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

FORM 10-K/A
(Amendment No. 2)

(Mark One)

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

For the fiscal year ended December 31, 2021.

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

For the transition period from _______ to _______.

Commission file number: **001-39080**

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

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

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

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

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

Securities registered pursuant to Section 12(g) of the Act:**None**

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐No ☒

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the registrant's common stock, par value $0.01 per share ("Common Stock"), held by non-affiliates, computed by reference to the price at which the Common Stock was last sold as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $237.7 million.

The number of shares of the registrant's Common Stock outstanding as of August 4, 2022 was36,189,756 shares.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Auditor Firm ID	**Auditor Name**	**Auditor Location**
42	Ernst & Young LLP	Iselin, New Jersey

EXPLANATORY NOTE

This Amendment No. 2 on Form 10-K/A (this "Amendment No. 2") further amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "2021 Annual Report") of PowerFleet, Inc. filed with the Securities and Exchange Commission (the "SEC") on March 16, 2022 (the "Original Filing Date"), as amended by Amendment No. 1 on Form 10-K/A filed with the SEC on May 2, 2022. In this Amendment No. 2, unless the context indicates otherwise, the designations "PowerFleet," the "Company," "we," "us" or "our" refer to PowerFleet, Inc. and its subsidiaries.

This Amendment No. 2 is being filed solely to correct a typographical error in the Report of Independent Registered Public Accounting Firm (the "Audit Opinion") of Ernst & Young LLP ("EY") contained in the 2021 Annual Report, by replacing "December 31, 2020" with "December 31, 2021" under the section titled "Critical Audit Matters" in the Audit Opinion. In addition, this Amendment No. 2 includes a new consent of EY as Exhibit 23.1 hereto and new certifications pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1, 31.2, 32.1 and 32.2 hereto.

Pursuant to Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have repeated the entire text of Item 8 of the 2021 Annual Report in this Amendment No. 2. However, there have been no changes to the Company's financial statements and notes thereto or the text of such item (other than the change stated in the immediately preceding paragraph to replace "December 31, 2020" with "December 31, 2021" under the section titled "Critical Audit Matters" in the Audit Opinion).

Except as described above, no other amendments are being made to the 2021 Annual Report. This Amendment No. 2 does not reflect events occurring after Original Filing Date or modify or update any disclosure contained in the 2021 Annual Report in any way other than to reflect the amendments discussed above and reflected below. Accordingly, this Amendment No. 2 should be read in conjunction with the 2021 Annual Report and our other filings with the SEC.

POWERFLEET, INC.

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PART II

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of PowerFleet, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PowerFleet, Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, cash flows, and changes in stockholders' equity for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 16, 2022 expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Income Taxes – Uncertain Tax Positions
Description of the Matter	As discussed in Note 17 of the consolidated financial statements, the Company has recorded a liability of $0.5 million related to uncertain tax positions as of December 31, 2021. The Company conducts business in the US and various foreign countries and is therefore subject to US federal and state income taxes, as well as income taxes of multiple foreign jurisdictions. Due to the multinational operations of the Company and changes in global income tax laws and regulations, including those in the US, there is complexity in the accounting for and monitoring of the provision for uncertain tax positions. Auditing management's identification and measurement of uncertain tax positions involved complex analysis and auditor judgment related to the evaluation of the income tax consequences of changes in income tax laws and regulations in various jurisdictions, which are often subject to interpretation.
How We Addressed the Matter in Our Audit	Our audit procedures included, among others, evaluating the Company's assumptions and the underlying data used to identify its uncertain tax positions and to estimate the amount of the related unrecognized income tax benefits by jurisdiction. We obtained an understanding of the Company's legal structure by reviewing its organizational charts and related legal documents. Due to the complexity of the tax law in various jurisdictions, we involved our income tax professionals to assess the Company's interpretation of and compliance with tax laws in these jurisdictions, as well as to identify relevant tax law changes. In certain circumstances, we involved our income tax professionals to evaluate the technical merits of the Company's tax positions and to evaluate income tax opinions or other third-party advice obtained by the Company. We also evaluated the Company's income tax disclosures included in Note 17 to the consolidated financial statements in relation to these matters.

/s/ Ernst & Young LLP

We served as the Company's auditor since 2019.

Iselin, New Jersey
March 16, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of PowerFleet, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited PowerFleet, Inc. and subsidiaries internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, PowerFleet, Inc. and subsidiaries (the Company) has not maintained effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in controls related to various processes at the company's Israel component.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, cash flows, and changes in stockholders' equity for each of the three years in the period ended December 31, 2021, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2021 consolidated financial statements, and this report does not affect our report dated March 16, 2022, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Iselin, New Jersey
March 16, 2022

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

	As of December 31,	
	2020	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,127	**$ 26,452**
Restricted cash	308	**308**
Accounts receivable, net of allowance for doubtful accounts of $2,364 and $3,176 in 2020 and 2021, respectively	24,147	**32,094**
Inventory, net	12,873	**18,243**
Deferred costs - current	3,128	**1,762**
Prepaid expenses and other current assets	6,184	**9,051**
Total current assets	64,767	**87,910**
Deferred costs - less current portion	2,233	**249**
Fixed assets, net	8,804	**8,988**
Goodwill	83,344	**83,487**
Intangible assets, net	31,276	**26,122**
Right of use asset	9,700	**9,787**
Severance payable fund	4,056	**4,359**
Deferred tax asset	12,269	**4,262**
Other assets	3,115	**4,703**
Total assets	$ 219,564	**$ 229,867**
LIABILITIES		
Current liabilities:		
Short-term bank debt and current maturities of long-term debt	5,579	**6,114**
Accounts payable and accrued expenses	20,225	**29,015**
Deferred revenue - current	7,339	**6,519**
Lease liability - current	2,755	**2,640**
Total current liabilities	35,898	**44,288**
Long-term debt, less current maturities	23,179	**18,110**
Deferred revenue - less current portion	6,006	**4,428**
Lease liability - less current portion	7,050	**7,368**
Accrued severance payable	4,714	**4,887**
Deferred tax liability	10,763	**5,220**
Other long-term liabilities	674	**706**
Total liabilities	88,284	**85,007**
Commitments and Contingencies (note 21)		
MEZZANINE EQUITY		
Convertible redeemable preferred stock: Series A – 100 shares authorized, $0.01 par value; 55 and 55 shares issued and outstanding at December 31, 2020 and December 31, 2021	51,992	**52,663**
Preferred stock; authorized 50,000 shares, $0.01 par value;	-	**-**
Common stock; authorized 75,000 shares, $0.01 par value; 32,280 and 37,263 shares issued at December 31, 2020 and December 31, 2021, respectively; shares outstanding, 31,101 and 35,882 at December 31, 2020 and December 31, 2021, respectively	323	**373**
Additional paid-in capital	206,499	**234,083**
Accumulated deficit	(121,150)	**(134,437)**
Accumulated other comprehensive gain (loss)	399	**391**

Treasury stock; 1,179 and 1,381 common shares at cost at December 31, 2020 and December 31, 2021, respectively	(6,858)	**(8,299)**
Total Powerfleet, Inc. stockholders' equity	79,213	**92,111**
Non-controlling interest	75	**86**
Total equity	79,288	**92,197**
Total liabilities and stockholders' equity	$ 219,564	**$ 229,867**

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Year Ended December 31,		
	2019	2020	2021
Revenues:			
Products	$ 45,416	$ 45,651	**$ 52,981**
Services	36,499	67,942	**73,227**
Total revenues	81,915	113,593	**126,208**
Cost of Revenues:			
Cost of products	29,982	30,219	**39,445**
Cost of services	13,569	24,357	**26,580**
	43,551	54,576	**66,025**
Gross profit	38,364	59,017	**60,183**
Operating expenses:			
Selling, general and administrative expenses	34,447	51,878	**57,100**
Research and development expenses	8,540	10,597	**11,058**
Acquisition related expenses	5,135	-	**-**
	48,122	62,475	**68,158**
Loss from operations	(9,758)	(3,458)	**(7,975)**
Interest income	125	55	**45**
Interest expense	(1,373)	(4,467)	**(2,764)**
Other (expense) income, net	(50)	(102)	**8**
Net loss before income taxes	(11,056)	(7,972)	**(10,686)**
Income tax benefit (expense)	75	(1,038)	**(2,607)**
Net loss before non-controlling interest	(10,981)	(9,010)	**(13,293)**
Non-controlling interest	18	3	**5**
Net loss	(10,963)	(9,007)	**(13,288)**
Accretion of preferred stock	(168)	(672)	**(672)**
Preferred stock dividends	(916)	(3,927)	**(4,112)**
Net loss attributable to common stockholders	$ (12,047)	$ (13,606)	**$ (18,072)**
Net loss per share attributable to common stockholders - basic and diluted	$ (0.59)	$ (0.46)	**$ (0.52)**
Weighted average common shares outstanding - basic and diluted	20,476	29,703	**34,571**

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

POWERFLEET, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Loss
(In thousands, except per share data)

	December 31,		
	2019	2020	2021
Net loss attributable to common stockholders	$ (12,047)	$ (13,606)	**$ (18,072)**
Other comprehensive (loss) income, net:			
Unrealized (loss) gain on investments	9	-	-
Reclassification of net realized investment loss (gain) included in net loss	38	-	-

Foreign currency translation adjustment	653	134	**(8)**
Total other comprehensive income (loss), net	700	134	**(8)**
Comprehensive loss	$ (11,347)	$ (13,472)	**$ (18,080)**

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

POWERFLEET, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except per share data)

