 2025 and 2026; (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended June 30, 2025 and 2026; (iv) Condensed Consolidated Statements of Changes in Stockholders' Equity for the periods April 1, 2025 through June 30, 2025 and April 1, 2026 through June 30, 2026 (v) Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2025 and 2026; and (vi) Notes to Condensed Consolidated Financial Statements.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in Inline XBRL (included as Exhibit 101).

* Filed herewith.

** 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: August 10, 2026	*By: /s/ Steve Towe* Steve Towe Chief Executive Officer (Principal Executive Officer)
Date: August 10, 2026	*By: /s/ David Wilson* David Wilson Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATE OF PRINCIPAL EXECUTIVE OFFICER

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

I, Steve Towe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Powerfleet, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 10, 2026 *<u>/s/ Steve Towe</u>*

Steve Towe
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATE OF PRINCIPAL FINANCIAL OFFICER

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

I, David Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Powerfleet, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 10, 2026 <u>*/s/ David Wilson*</u>

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

Exhibit 32

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

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

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

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

Date: August 10, 2026 /s/ Steve Towe

Steve Towe
Chief Executive Officer
(Principal Executive Officer)

Date: August 10, 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.