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

FORM 10-K

(Mark One)

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

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

For the transition period from January 1, 2024 to March 31, 2024

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	AIOT	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. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☒

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 held by non-affiliates, computed by reference to the price at which the common stock was last sold as of June 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $459.6 million.

The number of shares of the registrant's Common Stock outstanding as of August 16, 2024 was107,578,010 shares.

POWERFLEET, INC.

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PART I

Cautionary Note Regarding Forward-Looking Statements

In addition to historical information, this Transition Report on Form 10-K (this "Form 10-KT") of Powerfleet, Inc. ("Powerfleet," the "Company," "we," "our" or "us") contains "forward-looking statements" (within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), which may include information concerning our beliefs, plans, objectives, goals, expectations, strategies, anticipations, assumptions, estimates, intentions, future events, future revenues or performance, capital expenditures and other information that is not historical information. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Many of these statements appear, in particular, under the headings "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-KT. When used in this report, the words "seek," "estimate," "expect," "anticipate," "project," "plan," "contemplate," "plan," "continue," "intend," "believe" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but there can be no assurance that we will realize our expectations or that our beliefs will prove to be correct.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this report. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements herein include, but are not limited, to:

- future economic and business conditions, including the conflict between Israel and Hamas;
- integration of our and MiX Telematics' businesses and the ability to recognize the anticipated synergies and benefits of the business combination with MiX Telematics Limited ("MiX Telematics");
- the commercial, reputational and regulatory risks to our business that may arise as a consequence of our need to restate certain of our consolidated financial statements for the Non-Reliance Periods;
- the loss of any of our key customers or reduction in the purchase of our products by any such customers;
- the failure of the markets for our products to continue to develop;
- our inability to adequately protect our intellectual property;
- our inability to manage growth;
- the effects of competition from a wide variety of local, regional, national and other providers of wireless solutions;
- changes in laws and regulations or changes in generally accepted accounting policies, rules and practices;
- changes in technology or products, which may be more difficult or costly, or less effective, than anticipated; and
- those risks and uncertainties set forth under the heading "Risk Factors" in Item 1A of this report.

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

Note Regarding Trademarks

We have, or have applied for, U.S. and/or foreign trademark protection for I.D. SYSTEMS® and Design, the I.D. SYSTEMS Logo®, VEHICLE ASSET COMMUNICATOR®, POWERFLEET®, POWERFLEET IQ®, POWERFLEET YARD®, didBOX®, FREIGHTCAM, KEYTROLLER®, REEFERMATE®, POWERFLEET and DESIGN®, CAMERA Design®, UNITY®, POWERFLEET UNITY®, POWER AI®, Mix Telematics, Mix Telematics – Logo, Matrix Vehicle Tracking Logo, Datatrak, Tracking. Simply Sorted, Beame Character Device, Beame Logo 2012, Beame Logo 2010, Mix-Drive, FM-WEB, Matrix – right by your side (2013 logo), Mix Vision, Mix Safedrive, FM Communicator, MIX ROVI, Beame Logo, Our Customers Are People, Not Vehicles, Tripmaster, Life Takes You Places, Matrix Brings you Home, MiX Intuition, Recovery. Simply Sorted, Geoloc Advanced Alert, MiX Now, Mix Recovery Protect, Mix Fleet Manager, Connected and Protected Fleet.

Item 1. Business.

Overview

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

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

On May 8, 2024, our Board of Directors approved a change in our fiscal year end from December 31 to March 31 in order to better align our reporting calendar with the April 2, 2024 close of our business combination with MiX Telematics and MiX Telematics' historical March 31 fiscal year end. This Form 10-KT is a transition report and includes financial information for the three-month period from January 1, 2024 to March 31, 2024 (the "2024 transition period"). For comparative purposes, an unaudited statement of operations, statement of comprehensive income (loss) and statement of cash flows have been included for the three-month period from January 1, 2023 to March 31, 2023 (the "2023 transition period"). The 2023 transition period has not been audited and is derived from the books and records of the Company.

On April 2, 2024, we consummated the transactions contemplated by the Implementation Agreement, dated as of October 10, 2023 (the "Implementation Agreement"), that we entered into with Main Street 2000 Proprietary Limited, a private company incorporated in the Republic of South Africa and our wholly owned subsidiary ("Powerfleet Sub"), and MiX Telematics, a public company incorporated under the laws of the Republic of South Africa (the "MiX Combination"). On such closing date, Powerfleet Sub acquired all the issued ordinary shares of MiX Telematics (including those represented by MiX Telematics' American Depositary Shares) through the implementation of a scheme of arrangement (the "Scheme") in accordance with Sections 114 and 115 of the South African Companies Act, No. 71 of 2008, as amended (the "Companies Act"), in exchange for shares of our common stock. As a result, MiX Telematics became our indirect, wholly owned subsidiary. Given that the MiX Combination closed after the end of the 2024 transition period, the information included in this Form 10-KT principally describes our business, financial condition, results of operation, liquidity and capital resources prior to the MiX Combination and includes the historical financial statements of Powerfleet before the MiX Combination.

Our Powerfleet for Warehouse solutions are designed to provide on-premise or in-facility asset and operator management, monitoring, and visibility for warehouse trucks such as forklifts, man-lifts, tuggers and ground support equipment at airports. These solutions utilize a variety of communications capabilities such as Bluetooth®, WiFi, and proprietary radio frequency.

Our Powerfleet for Logistics solutions are designed to provide bumper-to-bumper asset management, monitoring, and visibility for over-the-road based assets such as heavy trucks, dry-van trailers, refrigerated trailers and shipping containers and their associated cargo. These systems provide mobile-asset tracking and condition-monitoring solutions to meet the transportation market's desire for greater visibility, safety, security, and productivity throughout global supply chains.