	Common Stock							
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interest	Stockholders' Equity
Balance at January 1, 2019	19,178	$ 192	$ 138,693	$ (101,180)	$ (435)	$ (5,736)	$ -	**$ 31,534**
Net loss attributable to common stockholders	-	-	(1,084)	(10,963)	-	-	-	**(12,047)**
Foreign currency translation adjustment	-	-	-	-	653	-	8	**661**
Reclassification of realized losses on investments, net of unrealized amounts	-	-	-	-	47	-	-	**47**
Shares issued pursuant to Pointer Transactions	10,756	107	57,973	-	-	-	-	**58,080**
Share based awards assumed Pointer Transaction		-	246	-	-	-	-	**246**
Shares issued relating to Keytroller acquisition consideration	148	1	999	-	-	-	-	**1,000**
Shares issued pursuant to CarrierWeb acquisition	71	1	405	-	-	-	-	**406**
Shares issued pursuant to exercise of stock options	59	1	221	-	-	-	-	**222**
Issuance of restricted shares	625	6	(6)	-	-	-	-	**-**
Forfeiture of restricted shares	(40)	-		-	-	-	-	**-**
Vesting of restricted stock units	7	-	-	-	-	-	-	**-**
Shares withheld pursuant to vesting of restricted stock	-	-	-	-	-	(317)	-	**(317)**
Stock based compensation	-	-	4,213	-	-	-	-	**4,213**
Net loss attributable to non-controlling interest	-	-	-	-	-	-	(18)	**(18)**
Other	-	-	153	-	-	-	-	**153**
Balance at December 31, 2019	30,804	$ 308	$ 201,813	$ (112,143)	$ 265	$ (6,053)	$ (10)	**$ 84,180**
Net loss attributable to common stockholders	-	-	(4,599)	(9,007)	-	-	-	**(13,606)**
Net loss attributable to non-controlling interest	-	-	-	-	-	-	(3)	**(3)**
Foreign currency translation adjustment	-	-	-	-	134	-	88	**222**
Issuance of restricted shares	461	4	(4)	-	-	-	-	**-**
Forfeiture of restricted shares	(143)	(1)	1	-	-	-	-	**-**
Vesting of restricted stock units	149	1	(1)	-	-	-	-	**-**
Other	-	-	62	-	-	-	-	**62**
Shares issued pursuant to exercise of stock options	199	3	935	-	-	-	-	**938**
Shares withheld pursuant to exercise of stock options	-	-	-	-	-	(382)	-	**(382)**
Shares withheld pursuant to vesting of restricted stock	-	-	-	-	-	(423)	-	**(423)**
Common shares issued	810	8	4,033	-	-	-	-	**4,041**
Stock based compensation	-	-	4,259	-	-	-	-	**4,259**
Balance at December 31, 2020	32,280	$ 323	$ 206,499	$ (121,150)	$ 399	$ (6,858)	$ 75	**$ 79,288**
Net loss attributable to common stockholders	-	-	(4,785)	(13,287)	-	-	-	**(18,072)**
Net loss attributable to non-controlling interest	-	-	-	-	-	-	(5)	**(5)**
Foreign currency translation adjustment	-	-	-	-	(8)	-	16	**8**
Issuance of restricted shares	449	5	(4)	-	-	-	-	**1**
Forfeiture of restricted shares	(89)	(1)	-	-	-	-	-	**(1)**
Vesting of restricted stock units	39	-	-	-	-	-	-	**-**
Shares issued pursuant to exercise of stock options	156	2	875	-	-	-	-	**877**
Shares withheld pursuant to exercise of stock options	-	-	-	-	-	(647)	-	**(647)**
Shares withheld pursuant to vesting of restricted stock	-	-	-	-	-	(794)	-	**(794)**

Common shares issued, net of issuance costs	4,428	44	26,822	-	-	-	-	**26,866**
Stock based compensation	-	-	4,676	-	-	-	-	**4,676**
Balance at December 31, 2021	37,263	$ 373	$ 234,083	$ (134,437)	$ 391	$ (8,299)	$ 86	**$ 92,197**

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

POWERFLEET, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
In thousands (except per share data)

	Year Ended December 31, 2019	2020	2021
Cash flows from operating activities (net of net assets acquired):			
Net loss	$ (10,963)	$ (9,007)	**$ (13,288)**
Adjustments to reconcile net loss to cash (used in) provided by operating activities:			
Non-controlling interest	(18)	(3)	**(5)**
Inventory reserve	207	260	**(22)**
Stock based compensation expense	3,794	4,259	**4,676**
Depreciation and amortization	3,347	8,425	**8,553**
Right-of-use assets, non-cash lease expense	965	2,832	**2,859**
Bad debt expense	474	1,035	**1,442**
Change in contingent consideration	54	-	**-**
Deferred income taxes	-	359	**2,607**
Other non-cash items	(40)	23	**305**
Changes in:			
Accounts receivable	(1,297)	2,168	**(9,643)**
Inventory	(3,283)	3,050	**(6,058)**
Prepaid expenses and other assets	567	1,908	**(2,918)**
Deferred costs	539	3,169	**3,349**
Deferred revenue	(857)	(4,326)	**(2,290)**
Accounts payable and accrued expenses	360	(2,392)	**8,300**
Lease liabilities	(1,106)	(2,962)	**(2,741)**
Accrued severance payable, net	(12)	50	**(145)**
Net cash (used in) provided by operating activities	(7,269)	8,848	**(5,019)**
Cash flows from investing activities:			
Acquisitions, net of cash assumed	(69,005)	-	**-**
Proceeds from sale of property and equipment	24	75	**-**
Capital expenditures	(1,042)	(3,373)	**(3,398)**
Purchases of investments	(99)	-	**-**
Proceeds from the sale and maturities of investments	4,638	-	**-**
Net cash (used in) provided by investing activities	(65,484)	(3,298)	**(3,398)**
Cash flows from financing activities:			
Net proceeds from stock offering	46,309	4,041	**26,867**
Payment of preferred stock dividends	-	-	**(4,112)**
Proceeds from convertible note	5,000	-	**-**
Repayment of convertible note	-	(5,000)	**-**
Proceeds from long-term-debt	30,000	-	**-**
Repayment of long-term debt	(2,010)	(2,858)	**(5,709)**
Debt issuance costs	(742)	-	**-**
Short-term bank debt, net	75	(262)	**(270)**
Proceeds from exercise of stock options, net	330	556	**229**
Purchase of treasury stock upon vesting of restricted stock	(317)	(423)	**(794)**
Net cash (used in) provided by financing activities	78,645	(3,946)	**16,211**
Effect of foreign exchange rate changes on cash and cash equivalents	345	128	**531**
Net (decrease) increase in cash, cash equivalents and restricted cash	6,237	1,732	**8,325**
Cash, cash equivalents and restricted cash - beginning of period	10,466	16,703	**18,435**
Cash, cash equivalents and restricted cash - end of period	$ 16,703	$ 18,435	**$ 26,760**
Reconciliation of cash, cash equivalents, and restricted cash, beginning of period			
Cash and cash equivalents	10,159	16,395	**18,127**
Restricted cash	307	308	**308**
Cash, cash equivalents, and restricted cash, beginning of period	$ 10,466	$ 16,703	**$ 18,435**
Reconciliation of cash, cash equivalents, and restricted cash, end of period			
Cash and cash equivalents	16,395	18,127	**26,452**
Restricted cash	308	308	**308**
Cash, cash equivalents, and restricted cash, end of period	$ 16,703	$ 18,435	**$ 26,760**

Supplemental disclosure of cash flow information:

Cash paid for:			
Taxes	605	47	**58**
Interest	807	2,297	**1,474**
Noncash investing and financing activities:			
Unrealized (loss) gain on investments	$ 47	$ -	$ -
Value of shares withheld pursuant to exercise of stock options	$ -	$ 382	**$ 647**
Value of shares issued relating to acquisition contingent consideration	$ 1,000	$ -	$ -
Value of shares issued pursuant to acquisitions	$ (58,486)	$ -	$ -

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

POWERFLEET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2021
In thousands (except per share data)

NOTE 1 - DESCRIPTION OF BUSINESS AND LIQUIDITY

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

I.D. Systems, Inc. was incorporated in the State of Delaware in 1993. PowerFleet, Inc. was incorporated in the State of Delaware in February 2019 for the purpose of effectuating the transactions pursuant to which the Company acquired Pointer Telocation Ltd. (the "Transactions") and commenced operations on October 3, 2019, upon the closing of the Transactions.

Impact of COVID-19 and Supply Chain Disruptions

The global outbreak of COVID-19, and mitigation efforts by governments to attempt to control its spread, has resulted in significant economic disruption and continues to adversely impact the broader global economy. The extent of the impact on the Company's business and financial results will depend largely on future developments that cannot be accurately predicted at this time, including the duration of the spread of the outbreak, the extent and effectiveness of containment actions and the impact of these and other factors on capital and financial markets and the related impact on the financial circumstances of our employees, customers and suppliers.

In addition, the Company has experienced a significant impact to its supply chain given COVID-19 and the related global semiconductor chip shortage, including delays in supply chain deliveries, extended lead times and shortages of certain key components, some raw material cost increases and slowdowns at certain production facilities. As a result of these supply chain issues, the Company has had to increase its volume of inventory to ensure supply. The Company incurred supply chain constraint expenses which lowered its gross margins and decreased its profitability primarily during the last six months of 2021. The supply chain disruptions and the related global semiconductor chip shortage have delayed and may continue to delay the timing of some orders and expected deliveries of the Company's products. If the impact of the supply chain disruptions are more severe than the Company expects, it could result in longer lead times, inventory supply challenges and further increased costs, all of which could result in the deterioration of the Company's results, potentially for a longer period than currently anticipated.

As of the date of these audited consolidated financial statements, the full extent to which the COVID-19 pandemic may materially impact the Company's business, results of operations and financial condition is uncertain.

Liquidity

As of December 31, 2021, the Company had cash (including restricted cash) and cash equivalents of $26,760 and working capital of $43,622. The Company's primary sources of cash are cash flows from operating activities, its holdings of cash, cash equivalents and investments from the sale of its capital stock and borrowings under its credit facility. To date, the Company has not generated sufficient cash flows solely from operating activities to fund its operations.

In addition, the Company's subsidiaries, PowerFleet Israel Ltd. ("PowerFleet Israel") and Pointer Telocation Ltd. ("Pointer") are party to a Credit Agreement (the "Credit Agreement") with Bank Hapoalim B.M. ("Hapoalim"), pursuant to which Hapoalim provided PowerFleet Israel with two senior secured term loan facilities in an aggregate principal amount of $30,000 (comprised of two facilities in the aggregate principal amount of $20,000 and $10,000) and a five-year revolving credit facility to Pointer in an aggregate principal amount of $10,000. The proceeds of the term loan facilities were used to finance a portion of the cash consideration payable in the Company's acquisition of Pointer. The proceeds of the revolving credit facility may be used by Pointer for general corporate purposes. The Company has not borrowed under the revolving credit facility since its inception and does not have any borrowings as of December 31, 2021. See Note 11 for additional information.

The Company has on file a shelf registration statement on Form S-3 that was declared effective by the Securities and Exchange Commission (the "SEC") on November 27, 2019. Pursuant to the shelf registration statement, the Company may offer to the public from time to time, in one or more offerings, up to $60,000 of its common stock, preferred stock, warrants, debt securities, and units, or any combination of the foregoing, at prices and on terms to be determined at the time of any such offering. The specific terms of any future offering will be determined at the time of the offering and described in a prospectus supplement that will be filed with the SEC in connection with such offering.

On May 14, 2020, we entered into an equity distribution agreement for an "at-the-market offering" program (the "ATM Offering") with Canaccord Genuity LLC, ("Canaccord") as sales agent pursuant to which we issued and sold an aggregate of 810 shares of common stock for approximately $4,200 in gross proceeds. We terminated the equity distribution agreement effective as of August 14, 2020. See Note 14 for additional information regarding the ATM Offering.

On February 1, 2021, the Company closed an underwritten public offering (the "Underwritten Public Offering") of 4,428 shares of common stock (which included the full exercise of the underwriters' over-allotment option) for gross proceeds of approximately $28,800, before deducting the underwriting discounts and commissions and other offering expenses. The offer and sale of common stock in the ATM Offering and the Underwritten Public Offering were made pursuant to the Company's shelf registration statement.

Because of the COVID-19 pandemic, there is significant uncertainty surrounding the potential impact on our results of operations and cash flows. During 2020 and 2021 we proactively took steps to increase available cash on hand including, but not limited to, targeted reductions in discretionary operating expenses and capital expenditures.

The Company believes that its available working capital, anticipated level of future revenues, expected cash flows from operations and available borrowings under its revolving credit facility with Hapoalim will provide sufficient funds to cover capital requirements through at least March 16, 2023.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[A] Principles of consolidation:

The consolidated financial statements include the accounts of PowerFleet Inc. and its subsidiaries (which, as noted above, are collectively referred to herein as the "Company"). All material intercompany balances and transactions have been eliminated in consolidation.

[B] Use of estimates:

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The Company continually evaluates estimates used in the preparation of the financial statements for reasonableness. The most significant estimates relate to realization of deferred tax assets, accounting for uncertain tax positions, the impairment of intangible assets, including goodwill, and stand-alone selling price related to multiple element revenue arrangements. Actual results could differ from those estimates.

As of December 31, 2021, the impact of the COVID-19 pandemic continues to unfold. As a result, many of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, our estimates may change materially in future periods.

[C] 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 ("FDIC") and other local jurisdictional limits. Restricted cash at December 31, 2020 and 2021 consists of cash held in escrow for purchases from a vendor

[D] Accounts receivable:

Accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The Company maintains reserves against its accounts receivable for potential losses. Allowances for uncollectible accounts are estimated based on the Company's periodic review of accounts receivable balances. In establishing the required allowance, management considers our customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Accounts receivable are net of an allowance for doubtful accounts in the amount of $2,364 and $3,176 in 2020 and 2021, respectively. The Company does not have any off-balance sheet credit exposure related to its customers.

[E] Revenue recognition:

The Company and its subsidiaries generate revenue from sales of systems and products and from customer SaaS and hosting infrastructure fees. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes the Company collects concurrently with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The expected costs associated with the Company's base warranties continue to be recognized as expense when the products are sold (see Note 13).

Revenue is recognized when performance obligations under the terms of a contract with our customer are satisfied. Product sales are recognized at a point in time when title transfers, when the products are shipped, or when control of the system is transferred to the customer, which usually is upon delivery of the system and when contractual performance obligations have been satisfied. For products which do not have stand-alone value to the customer separate from the SaaS services provided, the Company considers both hardware and SaaS services a bundled performance obligation. Under the applicable accounting guidance, all of the Company's billings for equipment and the related cost for these systems are deferred, recorded, and classified as a current and long-term liability and a current and long-term asset, respectively. The deferred revenue and cost are recognized over the service contract life, ranging from one to five years, beginning at the time that a customer acknowledges acceptance of the equipment and service.

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

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

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

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on observable prices charged to customers or adjusted market assessment or using expected cost-plus margin when one is available. Adjusted market assessment price is determined based on overall pricing objectives taking into consideration market conditions and entity specific factors.

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

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

[F] Deferred costs:

Deferred product costs consist of Powerfleet for Logistics equipment costs deferred in accordance with our revenue recognition policy. The Company evaluates the realizability of the carrying amount of the deferred contract costs. To the extent the carrying value of the deferred contract costs exceed the contract revenue, an impairment loss will be recognized.

[G] Inventory:

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the "moving average" cost method or the first-in first-out ("FIFO") method. Inventory consists of components, work in process and finished products

Inventory valuation reserves are established in order to report inventories at the lower of cost or net realizable value in the consolidated balance sheet. The determination of inventory valuation reserves requires management to make estimates and judgments on the future salability of inventories. Valuation reserves for obsolete and slow-moving inventory are estimated based on assumptions of future sales forecasts, product life cycle expectations, the impact of new product introductions, production requirements, and specific identification of items, such as product discontinuance or engineering/material changes and by comparing the inventory levels to historical usage rates

[H] Fixed assets and depreciation:

Fixed assets are recorded at cost, net of accumulated depreciation. Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets. The following table provides the range of estimated useful lives used for each asset type:

	Useful Life (years)
Computer software	3 - 5
Installed products	3 - 5
Computers and electronic equipment	3 - 10
Furniture and fixtures	5 - 7
Leasehold improvements	Shorter of useful life or lease term

[I] Long-lived assets:

Long-lived assets, which includes definite lived intangible assets and fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets and would be charged to earnings. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

[J] Goodwill and intangibles:

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill and intangible assets deemed to have indefinite lives are not amortized and are tested for impairment on an annual basis and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. Intangible assets are carried at cost, less accumulated amortization. Intangible assets consist of trademarks and trade name, patents, customer relationships and other intangible assets. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. The Company operates in one operating segment which is its only reporting unit. The Company tests its goodwill for impairment annually which is the first day of the Company's fourth quarter or when an indicator of impairment exists, by comparing the fair value of the reporting unit to its carrying value

In the evaluation of goodwill for impairment, the Company has the option to perform a qualitative assessment to determine whether further impairment testing is necessary or to perform a quantitative assessment by comparing the fair value of a reporting unit to its carrying amount, including goodwill. Under the qualitative assessment, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. By eliminating "Step 2" from the goodwill impairment test, the quantitative analysis of goodwill will result in an impairment loss for the amount that the carrying value of the reporting unit exceeds its fair value which is limited to the total amount of goodwill allocated to the reporting unit. The Company performed a market-based quantitative assessment utilizing the guideline public company and guideline transaction approaches by comparing revenue and adjusted EBITDA multiples of similar sized companies and similar sized transactions. For the years ended December 31, 2019, 2020, and 2021, the Company did not incur an impairment charge.

[K] Product warranties:

The Company typically provides a 1 – 3-year warranty on its products. Estimated future warranty costs are accrued in the period that the related revenue is recognized. These estimates are derived from historical data and trends of product reliability and costs of repairing and replacing defective products.

[L] Research and development:

Research and development costs are charged to expense as incurred and consists primarily of salaries and related expenses, supplies and contractor costs. Research and development costs were $8,540, $10,597, and $11,058 in 2019, 2020 and 2021, respectively.

[M] Patent costs:

Cost incurred in connection with acquiring patent rights are charged to expense as incurred.

[N] Concentrations of credit risk:

Financial instruments that potentially subject the Company and its subsidiaries to concentrations of credit risk consist principally of cash and cash equivalents, trade receivables and trade payables

The Company's 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 the Company's investments have a high credit rating.

For the year ended December 31, 2021, there were no customers who generated revenues greater than 10% of the Company's consolidated total revenues or generated greater than 10% of the Company's consolidated accounts receivable.

For the year ended December 31, 2020, there were no customers who generated revenues greater than 10% of the Company's consolidated total revenues or generated greater than 10% of the Company's consolidated accounts receivable.

For the year ended December 31, 2019, one customer accounted for20% of the Company's revenue.

[O] Benefit plan:

The Company maintains a retirement plan under Section 401(k) of the Internal Revenue Code, which covers all eligible employees. All employees with U.S. source income are eligible to participate in the plan immediately upon employment. The Company did not make any contributions to the plan during the years ended December 31, 2019, 2020 and 2021.

[P] Severance pay:

The liability of the Company's subsidiaries in Israel for severance pay is calculated pursuant to Israel's Severance Pay Law 5273-1963 (the "Severance Law") based on the most recent salary of the employees multiplied by the number of years of employment as of balance sheet date and are presented on an undiscounted basis (the "Shut Down Method"). Employees are entitled to one month's salary for each year of employment, or a portion thereof. The liability for the Company and its subsidiaries in Israel is fully provided by monthly deposits with insurance policies and by accrual. The value of these policies is recorded as an asset in the Company's balance sheet.

The deposited funds may be withdrawn only upon the fulfillment of the obligation pursuant to the Severance Law or labor agreements. The value of the deposited funds is based on the cash surrendered value of these policies, and includes profits or losses accumulated to balance sheet date.

Some of the Company's employees are subject to Section 14 of the Severance Law and the General Approval of the Labor Minister dated June 30, 1998, issued in accordance to the said Section 14, mandating that upon termination of such employees' employment, all the amounts accrued in their insurance policies shall be released to them. The severance pay liabilities and deposits covered by these plans are not reflected in the balance sheet as the severance pay risks have been irrevocably transferred to the severance funds.

[Q] Stock-based compensation:

The Company accounts for stock-based employee compensation for all share-based payments, including grants of stock options and restricted stock, as an operating expense based on their fair values on grant date. The Company recorded stock-based compensation expense of $3,794, $4,142, and $4,416 for the years ended December 31, 2019, 2020 and 2021, respectively.

The Company estimates the fair value of share-based option awards on the grant date using an option pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period in the Company's consolidated statement of operations. The Company estimates forfeitures at the time of grant in order to estimate the amount of share-based awards that will ultimately vest. The estimate is based on the Company's historical rates of forfeitures. Estimated forfeitures are revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

[R] Income taxes:

The Company uses the asset and liability method of accounting for deferred income taxes. Deferred income taxes are measured by applying enacted statutory rates to net operating loss carryforwards and to the differences between the financial reporting and tax bases of assets and liabilities. Deferred tax assets are reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognizes uncertainty in income taxes in the financial statements using a recognition threshold and measurement attribute of a tax position taken or expected to be taken in a tax return. The Company applies the "more-likely-than-not" recognition threshold to all tax positions, commencing at the adoption date of the applicable accounting guidance, which resulted in no unrecognized tax benefits as of such date. Additionally, there have been no unrecognized tax benefits subsequent to adoption. The Company has opted to classify interest and penalties that would accrue according to the provisions of relevant tax law as selling, general, and administrative expenses and incomes taxes, respectively, in the consolidated statement of operations. For the years ended December 31, 2019, 2020 and 2021, interest and penalties were immaterial.

[S] Fair value of financial instruments:

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those levels

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's estimates of market participant assumptions

The Company's cash and cash equivalents and investments in securities are carried at fair value. The carrying value of financing receivables approximates fair value due to the interest rate implicit in the instruments approximating current market rates. The carrying value of accounts receivables, 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 long term debt is based on observable relevant market information and future cash flows discounted at current rates, which are Level 2 measurements.

	December 31, 2021	
	Carrying Amount	Fair Value
Long term debt	$ 24,224	$ 24,224

[T] Advertising and marketing expense:

Advertising and marketing costs are expensed as incurred. Advertising and marketing expense for the years ended December 31, 2019, 2020 and 2021 amounted to $1,228, $1,022, and $1,185, respectively.

[U] Foreign currency translation:

The Company's reporting currency is the U.S dollar ("USD"). For businesses where the majority of the revenues are generated in USD or linked to the USD and a substantial portion of the costs are incurred in USD, the Company's management believes that the USD is the primary currency of the economic environment and thus their functional currency. Due to the fact that Argentina has been determined to be highly inflationary, the financial statements of our subsidiary in Argentina have been remeasured as if its functional currency was the USD. The Company also has foreign operations where the functional currency is the local currency. For these operations, assets and liabilities are translated using the end-of-period exchange rates and revenues, expenses and cash flows are translated using average rates of exchange for the period. Equity is translated at the rate of exchange at the date of the equity transaction. Translation adjustments are recognized in stockholders' equity as a component of accumulated other comprehensive income (loss). Net translation gains (losses) from the translation of foreign currency are $653, $134 and $(8) at December 31, 2019, 2020 and 2021, respectively, which are included in comprehensive loss in the Consolidated Statement of Changes in Stockholders' Equity.