Our Powerfleet for Vehicles solutions are designed both to enhance the vehicle fleet management process, whether it's a rental car, a private fleet, or automotive original equipment manufacturer ("OEM") partners. We achieve this by providing critical information that can be used to increase revenues, reduce costs and improve customer service.

Our patented technologies are a proven solution for organizations that must monitor and analyze their assets to improve safety, increase efficiency, reduce costs, and drive profitability. Our offerings are sold under the global brands Powerfleet, Pointer, and Cellocator.

We have an established history of IoT device development and innovation creating devices that can withstand harsh and rugged environments. With 46 patents and patent applications and over 25 years' experience, we believe we are well positioned to evolve our offerings for even greater value to customers through our cloud-based applications for unified operations.

We deliver advanced data solutions that connect mobile assets to increase visibility, operational efficiency and profitability. Across our spectrum of vertical markets, we differentiate ourselves by developing mobility platforms that collect data from unique sensors. Further, because we are OEM agnostic, we help organizations view and manage their mixed assets homogeneously. All of our solutions are paired with software as a service ("SaaS") and analytics platforms to provide an even deeper level of insights and understanding of how assets are utilized and how drivers and operators operate those assets. These insights include a full set of Key Performance Indicators ("KPIs") to drive operational and strategic decisions. Our customers typically get a return on their investment in less than 12 months from deployment.

Our enterprise software applications have machine learning capabilities and are built to integrate with our customers' management systems to provide a single, integrated view of asset and operator activity across multiple locations while providing real-time enterprise-wide benchmarks and peer-industry comparisons. We look for analytics, as well as the data contained therein, to differentiate us from our competitors, adding significant value to customers' business operations, and helping to contribute to their bottom line. Our solutions also feature open application programming interfaces ("APIs") for additional integrations and development to boost other enterprise management systems and third-party applications.

We market and sell our connected IoT data solutions to a wide range of customers in the commercial and government sectors. Our customers operate in diverse markets, such as manufacturing, automotive manufacturing, wholesale and retail, food and grocery distribution, pharmaceutical and medical distribution, construction, mining, utilities, aerospace, vehicle rental, as well as logistics, shipping, transportation, and field services. Traditionally, these businesses have relied on manual, often paper-based, processes or on-premise legacy software to operate their high-value assets, manage workforce resources, and distributed sites; and face environmental, safety, and other regulatory requirements. In today's landscape, it is crucial for these businesses to invest in solutions that enable easy analysis and sharing of real-time information.

Our Solutions

We provide critical actionable information that powers unified operations throughout organizations. We are solving the challenge of inefficient data collection, real-time visibility, and analysis that leads to transformative business operations. Our SaaS cloud-based applications take data from our IoT devices and ecosystem of third-party and partner applications to present actionable information for customers to increase efficiencies, improve safety and security, and increase their profitability in easy-to-understand reports, dashboards, and real-time alerts.

Key Applications of Our IoT Solutions

We provide real-time intelligence for organizations with high-value assets allowing them to make informed decisions and ultimately improve their operations, safety, and bottom line. Our applications enable organizations to capture IoT data from various types of assets with devices and sensors creating a holistic view for analysis and action.

The core applications that our IoT solutions address include:

End-to-End Visibility: Organizations with expensive assets such as vehicles, machinery, or equipment need to keep track of where the assets are located, monitor for misuse, and understand how and when assets are being used. By having complete visibility of their assets, customers can improve security, utilization and customer service. In addition, our visibility solutions help with personnel workflows and resource management, freight visibility through load status, equipment availability status, dwell and idle time, geofencing, two-way temperature control and management, multizone temperature monitoring, arrival and departure times, and supply chain allocation.

Regulatory Compliance: Businesses must comply with government regulations and provide proof of compliance, which is commonly an onerous process to enforce and maintain. Our solutions provide critical data points and reports to help customers stay within compliance, avoid fines for non-compliance, and automate the reporting process. We deliver real-time position reports, hours-of-service, temperature monitoring and control, electronic safety checklists, workflow management, controlling vehicle access to only authorized operators, inspection reports, and history logs of use.

Improve Safety: Our applications are designed to provide asset and operator management, monitoring, and visibility for safer environments. Our solutions allow our customers to monitor their fleet of vehicles on various parameters, including but not limited to, vehicle location, speed, engine fault codes, driver behavior, eco-driving, and ancillary sensors and can receive reports and alerts, either automatically or upon request wirelessly via the internet, email, mobile phone or an SMS. In addition, our dash camera provides critical video capture that can be used to help exonerate drivers when in accidents or help bolster training and coaching programs of employees. We also offer preventative solutions such as safety warning products to alert vehicle operators of objects or pedestrians in their pathway to prevent accidents, injuries, and damage. Our analytics platform features dashboards with KPIs and can help managers identify patterns, trends and outliers that can be used as flags for interventions.

Drive Operational Efficiency & Productivity: To increase utilization of mobile assets, our solutions enable the identification of a change in status, real-time location, geo-fencing alerts when an asset is approaching or leaving its destination, cargo status, and on-board intelligence utilizing a motion sensor and proprietary logic that identifies the beginning of a drive and the end of a drive. Having this information enables customers to increase capacity, speed of service, right-size their fleets, and improve communication internally and with customers. In addition, customers can increase revenue per mile, reduce claims and claims processing times, and reduce the number of assets needed. This is achieved through proving such things as two-way integrated workflows for drivers, control assignments and work change, Electronic Driver Logging and automated record keeping for regulatory compliance, monitoring of asset pools and geofence violations, and various reporting insights that flag under-utilized assets, the closest assets, and alerts on dwell time and exceeding the allotted time for loading and unloading.