Foreign currency translation gains and losses related to operational expenses denominated in a currency other than the functional currency are included in determining net income or loss. Foreign currency translation gains (losses) for the years ended December 31, 2019, 2020 and 2021 of $(42), $148 and $(128), respectively, are included in selling, general and administrative expenses in the Consolidated Statement of Operations. Foreign currency translation gains (losses) related to long-term debt of $(425), $(2,137) and $810, respectively, for the years ended December 31, 2019, 2020 and 2021, are included in interest expense in the Consolidated Statement of Operations.

[V] **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.

[W] Recently issued accounting pronouncements:

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, Simplifying the Accounting for Income Taxes which removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, the recognition of deferred tax liabilities for outside basis differences and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The guidance is generally effective as of January 1, 2021, with early adoption permitted. The adoption of the standard did not have an impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments," which amends the guidance on measuring credit losses on financial assets held at amortized cost. The amendment is intended to address the issue that the previous "incurred loss" methodology was restrictive for an entity's ability to record credit losses based on not yet meeting the "probable" threshold. The new language will require these assets to be valued at amortized cost presented at the net amount expected to be collected with a valuation provision. This updated standard is effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of this ASU on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The updated guidance requires a prospective adoption. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

[Y] Reclassifications:

Certain prior amounts have been reclassified to conform with the current year presentation for comparative purposes. These reclassifications had no effect on the previously reported results of operations.

NOTE 3 - ACQUISITIONS

Pointer Transactions

On October 3, 2019, the Company completed the Transactions, as a result of which I.D. Systems, Inc. ("I.D. Systems") and PowerFleet Israel each became direct wholly-owned subsidiaries of the Company and Pointer became an indirect, wholly-owned subsidiary of the Company. Prior to the Transactions, PowerFleet, Inc. had no material assets, did not operate any business and did not conduct any activities, other than those incidental to its formation and the Transactions. I.D. Systems was determined to be the accounting acquirer in the Transactions. As a result, the historical financial statements of I.D. Systems for the periods prior to the Transactions are considered to be the historical financial statements of the Company and the results of Pointer have been included in the Company's consolidated financial statements from the date of the Transactions.

The purchase method of accounting in accordance with ASC805,*Business Combinations*, was applied for the Transactions. This requires the total cost of an acquisition to be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values at the date of acquisition with the excess cost accounted for as goodwill. Goodwill arising from the acquisition is attributable to expected product and sales synergies from combining the operations of the acquired business with those of the Company. I.D. Systems has been determined to be the accounting acquirer in the Transactions.

The following table summarizes the final purchase price allocation based on estimated fair values of the net assets acquired at the acquisition date:

Accounts receivable	$	19,701
Inventory		8,666
Other assets		32,073
Customer relationships		15,610
Trademark and tradename		6,096
Technology		10,911
Goodwill (a)		72,918
Less: Current liabilities assumed		(21,055)

Less: Non current liabilities assumed		(14,504)
Net assets acquired	$	130,416

(a) The goodwill is not deductible for tax purposes.

The results of operations of Pointer have been included in the consolidated statement of operations as of the effective date of the Transactions. The following revenue and operating income of Pointer are included in the Company's consolidated results of operations for the year ended December 31, 2019:

Revenues	$	18,594
Operating loss	$	(1,665)

CarrierWeb Acquisitions

On January 30, 2019, the Company completed the acquisition of substantially all of the assets of CarrierWeb, L.L.C. and on July 30, 2019, the Company completed the acquisition of substantially all of the assets of CarrierWeb Services Ltd. (collectively, the "CarrierWeb Acquisitions").

The purchase method of accounting in accordance with ASC805,*Business Combinations*, was applied for the CarrierWeb Acquisitions. This requires the total cost of an acquisition to be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values at the date of acquisition with the excess cost accounted for as goodwill. Goodwill arising from the acquisition is attributable to expected product and sales synergies from combining the operations of the acquired business with those of the Company.

The following table summarizes the final purchase price allocation of the CarrierWeb Acquisitions based on the fair values of the net assets acquired at the acquisition date:

Accounts receivable	$	192
Inventory		200
Other assets		26
Customer relationships		531
Trademark and tradename		90
Patents		628
Goodwill (a)		3,108
Net assets acquired	$	4,775

(a) The goodwill is fully deductible for tax purposes.

The results of operations from each of the CarrierWeb Acquisitions have been included in the consolidated statement of operations as of the effective date of each such acquisition. For the year ended December 31, 2019, the CarrierWeb Acquisitions contributed an aggregate of approximately $ 3,809 to the Company's revenues. Operating income contributed by the CarrierWeb Acquisitions was not separately identifiable due to Company's integration activities and is impracticable to provide.

The following table represents the combined pro forma revenue and earnings for the year ended December 31, 2019:

	Year Ended December 31, 2019 (b)			
		Historical		Pro Forma Combined
				(Unaudited)
Revenues	$	81,915	$	135,126
Operating loss		(10,183)		(10,833)
Net loss per share - basic and diluted	$	(0.59)	$	(0.66)

(b) Includes pro forma results for the Transactions. Pro forma results for the CarrierWeb Acquisitions are impracticable to provide as the acquisition was a carve-out from a bankruptcy transaction.

The combined pro forma revenue and earnings for the year ended 2019 for the Transactions were prepared as though such transactions had occurred as of January 1, 2019. The pro forma results do not include any anticipated cost synergies or other effects of the planned integration of Pointer. This summary is not necessarily indicative of what the results of operations would have been had the Transactions occurred during such period, nor does it purport to represent results of operations for any future periods.

NOTE 4 - REVENUE RECOGNITION

The following table presents the Company's revenues disaggregated by revenue source for the years ended December 31, 2019, 2020 and 2021.

	Year Ended December 31,					
		2019		2020		2021
Products	$	45,416	$	45,651	**$**	**52,981**
Services		36,499		67,942		**73,227**
	$	81,915	$	113,593	**$**	**126,208**

The balances of contract assets and contract liabilities from contracts with customers are as follows as of December 31, 2020 and 2021 are as follows:

Year Ended December 31,

	2020	2021
Assets:		
Deferred contract costs	$ 2,157	**$ 3,045**
Deferred costs	$ 5,361	**$ 2,011**
Liabilities:		
Deferred revenue- services (1)	$ 6,578	**$ 8,401**
Deferred revenue - products (1)	6,767	**2,546**
	13,345	**10,947**
Less: Deferred revenue current portion	(7,339)	**(6,519)**
Deferred revenue long term	$ 6,006	**$ 4,428**

(1) The Company record deferred revenues when cash payments are received or due in advance of the Company's performance. For the years ended December 31, 2020 and 2021, the Company recognized revenue of $10,242 and $10,249, respectively, that was included in the deferred revenue balance at the beginning of each reporting period. The Company expects to recognize as revenue before year 2026, when it transfers those goods and services and, therefore, satisfies its performance obligation to the customers.

NOTE 5 – PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other current assets consist of the following:

	Year Ended December 31,	
	2020	2021
Finance receivables, current	$ 692	**$ 786**
Prepaid expenses	2,979	**4,580**
Contract assets	767	**1,124**
Other current assets	1,746	**2,561**
	$ 6,184	**$ 9,051**

NOTE 6 - INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the "moving average" cost method or the first-in first-out (FIFO) method. Inventory consists of components, work in process and finished products. Inventories are shown net of valuation reserves of $515 and $260 at December 31, 2020 and 2021, respectively.

Inventories consist of the following:

	Year Ended December 31,	
	2020	2021
Components	$ 7,697	**$ 11,137**
Work in process	237	**699**
Finished goods, net	4,939	**6,407**
	$ 12,873	**$ 18,243**

NOTE 7 - FIXED ASSETS

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

	Year Ended December 31,	
	2020	2021
Installed products	$ 4,174	**$ 6,190**
Computer software	5,882	**6,732**
Computer and electronic equipment	5,273	**5,688**
Furniture and fixtures	1,828	**2,246**
Leasehold improvements	1,353	**1,445**
	18,510	**22,301**
Accumulated depreciation and amortization	(9,706)	**(13,313)**
	$ 8,804	**$ 8,988**

Depreciation and amortization expense for the years ended December 31, 2019, 2020 and 2021 was $1,380, $3,097, and $3,399, respectively. This includes amortization of costs associated with computer software for the years ended December 31, 2019, 2020 and 2021 of $528, $515, and $426, respectively.

NOTE 8 - INTANGIBLE ASSETS AND GOODWILL

The following table summarizes identifiable intangible assets of the Company as of December 31, 2021 and 2020:

December 31, 2021	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized:				
Customer relationships	9-12	$ 19,264	$ (4,356)	$ 14,908
Trademark and tradename	3-15	7,553	(2,096)	5,457
Patents	7-11	628	(262)	366
Technology	7	10,911	(5,709)	5,202
Favorable contract interest	4	388	(388)	-
Covenant not to compete	5	208	(184)	24
		38,952	(12,995)	25,957
Unamortized:				
Customer List		104	-	104
Trademark and tradename		61	-	61
		165	-	165
Total		$ 39,117	$ (12,995)	$ 26,122

December 31, 2020	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized:				
Customer relationships	9-12	$ 19,264	$ (2,732)	$ 16,532
Trademark and tradename	3-15	7,553	(1,292)	6,261
Patents	7-11	2,117	(1,661)	456
Technology	7	10,911	(3,172)	7,739
Favorable contract interest	4	388	(331)	57
Covenant not to compete	5	208	(142)	66
		40,441	(9,330)	31,111
Unamortized:				
Customer List		104	-	104
Trademark and tradename		61	-	61
		165	-	165
Total		$ 40,606	$ (9,330)	$ 31,276

COVID-19 continues to adversely impact the broader global economy and has caused significant volatility in financial markets. If there is a lack of recovery or further global softening in certain markets, or a sustained decline in the value of the Company's common stock, the Company may conclude that indicators of impairment exist and would then be required to calculate whether or not an impairment exists for its goodwill, other intangibles, and long-lived assets, the results of which could result in material impairment charges. The Company tests goodwill and other indefinite lives intangible assets on an annual basis in the fourth quarter and more frequently if the Company believes indicators of impairment exists. As of December 31, 2020, and 2021, the Company determined that no impairment existed to the goodwill, customer list and trademark and trade name of its acquired intangibles.

At December 31, 2021, the weighted-average amortization period for the intangible assets was 9.1 years. At December 31, 2021, the weighted-average amortization periods for customer relationships, trademarks and trade names, patents, technology, favorable contract interests and covenant not to compete were 11.9, 9.6, 7.0, 4.3, 4.0 and 5.0 years, respectively.

Amortization expense for the years ended December 31, 2019, 2020 and 2021 was $1,967, $5,328, and $5,154, respectively. Estimated future amortization expense for each of the five succeeding fiscal years for these intangible assets is as follows:

Year ending December 31:	
2022	$ 5,080
2023	5,035
2024	2,622
2025	2,495
2026	2,413
Thereafter	8,312
	$ 25,957

The change in goodwill from January 1, 2020 to December 31, 2021 is as follows:

Balance as of January 1, 2020	$ 89,068
PPA measurement period adjustment (a)	(5,724)
Balance as of December 31, 2020	83,344
Other	143
Balance as of December 31, 2021	$ 83,487

a) After considering all information related to the finalization of income taxes the Company reduced certain provisionally recorded deferred tax liabilities due to the new information with a corresponding decrease in the Pointer acquisition goodwill

NOTE 9 - NET LOSS PER SHARE

Basic and diluted loss per share	December 31, 2019	December 31, 2020	December 31, 2021
Net loss attributable to common stockholders	$ (12,047)	$ (13,606)	**$ (18,072)**
Weighted-average common share outstanding - basic and diluted	20,476	29,703	**34,571**
Net loss attributable to common stockholders - basic and diluted	$ (0.59)	$ (0.46)	**$ (0.52)**

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 EPS pursuant to the two-class method. Our participating securities consist solely of preferred stock, which have contractual participation rights equivalent to those of stockholders of unrestricted common stock. The two-class method of computing earnings per share is an allocation method that calculates earnings per share for common stock and participating securities. During periods of net loss, no effect is given to the participating securities because they do not share in the losses of the Company. For the years ended December 31, 2019, 2020 and 2021, the basic and diluted weighted-average shares outstanding are the same, since the effect from the potential exercise of outstanding stock options, conversion of preferred stock and vesting of restricted stock and restricted stock units totaling 12,865, 11,998 and 11,628, respectively, would have been anti-dilutive due to the loss.

NOTE 10 - STOCK-BASED COMPENSATION

The Company's stockholders have approved the Company's 2018 Incentive Plan (as amended the "2018 Plan") pursuant to which the Company may grant stock options, restricted stock and other equity-based awards with respect to up to an aggregate of 6,500 shares of the Company's common stock with a vesting period of approximately four to five years. There were 2,163 shares available for future issuance under the 2018 Plan as of December 31, 2021.

The 2018 Plan is administered by the Compensation Committee of the Company's Board of Directors, which has the authority to determine, among other things, the term during which an option may be exercised (not more than 10 years), the exercise price of an option and the vesting provisions.

The Company recognizes all employee share-based payments in the statement of operations as an operating expense, based on their fair values on the applicable grant date.

In connection with the Company's acquisition of Pointer, the Company previously approved the grants of options to purchase 350,000 shares of the Company's common stock to Mr. Wolfe and options to purchase 150,000 shares of the Company's common stock to Mr. Mavrommatis on March 13, 2019 (the "Signing Bonus Options") and the grants of additional options to purchase 350,000 shares of the Company's common stock to Mr. Wolfe and additional options to purchase 150,000 shares of the Company's common stock to Mr. Mavrommatis on October 3, 2019 (the "Closing Bonus Options" and together with the Signing Bonus Options, the "Original Bonus Options"). The Original Bonus Options were subject to the terms of the Company's 2018 Incentive Plan (the "2018 Plan"), vested upon the attainment of adjusted EBITDA targets for the fiscal years ending December 31, 2020 and December 31, 2021 and became exercisable 180 days after vesting, subject to acceleration in the event of certain change of control transactions. The Signing Bonus Options had an exercise price of $6.28 per share and the Closing Bonus Options had an exercise price of $6.00 per share.

In response to the impact of COVID-19, the Board terminated and cancelled the Original Bonus Options and approved the following grants to replace the Original Bonus Options: (i) options to purchase 350,000 shares of the Company's common stock to Mr. Wolfe and options to purchase 150,000 shares of the Company's common stock to Mr. Mavrommatis (the "New Signing Options"), which options are subject to the terms of the 2018 Plan, have an exercise price of $6.28 per share, and will vest and become exercisable in full on December 31, 2022 if the volume weighted average price of the Company's common stock during a consecutive 30 trading day period (the "30 Day VWAP") reaches $12.00 at any point prior to December 31, 2022, and (ii) options to purchase 350,000 shares of the Company's common stock to Mr. Wolfe and options to purchase 150,000 shares of the Company's common stock to Mr. Mavrommatis (the "New Closing Options"), which options are subject to the terms of the 2018 Plan, have an exercise price of $6.00 per share, and will vest and become exercisable immediately upon the Company achieving a 30 Day VWAP of $10.00

In connection with Mr. David Mahlab's retirement from his role as the Chief Executive Officer International of the Company, the Company modified the vesting and exercise period of all unvested restricted stock, stock options and restricted stock units previously granted to Mr. Mahlab. Due to the modification of the terms of Mr. Mahlab's stock options, restricted stock and restricted stock units, the Company recognized additional stock-based compensation expense of $1,261, $-0- and $278 for the years ended December 31, 2019, December 31, 2020 and December 31, 2021 respectively.

[A] Stock options:

A summary of the status of the Company's stock options as of December 31, 2019, 2020 and 2021 and changes during the years then ended, is presented below:

	2019		2020		2021	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	1,220	$ 5.37	4,078	$ 5.79	3,624	$ 5.85
Share-based payments assumed	127	4.35	-	0.00	-	-
Granted	2,829	5.99	1,230	6.08	120	7.77

Exercised	(59)		3.79	(199)		4.72	(156)		5.60
Forfeited or expired	(39)		6.22	(1,485)		6.02	(118)		6.34
Outstanding at end of year	4,078	$	5.79	3,624	$	5.85	3,470	$	5.91
Exercisable at end of year	847	$	5.71	1,247	$	5.60	1,546	$	5.67

The following table summarizes information about stock options at December 31, 2021.

	Options Outstanding				Options Exercisable		
Exercise Prices ($)	Number Outstanding	Weighted - Average Remaining Contractual Life in Years		Weighted- Average Exercise Price	Number Outstanding		Weighted - Average Exercise Price
2.33 - 3.74	16	2	$	2	16	$	2
3.75 - 5.15	290	5		5	222		5
5.16 - 6.56	3,054	7		6	1,308		6
6.57 - 7.96	110	9		8	-		-
	3,470	7	$	6	1,546	$	6

	As of December 31, 2021		
	Aggregate Intrinsic Value		Weighted - Average Remaining Contractual Life in Years
Options outstanding	$	92	7
Options exercisable	$	77	6

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

	Year Ended December 31,					
		2019		2020		2021
Expected volatility		42.1%		47.1%		**50.2%**
Expected life of options		6.7 years		6.3 years		**6.5 years**
Risk free interest rate		1.64%		0.93%		**0.69%**
Dividend yield		0%		0%		**0%**
Weighted-average fair value of options granted during year	$	2.20	$	2.69	**$**	**3.81**

Expected volatility is based on historical volatility of the Company's common stock and the expected life of options is based on historical data with respect to employee exercise periods.

The Company valued the New Signing Options and the New Closing Options market-based performance stock option awards using a Monte Carlo simulation model using a daily price forecast over ten years until expiration utilizing Geometric Brownian Motion that considers a variety of factors including, but not limited to, the Company's common stock price, risk-free rate (0.70%), and expected stock price volatility (47%) over the expected life of awards (6 years). The weighted average fair value of options granted during the period was $1.27.

For the years ended December 31, 2019, 2020 and 2021, the Company recorded $1,516, $1,587, and $1,684, respectively, of stock-based compensation expense in connection with the stock option grants.

The fair value of options vested during the years ended December 31, 2019, 2020 and 2021 was $476, $1,974, and $1,201, respectively. The total intrinsic value of options exercised during the years ended December 31, 2019, 2020 and 2021 was $119, $313, and $483, respectively.

As of December 31, 2021, there was $2,741 of total unrecognized compensation costs related to non-vested options granted under the Company's stock option plans. That cost is expected to be recognized over a weighted-average period of 3.69 years.

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

[B] Restricted Stock Awards:

The Company grants restricted stock to employees, whereby the employees are contractually restricted from transferring the shares until they are vested. The stock is unvested at the time of grant and, upon vesting, there are no legal restrictions on the stock. The fair value of each share is based on the Company's closing stock price on the date of the grant. A summary of the non-vested shares for the years ended December 31, 2019, 2020 and 2021 is as follows:

	Number of Non-Vested Shares	Weighted - Average Grant Date Fair Value
Non-vested, at January 1, 2019	568	6.65
Granted	625	5.82
Vested	(276)	6.40

Forfeited or expired	(40)	5.88
Non-vested, at December 31, 2019	877	6.17
Granted	463	4.88
Vested	(389)	6.01
Forfeited or expired	(145)	6.01
Non-vested, at December 31, 2020	806	5.54
Granted	450	7.63
Vested	(537)	5.35
Forfeited or expired	(90)	6.51
Non-vested, at December 31, 2021	629	7.06

For the years ended December 31, 2019, 2020 and 2021, the Company recorded $2,061, $2,272, and $2,529 respectively, of stock-based compensation expense in connection with the restricted stock grants. As of December 31, 2021, there was $3,321 of total unrecognized compensation cost related to non-vested shares. That cost is expected to be recognized over a weighted-average period of 2.47 years.

[C] Restricted Stock Units:

The Company also grants restricted stock units ("RSUs") to employees. The following table summarizes the activity relating to the Company's RSUs for the years ended December 31, 2019, 2020 and 2021:

	Number of Restricted Stock Units	Weighted - Average Grant Date Fair Value
Pointer share-based payments assumed	260	$ 5.60
Vested	(7)	5.60
Forfeited or expired	-	
Restricted stock-units, non-vested December 31, 2019	253	$ 5.60
Vested	(148)	5.60
Forfeited or expired	(30)	5.60
Restricted stock-units, non-vested, December 31, 2020	75	$ 5.60
Vested	(35)	5.60
Forfeited or expired	(4)	5.60
Restricted stock-units, non-vested, December 31, 2021	36	$ 5.60

For the years ended December 31, 2019, 2020 and 2021 the Company recorded $217, $283, and $203 respectively, of stock-based compensation expense in connection with the RSUs. As of December 31, 2021, there was $50 of total unrecognized compensation cost related to non-vested RSUs. That cost is expected to be recognized over a weighted-average period of 0.50 years.

NOTE 11 – SHORT-TERM BANK DEBT AND LONG-TERM DEBT

	Year Ended December 31, 2020	2021
Short-term bank debt	$ 280	**$ -**
Current maturities of long-term debt	$ 5,299	**$ 6,114**
Long term debt - less current maturities	$ 23,179	**$ 18,110**

Long term debt

In connection with the Transactions, PowerFleet Israel incurred $30,000 in term loan borrowings on the Closing Date under the Credit Agreement, pursuant to which Hapoalim agreed to provide PowerFleet Israel with two senior secured term loan facilities in an aggregate principal amount of $30,000 (comprised of two facilities in the aggregate principal amount of $20,000 and $10,000, respectively (the "Term A Facility" and "Term B Facility", respectively, and collectively, the "Term Facilities")) and a five-year revolving credit facility (the "Revolving Facility") to Pointer in an aggregate principal amount of $10,000 (collectively, the "Credit Facilities").