We help customers to automate processes and increase productivity of their employees. Our applications enable customers to determine where operators are assigned and can temporarily reassign them based on peak needs, evaluate any disparity in the amount employees are paid compared to the time they actually spend operating a vehicle. Our applications help answer the question of why does it take some employees longer than others to do specific tasks, where to focus labor resources, and how to forecast vehicles and operators needed for future workflow.

In addition, for our rental car vertical, our applications automatically upload vehicle identification number, mileage and fuel data as a vehicle enters and exits the rental lot, which can significantly expedite the rental and return processes for travelers, and provide the rental company with more timely inventory status, more accurate billing data that can generate higher fuel-related revenue, and an opportunity to utilize customer service personnel for more productive activities, such as inspecting vehicles for damage and helping customers with luggage.

Our solution for "car sharing" permits a rental car company to remotely control, track and monitor their rental vehicles wherever they are parked. Whether for traditional "pod-based" rental or for the emerging rent-anywhere model, the system, through APIs integrated into any rental company's fleet management system, (i) manages member reservations by smart phone or Internet, and (ii) charges members for vehicle use by the hour.

For our customers with a variety of make-model-years in their fleet, we have developed an unmatched library of certified vehicle code interfaces through our second-generation On-Board Diagnostics, industry standard. Our patented fleet management system helps fleet owners improve asset utilization, reduce capital costs, and cut operating expenses, such as vehicle maintenance or service and support.

Increase Security: Our solutions allow our customers to reduce theft and improve inventory management. Customers can lockdown their assets with automated e-mail or text message alerts, emergency tracking of assets (higher frequency of reports) if theft is expected, geo-fencing alerts when an asset enters a prohibited geography or location, and near real-time sensors that alert based on changes in temperature and shock, among other things. We also provide stolen vehicle retrieval ("SVR") services. Most of the SVR products used to provide our SVR services are mainly sold to (i) local car dealers and importers that in turn sell the products equipped in the vehicle to the end users who purchase the SVR services directly from us, or (ii) leasing companies which purchase our SVR services in order to secure their own vehicles.

Reduce Costs

We enable our customers to improve asset utilization, reduce capital costs, and cut operating expenses, such as vehicle maintenance or service and support. Our solutions provide engine performance, machine diagnostics, fuel consumption, and battery life to improve preventative maintenance scheduling, increase uptime, and gain a longer service life of equipment. Through our software applications, customers can optimize capacity, analyze resource allocation, and improve utilization of assets to reduce capital expenses such as purchasing new or leasing additional equipment. Our applications provide root cause analysis for any cargo claims and help with exoneration of drivers in accidents via dash camera visibility.

Analytics and Machine Learning

Our analytics platforms provide our customers with a holistic view of their asset activity across their enterprise. For example, our image machine learning system allows us to process images from our freight camera and other sources and identify key aspects of operations and geospatial information such as location, work being accomplished, type of cargo, how cargo is loaded and if there are any visible issues such as damage.

Key Performance Indicators & Benchmarks

Our cloud-based software applications provide a single, integrated view of asset activity across multiple locations, generating enterprise-wide benchmarks, peer-industry comparisons, and deeper insights into asset operations. In addition, our customers can set real-time alerts for exception-based reporting or critical activity that needs immediate attention. This enables management teams to make more informed, effective decisions, raise asset performance standards, increase productivity, reduce costs, and enhance safety.

Specifically, our analytics platforms allow users to quantify best-practice enterprise benchmarks for asset utilization and safety, reveal variations and inefficiencies in asset activity across both sites and geographic regions, or identify opportunities to eliminate or reallocate assets, to reduce capital and operating costs. We provide an extensive set of decision-making tools and a variety of standard and customized reports to help businesses improve overall operations.

We look for analytics and machine learning to make a growing contribution to drive platform and SaaS revenue, further differentiate our offerings and add value to our solutions. We also use our analytics platform for our own internal platform quality control.

Services

Hosting Services**:** We provide the use of our systems as a remotely hosted service, with the system server and application software residing in our colocation center or on a cloud platform provider's infrastructure (e.g., Azure, AWS). This approach helps us reduce support costs and improve quality control. It separates the system from the restrictions of the customers' local IT networks, which helps reduce their system support efforts and makes it easier for them to receive the benefits of system enhancements and upgrades. Our hosting services are typically offered with extended maintenance and support services over a multi-year term of service, with automatic renewals following the end of the initial term.

Software as a Service**:** We provide system monitoring, help desk technical support, escalation procedure development, routine diagnostic data analysis and software updates services as part of the ongoing contract term. These services ensure deployed systems remain in optimal performance condition throughout the contract term and provide access to newly developed features and functions on an annual basis.

Maintenance Services**:** We provide a warranty on the hardware components of our system. During the warranty period, we either replace or repair defective hardware. We also make extended maintenance contracts available to customers and offer ongoing maintenance and support on a time and materials basis.

Customer Support and Consulting Services for Ease of Use, Adoption, and Added Value**:** We have developed a framework for the various phases of system training and support that offer our customers both structure and flexibility. Major training phases include hardware installation and troubleshooting, software installation and troubleshooting, "train-the-trainer" training on asset hardware operation, preliminary software user training, system administrator training, information technology issue training, ad hoc training during system launch and advanced software user training.

Increasingly, training services are provided through scalable online interactive training tools. Support and consulting services are priced based on the extent of training that the customer requests. To help our customers derive the most benefit from our system, we supply a broad range of documentation and support including videos, interactive online tools, hardware user guides, software manuals, vehicle installation overviews, troubleshooting guides, and issue escalation procedures.

We provide our consulting services both as a standalone service to study the potential benefits of implementing an IoT business intelligence solution and as part of the system implementation itself. In some instances, customers prepay us for extended maintenance, support and consulting services. In those instances, the payment amount is recorded as deferred revenue and revenue is recognized over the service period.