The Credit Facilities will mature on the date that is five years from the Closing Date. The indicative interest rate provided for the Term Facilities in the original Credit Agreement was approximately 4.73% for the Term A Facility and 5.89% for the Term B Facility. The interest rate for the Revolving Facility is, with respect to NIS-denominated loans, Hapoalim's prime rate + 2.5%, and with respect to US dollar-denominated loans, LIBOR + 4.6%. In addition, the Company agreed to pay a 1% commitment fee on the unutilized and uncancelled availability under the Revolving Facility. The Credit Facilities are secured by the shares held by PowerFleet Israel in Pointer and by Pointer over all of its assets. The original Credit Agreement includes customary representations, warranties, affirmative covenants, negative covenants (including the following financial covenants, tested quarterly: Pointer's net debt to EBITDA; Pointer's net debt to working capital; minimum equity of PowerFleet Israel; PowerFleet Israel equity to total assets; PowerFleet Israel net debt to EBITDA; and Pointer EBITDA to current payments and events of default.

On August 23, 2021, PowerFleet Israel and Pointer (the "Borrowers") entered into an amendment (the "Amendment"), effective as of August 1, 2021, to the Credit Agreement with Hapoalim. The Amendment memorializes the agreements between the Borrowers and Hapoalim regarding a reduction in the interest rates of the two Term Facilities. Pursuant to the Amendment, commencing as of November 12, 2020, the interest rate with respect to the Term A Facility was reduced to a fixed rate of 3.65% per annum and the interest rate with respect to the Term B Facility was reduced to a fixed rate of 4.5% per annum. The Amendment also provides, among other things, for (i) a reduction in the credit allocation fee on undrawn and uncancelled amounts of the Revolving Facility from 1% to 0.5% per annum, (ii) removal of the requirement that PowerFleet Israel maintain $3,000 on deposit in a separate reserve fund, and (iii) modifications to certain of the affirmative and negative covenants, including a financial covenant regarding the ratio of the Borrowers' debt levels to Pointer's EBITDA. The Company is in compliance with the covenants as of December 31, 2021.

In connection with the Credit Facilities, the Company incurred debt issuance costs of $742. For the years ended December 31, 2019, 2020, and 2021 the Company recorded $18, $31, and $290 respectively, of amortization of the debt issuance costs. The Company recorded charges of $379, $1,451, and $1,078 to interest expense on its consolidated statements of operations for the years ended December 31, 2019, 2020 and 2021, related to interest expense and amortization of debt issuance costs associated with the Credit

Facilities.

Scheduled maturities of the long-term debt as of December 31, 2021, are as follows:
Year ending December 31:

2022	$	6,114
2023		5,200
2024		12,910
		24,224
Less: Current Portion		6,114
Total	$	18,110

The Term B Facility is not subject to amortization over the life of the loan and instead the original principal amount is to be due in one installment on the fifth anniversary of the date of the consummation of the Transactions.

NOTE 12 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	Year Ended December 31,			
	2020		2021	
Accounts payable	$	9,877	$	17,748
Accrued warranty		705		1,146
Accrued compensation		5,581		6,644
Government authorities		3,047		2,080
Other current liabilities		1,015		1,397
	$	20,225	**$**	**29,015**

The Company's products are warranted against defects in materials and workmanship for a period of 1-3 years from the date of acceptance of the product by the customer. The customers may purchase an extended warranty providing coverage up to a maximum of 60 months. A provision for estimated future warranty costs is recorded for expected or historical warranty matters related to equipment shipped and is included in accounts payable and accrued expenses in the Consolidated Balance Sheets as of December 31, 2020 and 2021.

The following table summarizes warranty activity during the years ended December 31, 2020 and 2021:

	Year Ended December 31,			
	2020		2021	
Accrued warranty reserve, beginning of year	$	742	$	807
Accrual for product warranties issued		784		1,335
Product replacements and other warranty expenditures		(667)		(411)
Expiration of warranties		(52)		(398)
Accrued warranty reserve, end of period (a)	$	807	**$**	**1,333**

(a) Includes accrued warranty included in other long-term liabilities at December 31, 2020 and 2021 of $102 and $187, respectively.

NOTE 13 - LEASES

The Company has operating leases for office space and office equipment. The Company's leases have remaining lease terms ofone year to seven years, some of which include options to extend the lease term for up to five years

The Company has lease agreements which are classified as short-term in nature. These leases meet the criteria for operating lease classification. Lease cost associated with the short-term leases are included in selling, general and administrative expenses on the Company's condensed consolidated statements of operations during years ended December 31, 2019, 2020, and 2021.

Components of lease expense are as follows:

	Year Ended December 31, 2020		**Year Ended December 31, 2021**	
Short term lease cost:	$	584	**$**	**563**

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

	Year Ended December 31, 2020		**Year Ended December 31, 2021**	
Non-cash activity:				
Right-of-use assets obtained in exchange for lease obligations	**$**	**4,822**	**$**	**2,695**

Weighted-average remaining lease term and discount rate for the Company's operating leases are as follows:

	December 31, 2021

Weighted-average remaining lease term (in years)	3.5
Weighted-average discount rate	4.5%

Scheduled maturities of operating lease liabilities outstanding as of December 31, 2021 are as follows:

Year ending December 31:		
2022	$	3,034
2023		2,620
2024		1,920
2025		1,780
2026		744
Thereafter		959
Total lease payments		11,057
Less: Imputed interest		(1,050)
Present value of lease liabilities	$	10,007

NOTE 14 - STOCKHOLDERS' EQUITY

[A] Public Offering:

On February 1, 2021 the Company closed an underwritten public offering of4,428 shares of common stock (which included the full exercise of the underwriters' over-allotment option) for gross proceeds of approximately $28,800, before deducting the underwriting discounts and commissions and other offering expenses.

[B] ATM Offering:

On May 14, 2020, we entered into an equity distribution agreement (the "Sales Agreement") with Canaccord, pursuant to which we could offer and sell, from time to time through an "at-the-market offering" program, with Canaccord as sales agent, shares of our common stock having an aggregate offering price of up to $25,000. The Sales Agreement provided for the Company to pay Canaccord a commission of 3.0% of the aggregate gross proceeds from each sale of common stock occurring pursuant to the Sales Agreement. The offer and sale of common stock in the ATM Offering were made pursuant to the Company's shelf registration statement on Form S-3 that was declared effective by the SEC on November 27, 2019, the base prospectus contained therein dated November 27, 2019, and a prospectus supplement related to the ATM Offering dated May 14, 2020. The Company sold 810 shares of common stock through Canaccord under the Sales Agreement, received net proceeds from such sales of $4,000, and paid Canaccord $125 in commissions with respect to sales of common stock under the Sales Agreement. The Sales Agreement was terminated effective as of August 14, 2020.

[C] Redeemable Preferred stock:

The Company is authorized to issue 150 shares of preferred stock, par value $0.01 per share of which 100 shares are designated Series A Preferred Stock and 50 shares are undesignated.

Series A Preferred Stock

In connection with the completion of the Transactions, on October 3, 2019, the Company issued 50 shares of Series A Preferred Stock to ABRY Senior Equity V, L.P., ABRY Senior Equity Co-Investment Fund V, L.P and ABRY Investment Partnership, L.P. (the "Investors"). For the year ended December 31, 2020, and December 31, 2021, the Company issued 1 and -0- additional shares of Series A Preferred Stock.

Liquidation

The Series A Preferred Stock has a liquidation preference equal to the greater of (i) the original issuance price of $1,000.00 per share, subject to certain adjustments (the "Series A Issue Price"), plus all accrued and unpaid dividends thereon (except in the case of a deemed liquidation event, then 150% of such amount) and (ii) the amount such holder would have received if the Series A Preferred Stock had converted into common stock immediately prior to such liquidation.

Dividends

Holders of Series A Preferred Stock are entitled to receive cumulative dividends at a minimum rate of 7.5% per annum (calculated on the basis of the Series A Issue Price), quarterly in arrears. The dividends are payable at the Company's election, in kind, through the issuance of additional shares of Series A Preferred Stock, or in cash, provided no dividend payment failure has occurred and is continuing and that there has not previously occurred two or more dividend payment failures. Commencing on the 66-month anniversary of the date on which any shares of Series A Preferred Stock are first issued (the "Original Issuance Date"), and on each monthly anniversary thereafter, the dividend rate will increase by 100 basis points, until the dividend rate reaches 17.5% per annum, subject to the Company's right to defer the increase for up to three consecutive months on terms set forth in the Company's Amended and Restated Certificate of Incorporation (the "Charter"). During the years ended December 31, 2020 and December 31, 2021, the Company paid dividends in the amounts of $-0- and $4,112 shares respectively, to the holders of the Series A Preferred Stock. As of December 31, 2020, and December 31, 2021, dividends in arrears were $-0- and $-0- respectively.

Voting; Consent Rights

The holders of Series A Preferred Stock will be given notice by the Company of any meeting of stockholders or action to be taken by written consent in lieu of a meeting of stockholders as to which the holders of common stock are given notice at the same time as provided in, and in accordance with, the Company's Amended and Restated Bylaws. Except as required by applicable law or as otherwise specifically set forth in the Charter, the holders of Series A Preferred Stock are not entitled to vote on any matter presented to the Company's stockholders unless and until any holder of Series A Preferred Stock provides written notification to the Company that such holder is electing, on behalf of all holders of Series A Preferred Stock, to activate their voting rights and in doing so rendering the Series A Preferred Stock voting capital stock of the Company (such notice, a "Series A Voting Activation Notice"). From and after the delivery of a Series A Voting Activation Notice, all holders of the Series A Preferred Stock will be entitled to vote with the holders of common stock as a single class on an as-converted basis (provided, however, that any holder of Series A Preferred Stock shall not be entitled to cast votes for the number of shares of common stock issuable upon conversion of such shares of Series A Preferred Stock held by such holder that exceeds the quotient of (1) the aggregate Series A Issue Price for such shares of Series A Preferred Stock divided by (2) $5.57 (subject to adjustment for stock splits, stock dividends, combinations, reclassifications and similar events, as applicable)). So long as shares of Series A Preferred Stock are outstanding and convertible into shares of common stock that represent at least 10% of the voting power of the common stock, or the Investors or their affiliates continue to hold at least 33% of the aggregate amount of Series A Preferred Stock issued to the Investors on the Original Issuance Date, the consent of the holders of at least a majority of the outstanding shares of Series A Preferred Stock will be necessary for the Company to, among other things, (i) liquidate the Company or any operating subsidiary or effect any deemed liquidation event (as such term is defined in the Charter), except for a deemed liquidation event in which the holders of Series A Preferred Stock receive an amount in cash not less than the Redemption Price (as defined below), (ii) amend the Company's organizational documents in a manner that adversely affects the Series A Preferred Stock, (iii) issue any securities that are senior to, or equal in priority with, the Series A Preferred Stock or issue additional shares of Series A Preferred Stock to any person other than the Investors or their affiliates, (iv) incur indebtedness above the agreed-upon threshold, (v) change the size of the Company's board of directors to a number other than seven, or (vi) enter into certain affiliated arrangements or transactions.