Growth Strategy

Our objective is to become a leading global provider of IoT SaaS solutions for high-value enterprise assets to drive optimized operations and create safer environments. In 2023, we consolidated and augmented many of our existing capabilities on a single customer software platform branded as "Unity." We have designed our Unity platform to enable rapid and deep integration with IoT devices and third-party business systems to a highly scalable data pipeline that powers artificial intelligence-driven insights to help companies save lives, time, and money. Unity is an increasingly important initiative to meet our objective of becoming a leading global provider of IoT SaaS solutions for high-value enterprise assets to drive optimized operations and create safer environments. To achieve this goal, we intend to prove value, retain and grow business with existing customers and pursue opportunities with new customers by:

- focusing our business solutions by vertical markets and go to market strategies to each market;
- positioning ourselves as an innovative thought leader;
- maintaining a world class sales and marketing team;
- identifying, seizing, and managing revenue opportunities;
- expanding our customer base, achieving wider market penetration and educating customers with mixed assets in their organization about our other applications;
- implementing improved marketing, sales and support strategies;

- shortening our initial sales cycles by helping our customers through:
  - identifying and quantifying benefits expected from our solutions;
  - accelerating transitions from implementation to roll-out; and
  - building service revenue through long-term SaaS contracts;
- differentiating our product offering through analytics, machine learning, unique sensors, and value-added services;
- producing incremental revenue at a high profit margin; and
- expanding our partnerships and integrations.

We also plan to expand into new applications and markets by:

- pursuing opportunities to integrate our system with computer hardware and software vendors, including:
  - OEMs;
  - transportation management systems;
  - warehouse management systems;
  - labor and timecard systems;
  - enterprise resource planning; and
  - yard management systems.

- establishing relationships with global distributors; and
- evaluating and pursuing strategically sound acquisitions of companies.

Sales and Marketing

Our sales and marketing objectives are to achieve broad market awareness and penetration, with an emphasis both on expanding business opportunities with existing customers and on securing new customers.

We market our systems directly to commercial and government organizations and through indirect sales channels, such as OEMs, vehicle importers, distributors, and warehouse equipment dealers.

In addition, we are actively pursuing strategic relationships with key companies in our target markets - including complementary hardware and software vendors and service providers - to further penetrate these markets by embedding our products in the assets our systems monitor and integrating our solutions with other systems.

We sell our systems to corporate-level executives, division heads and site-level management within the enterprise. Typically, our initial system deployment serves as a basis for potential expansion across the customer's organization.

We work closely with customers to demonstrate a return on investment, which is usually less than 12 months, and help maximize the utilization and benefits of our system and demonstrate the value of enterprise-wide deployments. Post-implementation, we consult with our customers to further extend and customize the benefits to the enterprise by delivering enhanced analytics capabilities.

Customers

We market and sell our wireless solutions to a wide range of customers in the commercial and government sectors. Our customers operate in diverse markets, such as automotive manufacturing, retail, food and grocery distribution, logistics, shipping, freight transportation, heavy industry, wholesale distribution, manufacturing, aerospace and vehicle rental.

We enter into master agreements with our customers in the normal course of business. These agreements define the terms of any sales of products and/or services by us to the applicable customer, including, but not limited to, terms regarding payment, support services, termination and assignment rights. These agreements generally obligate us only when products or services are actually sold to the customer thereunder.

We strive to establish long-term relationships with our customers in order to maximize opportunities for new application development and increased sales. Some of our global customers that benefit from the Company's combined solutions to power their specific IoT and machine to machine mobility needs include Avis, Walmart, Toyota, and XPO Logistics. No individual customer generates revenue equal to or greater than 10% of the Company's consolidated total revenue.

Competition

The market for our solutions is rapidly evolving, highly competitive and fragmented. Our target markets are also subject to quickly changing product technologies, shifting customer needs, regulatory requirements and frequent introductions of new products and services.

In each of our global markets, we encounter different competitors due to the dynamics of each market. A significant number of companies have developed or are developing and marketing software and hardware for wireless products that currently compete or will compete directly with our solutions. We compete with organizations varying in size, including many small, start-up companies as well as large, well-capitalized organizations.

While some of our competitors focus exclusively on providing wireless asset management solutions, many are involved in wireless technology as an extension of a broader business. Many of our larger competitors are able to dedicate extensive financial resources to the research and development and deployment of wireless solutions. As government and commercial entities expand the use of wireless technologies, we expect that competition will continue to increase within our target markets.

Research and Development

Our research and development team has expertise in areas such as hardware, software and firmware development and testing, database design and data analytics, wireless communications, artificial intelligence methods, mechanical and electrical engineering, and both product and project management. In addition, we utilize external contractors to supplement our team in the areas of software and firmware development, digital design, test development and product-level testing.

Generally, our research and development efforts are focused on expanding the capabilities of our products; differentiating our offerings through our Unity platform build, simplifying the implementation, support and utilization of our solutions, reducing the cost of our solutions, increasing the reliability of our solutions, expanding the functionality of our solutions to meet customer and market requirements, applying new advances in technology to enhance existing solutions, and building further competitive advantages through our intellectual property portfolio.

Intellectual Property

Patents

We attempt to protect our technology and products through a variety of intellectual property protections, including the pursuit of patent protection in the United States and certain foreign jurisdictions. Because of the differences in patent laws and laws concerning proprietary rights, the extent of protection provided by U.S. patents or proprietary rights owned by us may differ from that of their foreign counterparts. Where strategically appropriate, we will attempt to pursue suspected violators of our patents and, whenever possible, monetize our intellectual property.

We built a portfolio of patents and patent applications relating to various aspects of our technology and products, including our wireless asset management systems, connected car products, and vehicle management systems. As of July 11, 2024, our patent portfolio includes 37 U.S. patents, 3 pending U.S. patent applications, 2 pending foreign patent applications, and 2 foreign patents. With the timely payment of all maintenance fees, the U.S. patents have expiration dates falling between 2026 and 2040. No single patent or patent family is considered material to our business.