Redemption

At any time, each holder of Series A Preferred Stock may elect to convert each share of such holder's then-outstanding Series A Preferred Stock into the number of shares of the Company's common stock equal to the quotient of (x) the Series A Issue Price, plus any accrued and unpaid dividends, divided by (y) the Series A Conversion Price in effect at the time of conversion. The Series A Conversion Price is initially equal to $7.319, subject to certain adjustments as set forth in the Charter.

At any time after the third anniversary of the Original Issuance Date, subject to certain conditions, the Company may redeem the Series A Preferred Stock for an amount per share, equal to the greater of (i) the product of (x) 1.5 multiplied by (y) the sum of the Series A Issue Price, plus all accrued and unpaid dividends and (ii) the product of (x) the number of shares of common stock issuable upon conversion of such Series A Preferred Stock multiplied by (y) the volume weighted average price of the common stock during the 30 consecutive trading day period ending on the trading date immediately prior to the date of such redemption notice or, if calculated in connection with a deemed liquidation event, the value ascribed to a share of common stock in such deemed liquidation event (the "Redemption Price").

Further, at any time (i) after the 66-month anniversary of the Original Issuance Date, (ii) following delivery of a mandatory conversion notice by us, or (iii) upon a deemed liquidation event, subject to Delaware law governing distributions to stockholders, the holders of the Series A Preferred Stock may elect to require us to redeem all or any portion of the outstanding shares of Series A Preferred Stock for an amount per share equal to the Redemption Price.

On June 9, 2021, the Company entered into a preferred stock redemption right agreement (the "Redemption Right Agreement") with the Investors, pursuant to which the Company had the right to redeem 10 shares of Series A Preferred Stock at a price of $1,450 per share plus all accrued and unpaid dividends, to be paid in cash. The Company did not exercise its redemption right and the Redemption Right Agreement automatically terminated on October 1, 2021.

NOTE 15 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) includes net loss and unrealized gains or losses on available-for-sale investments and foreign currency translation gains and losses. Cumulative unrealized gains and losses on available-for-sale investments are reflected as accumulated other comprehensive loss in stockholders' equity on the Company's Consolidated Balance Sheets.

The accumulated balances for each classification of other comprehensive income (loss) are as follows:

	Foreign currency translation adjustment	Unrealized gain (losses) on investments	Accumulated other comprehensive income
Balance at January 1, 2019	$ (388)	$ (47)	$ (435)
Net current period change	653	47	700
Balance at December 31, 2019	$ 265	$ -	$ 265
Net current period change	134	-	134
Balance at December 31, 2020	399	-	399
Net current period change	(8)	-	(8)
Balance at December 31, 2021	$ 391	$ -	$ 391

NOTE 16 – SEGMENT INFORMATION

The Company operates in one reportable segment, wireless IoT asset management. The following table summarizes revenues on a percentage basis by geographic region.

	Year Ended December 31,		
	2019	2020	2021
United States	$ 60,544	$ 46,047	**$ 50,844**
Israel	9,650	38,719	**44,849**
Other	11,721	28,827	**30,515**
	$ 81,915	$ 113,593	**$ 126,208**

	Year Ended December 31,		
	2019	2020	2021
Long lived assets by geographic region:			
United States	$ 1,931	$ 1,425	**$ 1,123**
Israel	2,285	3,282	**3,675**
Other	4,023	4,097	**4,190**
	$ 8,240	$ 8,804	**$ 8,988**

NOTE 17 - INCOME TAXES

Loss before income taxes consists of the following:

	Year Ended December 31,		
	2019	2020	2021
U.S. operations	$ (10,888)	$ (15,492)	**$ (15,017)**
Foreign operations	(168)	7,520	**4,331**
	$ (11,056)	$ (7,972)	**$ (10,686)**

The provision for income taxes consist of the following:

	Year Ended December 31,		
	2019	2020	2021
Current:			
Federal	$ -	$ -	**$ -**
State	119	45	**16**
Foreign	(44)	54	**127**
	75	99	**143**
Deferred:			
Federal	-	-	**-**
State	-	-	**-**
Foreign	-	939	**2,464**
	-	939	**2,464**
Total (benefit) provision for income taxes	$ 75	$ 1,038	**$ 2,607**

The difference between income taxes at the statutory federal income tax rate and income taxes reported in the Consolidated Statements of Operations is attributable to the following:

	Year Ended December 31,		
	2019	2020	2021
Income tax benefit at the federal statutory rate	$ (2,317)	$ (1,674)	**$ (2,243)**
State and local income taxes, net of federal taxes	(213)	(421)	**410**
Increase (decrease) in valuation allowance	402	2,595	**(203)**
Remeasurement of deferred tax adjustments	1,032	(48)	**1,302**
Permanent differences and other	1066	138	**269**
Foreign rate differential	(38)	(586)	**1,681**
GILTI inclusion	-	1,008	**1,312**
Other	(7)	26	**79**
	$ (75)	$ 1,038	**$ 2,607**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2020 and 2021 are presented below:

	Year Ended December 31,	
	2020	2021
Deferred tax assets:		
Net operating loss carryforwards	$ 32,843	**$ 28,042**
Capital loss carryforwards	11,025	**11,398**
Deferred revenue	1,775	**2,097**
Stock-based compensation	886	**801**
Federal research and development tax credits	1,058	**1,058**
Intangibles, amortization	1,718	**-**
Inventories	65	**344**
Bad Debt Reserve	98	**785**
Deferred lease liability	626	**714**
Other deductible temporary differences	3,429	**3,880**

Total gross deferred tax assets	53,523	**49,119**
Less: valuation allowance	(46,070)	**(44,228)**
	7,453	**4,891**
Deferred tax liabilities:		
Intangible amortization	(5,151)	**(5,192)**
ROU assets	(599)	**(657)**
Fixed assets, depreciation	(197)	**-**
	(5,947)	(5,849)
Net deferred tax (liabilities)/assets	$ 1,506	**$ (958)**

A reconciliation of the beginning and ending amount of unrecognized tax positions is as follows:

	Year Ended December 31,	
	2020	2021
Balance at the beginning of the year	$ 390	$ 423
Additions based on tax provisions taken related to current year	33	**62**
Balance at the end of year	**$ 423**	**$ 485**

The unrecognized tax benefits, if recognized, would reduce the Company's annual effective tax rate. The Company does not expect any significant changes to its unrecognized tax positions during the next twelve months.

At December 31, 2021, the Company had an aggregate net operating loss carryforward of approximately $83,085 for U.S. federal income tax purposes. At December 31, 2021, the Company had an aggregate net operating loss carryforward of approximately $35,037 for state income tax purposes and a foreign net operating loss carryforward of approximately $35,902. Substantially all of the net operating loss carryforwards expire from 2022 through 2037 for pre-2018 federal net operating loss carryforwards and from 2022 through 2041 for state purposes. The net operating loss carryforwards may be limited to use in any particular year based on Internal Revenue Code ("IRC") Section 382 related to change of ownership restrictions. Section 382 of the IRC imposes an annual limitation on the utilization of NOL carryforwards based on long-term bond rates and the value of the corporation at the time of a change in ownership as defined by Section 382 of the IRC. In 2019, the Company incurred a change in ownership under Section 382 of the IRC and this change of ownership is not expected to materially impact the Company's ability to utilize its net operating loss carryforward amounts in the future. In addition, future stock issuances may subject the Company to further limitations on the utilization of its net operating loss carryforwards under the same Internal Revenue Code provision.

At December 31, 2021, the Company has New Jersey net operating loss carryforwards ("NJ NOLs") included above in the approximate amount of $5,071 expiring through 2041, which are available to reduce future earnings which would otherwise be subject to state income tax.

The Company is asserting permanent reinvestment of all accumulated undistributed earnings of its foreign subsidiaries as of December 31, 2021 in excess of annual debt service costs requirements.

For the year ended December 31, 2021, the Company's valuation allowance decreased to $44,228 compared to 46,070 as of December 31, 2020 primarily due to expiration of other net operating losses. The Company has provided a valuation allowance against the full amount of its domestic deferred tax assets and the majority of the foreign deferred tax assets. The valuation allowance was established because of the uncertainty of realization of the deferred tax assets due to lack of sufficient history of generating taxable income. Realization is dependent upon generating sufficient taxable income prior to the expiration of the net operating loss carryforwards in future periods. The valuation allowance increased in 2020 and decreased in 2021 by $3,953, and $1,842 respectively.

Audits for federal income tax returns are closed for the years through 2017. However, the Internal Revenue Service ("IRS") can audit the NOL's generated during those years in the years that the NOL's are utilized. State income tax returns are generally subject to examination for a period of three to six years after the filing of the respective tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Foreign income tax returns are generally subject to examination based on the tax laws of the respective jurisdictions.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Except for normal operating leases, the Company is not currently subject to any material commitments.

[A] Contingencies:

Except for normal operating leases, the Company is not currently subject to any material commitments.

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

In August 2014, Pointer do Brasil Comercial Ltda. ("Pointer Brazil") received a notification of lack of payment of VAT tax (Brazilian ICMS tax) in the amount of $190, plus $957 of interest and penalty, totaling $1,147 as of December 31, 2021. The Company is vigorously defending this tax assessment before the administrative court in Brazil, but in light of the administrative and judicial processes in Brazil, it could take up to 14 years before the dispute is finally resolved. In case the administrative court rules against the Company, the Company could claim before the judicial court, an appellate court in Brazil, a substantial reduction of interest charged, potentially reducing the Company's total exposure. The Company's legal counsel is of the opinion that the chance of loss is not probable and for this reason the Company has not made any provision.

In July 2015, Pointer Brazil received a tax deficiency notice alleging that the services provided by Pointer Brazil should be classified as "telecommunication services" and therefore Pointer Brazil should be subject to the state value-added tax. The aggregate amount claimed to be owed under the notice was approximately $10,476 as of December 31, 2021. On August 14, 2018, the lower chamber of the State Tax Administrative Court in São Paulo rendered a decision that was favorable to Pointer Brazil in relation to the

ICMS demands, but adverse in regards to the clerical obligation of keeping in good order a set of ICMS books and related tax receipts. The remaining claim after this administrative decision is $45. The state has the opportunity to appeal to the higher chamber of the State Tax Administrative Court. The Company's legal counsel is of the opinion that the chance of loss is not probable and that no material costs will arise in respect to these claims. For this reason, the Company has not made any provision.

NOTE 19 – SUBSEQUENT EVENTS

Effective January 5, 2022, Steve Towe was appointed as the new Chief Executive Officer, succeeding Chris Wolfe.

PART IV.

Item 15. Exhibits, Financial Statement Schedules

(a) List of Financial Statements, Financial Statement Schedules, and Exhibits

(1) Financial Statements. The following financial statements of PowerFleet, Inc. are included in Item 8 of Part II of this Amendment No. 2:

(2) Financial Statement Schedule.