Trademarks

We have, or have applied for, U.S. and/or foreign trademark protection for I.D. SYSTEMS® and Design, the I.D. SYSTEMS Logo®, VEHICLE ASSET COMMUNICATOR®, POWERFLEET®, POWERFLEET IQ®, POWERFLEET YARD®, didBOX®, FREIGHTCAM®, KEYTROLLER®, REEFERMATE®, POWERFLEET and DESIGN®, CAMERA Design®, UNITY®, POWERFLEET UNITY®, POWER AI®. Following the MiX Combination, we have additional trademarks for Mix Telematics, Mix Telematics – Logo, Matrix Vehicle Tracking Logo, Datatrak, Tracking. Simply Sorted, Beame Character Device, Beame Logo 2012, Beame Logo 2010, Mix-Drive, FM-WEB, Matrix – right by your side (2013 logo), Mix Vision, Mix Safedrive, FM Communicator, MIX ROVI, Beame Logo, Our Customers Are People, Not Vehicles, Tripmaster, Life Takes You Places, Matrix Brings you Home, MiX Intuition, Recovery. Simply Sorted, Geoloc Advanced Alert, MiX Now, Mix Recovery Protect, Mix Fleet Manager, Connected and Protected Fleet.

We attempt to avoid infringing known proprietary rights of third parties in our product development and sales efforts. However, it is difficult to proceed with certainty in a rapidly evolving technological environment in which there may be numerous patent applications pending, many of which are confidential at the time of the application filing, with regard to similar technologies. If we were to discover that our products violate third-party proprietary rights, we may not be able to:

- obtain licenses to continue offering such products without substantial reengineering;
- re-engineer our products successfully to avoid infringement;
- obtain licenses on commercially reasonable terms, if at all;
- litigate an alleged infringement successfully; or
- settle without substantial expense and damage awards.

Any claims against us relating to the infringement of third-party proprietary rights, even if without merit, could result in the expenditure of significant financial and managerial resources or in injunctions preventing us from distributing certain products. Such claims could materially adversely affect our business, financial condition and results of operations.

Our software products are susceptible to unauthorized copying and uses that may go undetected, and policing such unauthorized use is difficult. In general, our efforts to protect our intellectual property rights through patent, copyright, trademark and trade secret laws and contractual safeguards may not be effective to prevent misappropriation of our technology, or to prevent the development and design by others of products or technologies similar to, or competitive with, those developed by us. Our failure or inability to protect our proprietary rights could materially and adversely affect our business, financial condition and results of operations.

Manufacturing

We outsource our hardware manufacturing operations to contract manufacturers. This strategy enables us to focus on our core competencies - designing hardware and software systems and delivering solutions to customers - and avoid investing in capital-intensive electronics manufacturing infrastructure. Outsourcing also provides us with the ability to ramp up deliveries to meet increases in demand without increasing fixed expenses.

Our manufacturers are responsible for obtaining the necessary components and supplies to manufacture our products. While components and supplies are generally available from a variety of sources, manufacturers generally depend on a limited number of suppliers. In the past, unexpected demand for communication products has caused worldwide shortages of certain electronic parts and allocation of such parts by suppliers that had an adverse impact on the ability of manufacturers to deliver products as well as on the cost of producing such products.

Due to the general availability of manufacturers for our products, we do not believe that the loss of any of our manufacturers would have a long-term material adverse effect on our business, although there could be a short-term adverse effect on our business.

We generally attempt to maintain sufficient inventory to meet customer demand for products, as well as to meet anticipated sales levels. If our product mix changes in unanticipated ways, or if sales for particular products do not materialize as anticipated, we may have excess inventory or inventory that becomes obsolete. In such cases, our operating results could be negatively affected.

Government Regulations

The use of radio emissions is subject to regulation in the United States by various federal agencies, including the Federal Communications Commission (the "FCC") and the Occupational Safety and Health Administration. Various state agencies also have promulgated regulations which concern the use of lasers and radio/electromagnetic emissions standards.

Regulatory changes in the United States and other countries in which we may operate in the future could require modifications to some of our products in order for us to continue manufacturing and marketing our products in those areas.

Our products intentionally transmit radio signals, including narrow band and spread spectrum signals, as part of their normal operation. We have obtained certification from the FCC for our products that require certification. Users of these products in the United States do not require any license from the FCC to use or operate our products. To market and sell our integrated wireless solutions in the European Union, we also utilize unlicensed radio spectra and have obtained the required European Norm certifications.

In addition, some of our operations use substances regulated under various federal, state and local laws governing the environment and worker health and safety, including those governing the discharge of pollutants into the ground, air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Certain of our products are subject to various federal, state and local laws governing chemical substances in electronic products.

The adoption of unfavorable regulations, or unfavorable interpretations of existing regulations by courts or regulatory bodies, could require us to incur significant compliance costs, cause the development of the affected markets to become impractical or otherwise adversely affect our ability to produce or market our products.

Since 1996, our subsidiary Pointer Telocation Ltd. ("Pointer") has held an operational license, which is renewed on a regular basis, from the Ministry of Communications in Israel to operate our wireless messaging system over 2 MHz in the 966 to 968 MHz radio spectrum band. It also obtains licenses from the Israeli Ministry of Communications in order to manufacture, import, market and sell its products in Israel.

Our subsidiary Pointer Argentina S.A. ("Pointer Argentina") obtains domestic licenses for the deployment of our SVR operation in Argentina and local operators are required to obtain a specific license for their operations.

We are currently registered by the Federal Department of Security in Mexico to provide our services.

Certain of our South African subsidiaries, including Pointer SA (PTY) Ltd. ("Pointer South Africa"), are currently registered as security service providers under the Private Security Industry Regulation Act, 2001 in South Africa. Our products are also listed with the Independent Communications Authority of South Africa.

While the use of our cellular monitoring units does not require regulatory approvals, in Israel, the use of our radio frequency products is subject to regulatory approvals from government agencies. In general, applications for regulatory approvals to date have not been problematic. However, we cannot guarantee that approvals already obtained are or will remain sufficient in the view of regulatory authorities indefinitely.

Employees

As of July 15, 2024, we had 1,954 total employees globally, 100% of whom are full-time employees. We believe that our relationships with our employees are good.

Macroeconomic Developments

Higher interest rates and lingering inflation, fluctuations in currency values, continued supply chain disruptions, and ongoing geopolitical conflicts, such as the wars between Russia and Ukraine and between Israel and Hamas, have resulted in significant economic disruption and adversely impacted the broader global economy, including our customers and suppliers. Given the dynamic and uncertain nature of the current macroeconomic environment, we cannot reasonably estimate the impact of such developments on our financial condition, results of operations or cash flows into the foreseeable future. The ultimate extent of the effects of these developments remain highly uncertain, and such effects could exist for an extended period of time.

Restatement of Previously Issued Consolidated Financial Statements

In connection with our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K"), we restated our previously issued audited consolidated financial statements contained in our Annual Reports on Form 10-K for the fiscal years ended December 31, 2022 and 2021 and our unaudited consolidated financial statements contained in our Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2023 and 2022, Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2023 and 2022 and Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2023 and 2022.

Other Information

I.D. Systems, Inc. ("I.D. Systems") 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 we acquired Pointer (the "Pointer Merger"). Upon the closing of the Pointer Merger, Powerfleet became the parent entity of I.D. Systems and Pointer.

Our primary website is www.powerfleet.com. We make available on this website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish such information to, the Securities and Exchange Commission (the "SEC"). Reports and other information we file with the SEC may also be viewed at the SEC's website at www.sec.gov. We also make available on this website, free of charge, our Code of Ethics for Senior Financial Officers, which applies to our principal executive officer, principal financial officer and principal accounting officer.

Item 1A. Risk Factors.

In addition to the other information contained in this Form 10-KT, the following risk factors should be considered carefully in evaluating the Company's business. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to the Company or that the Company currently deems immaterial may also adversely affect our business, financial condition or results of operations.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this summary. These risks include, among others, the following:

- We may not realize the anticipated benefits and cost savings of the MiX Combination.
- Integrating our business and MiX Telematics' business may be more difficult, time-consuming or costly than expected.
- The market price for shares of our common stock may decline as a result of the MiX Combination, including as a result of some of our stockholders adjusting their portfolios.
- The MiX Combination may not be accretive, and may be dilutive, to the combined company's earnings per share, which may negatively affect the market price of shares of our common stock.
- We have incurred significant losses and have a substantial accumulated deficit. If we cannot achieve profitability, the market price of our common stock could decline significantly.
- The inability of our supply chain to deliver certain key components, such as semiconductors, could materially adversely affect our business, financial condition and results of operations.
- Our expansion into new products, services, and technologies subjects us to additional risks.
- If we are unable to keep up with rapid technological change, we may be unable to meet the needs of our customers, which could materially and adversely affect our financial condition and results of operations and reduce our ability to increase our market share.
- Inaccurate output from artificial intelligence could result in brand and reputation damage.
- We are subject to breaches of our information technology systems, which could damage our reputation, vendor, and customer relationships, and our customers' access to our services.
- The industry in which we operate is highly competitive, and competitive pressures from existing and new companies could have a material adverse effect on our financial condition and results of operations.
- We may not be able to successfully execute our strategic initiatives or meet our long-term financial goals.
- We are an international company and may be susceptible to several political, economic and geographic risks that could harm our business.
- Conditions and changes in the global economic environment may adversely affect our business and financial results.
- The international scope of our business exposes us to risks associated with foreign exchange rates.
- We may need to obtain additional capital to fund our operations that could have negative consequences on our business.
- If the market for our technology does not develop or become sustainable, expands more slowly than we expect or becomes saturated, our revenues will decline and our financial condition and results of operations could be materially and adversely affected.

- We rely significantly on channel partners to sell our products, and disruptions to, or our failure to develop and manage our channel partners would harm our business.
- If we are unable to protect our intellectual property rights, our financial condition and results of operations could be materially and adversely affected.
- We have been, and may continue to become, involved in intellectual property disputes that could subject us to significant liability and divert the time and attention of our management and prevent us from selling our products.
- Our Israeli subsidiaries have incurred significant indebtedness.