None.

(3) Exhibits. The following exhibits are filed with this Amendment No. 2 or are incorporated herein by reference, as indicated.

2.1 Agreement and Plan of Merger, dated as of March 13, 2019, by and among PowerFleet, Inc., Powerfleet Israel Holding Company Ltd., Powerfleet Israel Acquisition Company Ltd., I.D. Systems, Inc. and Pointer Telocation Ltd. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on March 15, 2019).†

2.2.1 Investment and Transaction Agreement, dated as of March 13, 2019, by and among I.D. Systems, Inc., PowerFleet, Inc., PowerFleet US Acquisition Inc., ABRY Senior Equity V, L.P. and ABRY Senior Equity Co-Investment Fund V, L.P. (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on March 15, 2019).†

2.2.2 Amendment No. 1 to the Investment and Transaction Agreement, dated as of May 16, 2019, by and among I.D. Systems, Inc., PowerFleet, Inc., PowerFleet US Acquisition Inc., ABRY Senior Equity V, L.P. and ABRY Senior Equity Co-Investment Fund V, L.P. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on May 20, 2019).†

2.2.3 Amendment No. 2 to the Investment and Transaction Agreement, dated as of June 27, 2019, by and among I.D. Systems, Inc., PowerFleet, Inc., PowerFleet US Acquisition Inc., ABRY Senior Equity V, L.P. and ABRY Senior Equity Co-Investment Fund V, L.P. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on June 27, 2019).†

2.2.4 Amendment No. 3 to the Investment and Transaction Agreement, dated as of October 3, 2019, by and among I.D. Systems, Inc., PowerFleet, Inc., PowerFleet US Acquisition Inc., ABRY Senior Equity V, L.P., ABRY Senior Equity Co-Investment Fund V, L.P. and ABRY Investment Partnership, L.P. (incorporated by reference to Exhibit 2.5 to the Current Report on Form 8-K12B of PowerFleet, Inc., filed with the SEC on October 3, 2019).†

2.2.5 Amendment No. 4 to the Investment and Transaction Agreement, dated as of May 13, 2020, by and among PowerFleet, Inc., I.D. Systems Inc., ABRY Senior Equity V, L.P., ABRY Senior Equity Co-Investment Fund V, L.P. and ARBY Investment Partnership, L.P. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on May 14, 2020).

2.3.1 Asset Purchase Agreement, dated July 11, 2017, by and among I.D. Systems, Inc., Keytroller, LLC, a Delaware limited liability company, Keytroller, LLC, a Florida limited liability company, and the individuals listed on the signature page thereto (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on July 12, 2017).†

2.3.2 Amendment No. 1 to Asset Purchase Agreement, effective as of August 1, 2018, by and among I.D. Systems, Inc., Keytroller, LLC, a Delaware limited liability company, Sparkey, LLC, a Florida limited liability company, and the individuals listed on the signature page thereto (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on September 19, 2018).

3.1 Amended and Restated Certificate of Incorporation of PowerFleet, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K12B of PowerFleet, Inc., filed with the SEC on October 3, 2019).

3.2	Amended and Restated Bylaws of PowerFleet, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K12B of PowerFleet, Inc., filed with the SEC on October 3, 2019).
4.1	Specimen PowerFleet, Inc. Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Registration Statement on Form S-4 of PowerFleet, Inc., filed with the SEC on July 23, 2019).
4.2	Specimen PowerFleet, Inc. Series A Convertible Preferred Stock Certificate (incorporated by reference to Exhibit 4.2 to Amendment No. 2 to the Registration Statement on Form S-4 of PowerFleet, Inc., filed with the SEC on July 23, 2019).
4.3	Description of Securities (incorporated by reference to Exhibit 4.4 to the Annual Report on Form 10-K of PowerFleet, Inc. for the fiscal year ended December 31, 2019 filed with the SEC on April 8, 2020).
10.1	I.D. Systems, Inc. 2007 Equity Compensation Plan, as amended (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 of I.D. Systems, Inc., filed with the SEC on November 21, 2012).*
10.2.1	2009 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of I.D. Systems, Inc. for the fiscal quarter ended September 30, 2009, filed with the SEC on November 6, 2009).*

10.2.2	Amendment, dated March 16, 2012, to 2009 Non-Employee Director Equity Compensation Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of I.D. Systems, Inc. for the fiscal quarter ended March 31, 2012, filed with the SEC on May 14, 2012).*
10.3	I.D. Systems, Inc. 2015 Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of I.D. Systems, Inc. filed with the SEC on June 25, 2015).*
10.4	PowerFleet, Inc. 2018 Incentive Plan, as amended (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of PowerFleet, Inc., filed with the SEC on July 21, 2021).*
10.5.1	Severance Agreement, dated September 11, 2009, by and between PowerFleet, Inc. and Ned Mavrommatis (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of I.D. Systems, Inc. for the fiscal quarter ended September 30, 2009, filed with the SEC on November 6, 2009)
10.5.2	Amendment to Severance Agreement, dated May 28, 2020, between PowerFleet, Inc. and Ned Mavrommatis (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of PowerFleet, Inc., filed with the SEC on June 1, 2020).
10.6	Employment Offer Letter, dated December 6, 2016, between PowerFleet, Inc. and Chris A. Wolfe (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on December 8, 2016).*
10.7.1	Severance Agreement, dated August 20, 2018, between I.D. Systems, Inc. and Chris Wolfe (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on August 21, 2018).*
10.7.2	Amendment to Severance Agreement, dated May 28, 2020, between PowerFleet, Inc. and Chris Wolfe (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of PowerFleet, Inc., filed with the SEC on June 1, 2020).
10.8	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.5 to Amendment No. 2 to the Registration Statement on Form S-4 of PowerFleet, Inc., filed with the SEC on July 23, 2019).*
10.9	Termination of Employment by Mutual Consent Agreement, dated December 11, 2019, by and among David Mahlab, Pointer Telocation Ltd. and PowerFleet, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of PowerFleet, Inc., filed with the SEC on December 12, 2019).*

10.10	Registration Rights Agreement, dated as of October 3, 2019, by and among PowerFleet, Inc., ABRY Senior Equity V, L.P. and ABRY Senior Equity Co-Investment Fund V, L.P. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K12B of PowerFleet, Inc., filed with the SEC on October 3, 2019).
10.11.1	Credit Agreement, dated August 19, 2019, by and among Powerfleet Israel Holding Company Ltd., Pointer Telocation Ltd. and Bank Hapoalim BM (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of I.D. Systems, Inc., filed with the SEC on August 23, 2019).
10.11.2	Amendment No. 1, effective as of January 7, 2020, to the Credit Agreement, dated August 19, 2019, by and among Powerfleet Israel Ltd., Pointer Telocation Ltd. and Bank Hapoalim B.M. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of PowerFleet, Inc., filed with the SEC on November 10, 2021).
10.11.3	Amendment No. 2, effective as of August 1, 2021, to the Credit Agreement, dated August 19, 2019, by and among Powerfleet Israel Ltd., Pointer Telocation Ltd. and Bank Hapoalim B.M. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of PowerFleet, Inc., filed with the SEC on August 25, 2021).
10.12	Equity Distribution Agreement, dated May 14, 2020, by and between PowerFleet, Inc. and Canaccord Genuity LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of PowerFleet, Inc., filed with the SEC on May 14, 2020).
21.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K of PowerFleet, Inc., filed with the SEC on March 16, 2022).
23.1	Consent of Ernst & Young LLP (filed herewith).
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† We have omitted certain schedules and exhibits to this agreement in accordance with Item 601(b)(2) of Regulation S-K, and we will supplementally furnish a copy of any omitted schedule and/or exhibit to the Securities and Exchange Commission upon request.

* Management contract or compensatory plan or arrangement.

(b) Exhibits. The exhibits required by Item 601 of Regulation S-K are filed herewith or incorporated herein by reference. Please see the Index to Exhibits to this Amendment No. 2, which is incorporated into this Item 15(b) by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 25, 2022

POWERFLEET, INC.

By: */s/ Steve Towe*
Steve Towe
Chief Executive Officer
(Principal Executive Officer)

By: */s/ Joaquin Fong*
Joaquin Fong
Global Controller
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report is signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	**Title**	**Date**
/s/ Steve Towe Steve Towe	Chief Executive Officer (Principal Executive Officer)	August 25, 2022
/s/ Joaquin Fong Joaquin Fong	Global Controller (Principal Financial and Accounting Officer)	August 25, 2022
/s/ Anders Bjork Anders Bjork	Director	August 25, 2022
/s/ Michael Brodsky Michael Brodsky	Director	August 25, 2022
/s/ Michael Casey Michael Casey	Director	August 25, 2022
/s/ Charles Frumberg Charles Frumberg	Director	August 25, 2022
/s/ Medhini Srinivasan Medhini Srinivasan	Director	August 25, 2022

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement on Form S-3 (No. 333-234703) of PowerFleet, Inc.
(2) Registration Statement on Form S-8 (No. 333-234079) pertaining to the PowerFleet, Inc. 2018 Incentive Plan, I.D. Systems, Inc. 2015 Equity Compensation Plan, I.D. Systems, Inc. 2009 Non-Employee Director Equity Compensation Plan and I.D. Systems, Inc. 2007 Equity Compensation Plan
(3) Registration Statement on Form S-8 (No. 333-234081) pertaining to the I.D. Systems, Inc. 401(k) Plan
(4) Registration Statement on Form S-8 (No. 333-258715) pertaining to the PowerFleet, Inc. 2018 Incentive Plan
(5) Registration Statement on Form S-8 (No. 333-263625) pertaining to the PowerFleet, Inc. Stock Option Inducement Awards;

of our reports dated March 16, 2022, with respect to the consolidated financial statements of PowerFleet, Inc. and the effectiveness of internal control over financial reporting of PowerFleet, Inc. included in this Amendment No. 2 to the Annual Report on Form 10-K/A for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Iselin, New Jersey
August 25, 2022

Exhibit 31.1

CERTIFICATIONS

I, Steve Towe, as Chief Executive Officer (Principal Executive Officer), certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K/A of PowerFleet, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 25, 2022

By:	*/s/ Steve Towe*
Name:	Steve Towe
Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Joaquin Fong, as Principal Financial Officer, certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K/A of PowerFleet, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 25, 2022	By:	*/s/ Joaquin Fong*
	Name:	Joaquin Fong
	Title:	Global Controller
		(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION 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 Amendment No. 2 to the Annual Report on Form 10-K/A (the "Report") of PowerFleet, Inc. (the "Corporation") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Steve Towe, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: August 25, 2022	By:	*/s/ Steve Towe*
	Name:	Steve Towe
	Title:	Chief Executive Officer (Principal Executive 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 Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION 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 Amendment No. 2 to the Annual Report on Form 10-K/A (the "Report") of PowerFleet, Inc. (the "Corporation") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof, I, Joaquin Fong, Principal Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: August 25, 2022	By:	*/s/ Joaquin Fong*
	Name:	Joaquin Fong
	Title:	Global Controller (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 Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.