- The terms of the A&R Credit Agreement restrict Powerfleet Israel's and Pointer's current and future operations, particularly their ability to respond to changes or take certain actions.
- In connection with the MiX Combination, we have incurred significant additional indebtedness to finance the redemption of our Series A preferred stock.
- The restatement of our previously issued consolidated financial statements and the related analysis and ongoing remedial measures have been time-consuming and expensive and could expose us to additional risks that could materially adversely affect our financial position, results of operations and cash flows.
- In connection with the preparation of our audited financial statements for the year ended December 31, 2023 and transition period ended March 31, 2024, we identified material weaknesses in our internal control over financial reporting. Any failure to maintain effective internal control over financial reporting could harm us.
- We rely on subcontractors to manufacture and deliver our products.
- Our manufacturers rely on a limited number of suppliers for several significant components used in our products.
- The federal government or independent standards organizations may implement significant regulations or standards that could adversely affect our ability to produce or market our products.
- Because our products are complex, they may have undetected errors or failures when they are introduced, which could seriously harm our business, and our product liability insurance may not adequately protect us.
- Changes in practices of insurance companies in the markets in which we provide and sell our SVR services and products could adversely affect our revenues and growth potential.
- A decline in sales of consumer or commercial vehicles in the markets in which we operate could result in reduced demand for our products and services.
- A reduction in vehicle theft rates may adversely impact demand for our SVR services and products.
- The increasing availability of handheld general packet radio service GPRS devices may reduce the demand for our products for small fleet management.
- The use of our products is subject to international regulations.
- The adoption of industry standards that do not incorporate the technology we use may decrease or eliminate the demand for our services or products and could harm our results of operations.
- Our financial statements may not reflect certain payments we may be required to make to employees.
- Some of our employees in our subsidiaries are members of labor unions and a dispute between us and any such labor union could result in a labor strike that could delay or preclude altogether our ability to generate revenues in the markets where such employees are located.
- Under the current laws in jurisdictions in which we operate, we may not be able to enforce non-compete covenants and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.
- Manufacturing of many of our products is highly complex, and an interruption by suppliers, subcontractors or vendors could adversely affect our business, financial condition or results of operations.
- If we lose our executive officers, or are unable to recruit additional personnel, our ability to manage our business could be materially and adversely affected.
- We provide financing to our customers for the purchase of our products, which may increase our credit risks in the event of a deterioration in a customer's financial condition or in global credit conditions.
- Our cash and cash equivalents could be adversely affected by a downturn in the financial and credit markets.
- Goodwill impairment or intangible impairment charges may affect our results of operations in the future.
- We have operations located in Israel, and therefore our results may be adversely affected by political, military and economic conditions in Israel.
- Many of our employees in Israel are required to perform military reserve duty.
- Economic uncertainty and volatility in Mexico may adversely affect our business.
- Fluctuations in the value of the South African Rand may have a significant impact on our reported revenue and results of operations, which may make it difficult to evaluate our business performance between reporting periods.
- If we do not achieve applicable Broad-Based Black Economic Empowerment objectives in our South African businesses, we risk not being able to renew certain of our existing contracts which service South African government and quasi-governmental customers, as well as not being awarded future corporate and governmental contracts, each of which would result in the loss of revenue.
- Socio-economic inequality in South Africa or regionally may subject us to political and economic risks, which may affect the ownership or operation of our business.
- The concentration of common stock ownership among our executive officers and directors could limit the ability of other stockholders of the Company to influence the outcome of corporate transactions or other matters submitted for stockholder approval.
- Future sales of our common stock, including sales of our common stock acquired upon the exercise of outstanding options, may cause the market price of our common stock to decline.
- Our Amended and Restated Certificate of Incorporation, as amended provides that the Court of Chancery of the State of Delaware will be the exclusive forum for certain legal actions between us and our stockholders, which could limit stockholders' ability to obtain a judicial forum viewed by the stockholders as more favorable for disputes with us or our directors, officers or employees, and the enforceability of the exclusive forum provision may be subject to uncertainty.
- Provisions of Delaware law or the Charter could delay or prevent an acquisition of the Company, even if the acquisition would be beneficial to our stockholders and could make it more difficult for stockholders to change our management.

Risks Related to Our Business

We may not realize the anticipated benefits and cost savings of the MiX Combination.

The success of the MiX Combination will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining the two businesses. Our ability to realize these anticipated benefits and cost savings is subject to certain risks, including, among others:

- the parties' ability to successfully combine their respective businesses;
- the risk that the combined businesses will not perform as expected;
- the extent to which the parties will be able to realize the expected synergies, which include realizing potential savings from re-assessing priority assets and aligning investments, eliminating duplication and redundancy, adopting an optimized operating model between both companies and leveraging scale, and creating value resulting from the combination of the two businesses;
- the possibility that the aggregate consideration being paid for MiX Telematics is greater than the value we will derive from the MiX Combination;
- the possibility that the combined company will not achieve the unlevered free cash flow that the parties have projected;
- the incurrence of additional indebtedness in connection with the MiX Combination and the resulting limitations placed on the combined company's operations; and
- the assumption of known and unknown liabilities of MiX Telematics, including potential tax and employee-related liabilities.

If we are not able to successfully integrate the businesses within the anticipated time frame, or at all, the anticipated cost savings, synergies operational efficiencies and other benefits of the MiX Combination may not be realized fully or may take longer to realize than expected, and the combined company may not perform as expected.

Integrating our business and MiX Telematics' business may be more difficult, time-consuming or costly than expected.

We and MiX Telematics operated independently prior to completion of the MiX Combination on April 2, 2024, and there can be no assurances that our businesses can be integrated successfully. It is possible that the integration process could result in the loss of key employees, the disruption of our company's ongoing business or unexpected integration issues, such as higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. Specifically, issues that must be addressed in integrating the operations of our company and MiX Telematics in order to realize the anticipated benefits of the MiX Combination so that the combined business performs as expected include, among others:

- combining the companies' separate operational, financial, reporting and corporate functions;

- integrating the companies' technologies, products and services;
- identifying and eliminating redundant and underperforming operations and assets;
- harmonizing the companies' operating practices, employee development, compensation and benefit programs, internal controls and other policies, procedures and processes;
- addressing possible differences in corporate cultures and management philosophies;
- maintaining employee morale and retaining key management and other employees;
- attracting and recruiting prospective employees;
- consolidating the companies' corporate, administrative and information technology infrastructure;
- coordinating sales, distribution and marketing efforts;
- managing the movement of certain businesses and positions to different locations;
- maintaining existing agreements with customers and vendors and avoiding delays in entering into new agreements with prospective customers and vendors;
- coordinating geographically dispersed organizations; and
- effecting potential actions that may be required in connection with obtaining regulatory approvals.

In addition, at times, the attention of certain members of our management and our resources may be focused on the integration of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt our ongoing business and, consequently, the business of the combined company.

The market price for shares of our common stock may decline as a result of the MiX Combination, including as a result of some of our stockholders adjusting their portfolios.

The market value of our common stock at the time of consummation of the MiX Combination varied significantly from the prices of our common stock on the date the Implementation Agreement was executed, the date of our special meeting of stockholders relating to the MiX Combination and the closing date of the MiX Combination. The market price of our common stock may decline if, among other things, the operational cost savings estimates in connection with the integration of ours and MiX Telematics' businesses are not realized, or if the costs related to the MiX Combination are greater than expected. The market price also may decline if we do not achieve the perceived benefits of the MiX Combination as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the MiX Combination on our financial position, results of operations or cash flows is not consistent with the expectations of financial or industry analysts.

In addition, sales of our common stock by our stockholders after the completion of the MiX Combination may cause the market price of our common stock to decrease. Shareholders of MiX Telematics may decide not to hold the shares of our common stock that they received in the MiX Combination. Certain of our other stockholders, such as funds with limitations on their permitted holdings of stock in individual issuers, may be required to sell the shares of our common stock that they received in the MiX Combination. Such sales of our common stock could have the effect of depressing the market price for our common stock and may take place promptly following the MiX Combination.

Any of these events may make it more difficult for us to sell equity or equity-related securities and have an adverse impact on the price of our common stock.

The MiX Combination may not be accretive, and may be dilutive, to the combined company's earnings per share, which may negatively affect the market price of shares of our common stock.

We currently believe the MiX Combination will result in a number of benefits, including cost savings, operating efficiencies, and stronger demand for our products and services, and that the MiX Combination will be accretive to our earnings. This belief is based, in part, on preliminary current estimates that may materially change. In addition, future events and conditions, including adverse changes in market conditions, additional transaction and integration-related costs and other factors such as the failure to realize some or all of the anticipated benefits of the MiX Combination, could decrease or delay the accretion that is currently anticipated or could result in dilution. Any dilution of, or decrease in or delay of any accretion to, the combined company's earnings per share could cause the price of shares of our common stock to decline or grow at a reduced rate.

We have incurred significant losses and have a substantial accumulated deficit. If we cannot achieve profitability, the market price of our common stock could decline significantly.

As of December 31, 2023 and March 31, 2024, we had cash (including restricted cash) and cash equivalents of $19.3 million and $109.7 million, respectively, and working capital of $23.5 million and $126.2 million, respectively. Our primary sources of cash are cash flows from the sales of products and services, our holdings of cash, cash equivalents and investments from the sale of our capital stock and borrowings under our credit facility. To date, we have not generated sufficient cash flow solely from operating activities to fund our operations.

We incurred net (losses) income of approximately $(22.1) million, $(16.9) million, $(17.3) million, $1.9 million, and $(19.6) million for the years ended December 31, 2021, 2022 and 2023 and three months ended March 31, 2023 and 2024, respectively, and have incurred additional net losses since inception. At December 31, 2023, and March 31, 2024, we had an accumulated deficit of approximately $146.3 million and $154.8 million, respectively. Our ability to increase our revenues from the sale of our solutions will depend on our ability to successfully implement our growth strategy and the continued expansion of our markets. If our revenues do not grow or if our operating expenses continue to increase, we may not be able to become profitable and the market price of our common stock could decline.

The inability of our supply chain to deliver certain key components, such as semiconductors, could materially adversely affect our business, financial condition and results

of operations.

Our products contain a significant number of components that we source globally. If our supply chain fails to deliver products to us in sufficient quality and quantity on a timely basis, we will be challenged to meet our customer order delivery timelines and could incur significant additional expenses for expedited freight and other related costs. Similarly, many of our customers are dependent on an ever-greater number of global suppliers to manufacture their products. These global supply chains have continued to be adversely impacted by events outside of our control, including macroeconomic events, trade restrictions, economic recessions and ongoing geopolitical conflicts. Over the past two years, we have experienced delays in supply chain deliveries, extended lead times and shortages of key components, some raw material cost increases and slowdowns at certain production facilities. These disruptions have delayed and may continue to delay the timing of some orders and expected deliveries of our products, which has impacted our business and results of operations.

Many of the products we supply are reliant on semiconductors. Globally, there is an ongoing significant shortage of semiconductors. The semiconductor supply chain is complex, with capacity constraints occurring throughout. We have and will continue to work closely with our suppliers and customers to minimize any potential adverse impacts of the global semiconductor chip shortage and monitor the availability of semiconductor chips and other key components, customer production schedules and any other supply chain inefficiencies that may arise. However, if we are not able to mitigate the impact of the semiconductor chip shortage semiconductor shortage impact, any direct or indirect supply chain disruptions may have a material adverse impact on our business, financial condition and results of operations.

Our expansion into new products, services, and technologies subjects us to additional risks.

We may have limited or no experience in our newer market segments, and our customers may not adopt our product or service offerings. These offerings, which can present new and difficult technological challenges, may subject us to claims if customers of these offerings experience service disruptions or failures or other quality issues. In addition, profitability, if any, in our newer activities may not meet our expectations, and we may not be successful enough in these newer activities to recoup our investments in them. Failure to realize the benefits of amounts we invest in new technologies, products, or services could result in the value of those investments being written down or written off.

If we are unable to keep up with rapid technological change, we may be unable to meet the needs of our customers, which could materially and adversely affect our financial condition and results of operations and reduce our ability to increase our market share.

Our market is characterized by rapid technological change and frequent new product announcements. Significant technological changes could render our existing technology obsolete. We are active in the research and development of new products and technologies and in enhancing our current products. However, research and development in our industry is complex and filled with uncertainty. For example, it is common for research and development projects to encounter delays due to unforeseen problems, resulting in low initial volume production, fewer product features than originally considered desirable and higher production costs than initially budgeted, any of which may result in lost market opportunities. In addition, these new products may not adequately meet the requirements of the marketplace and may not achieve any significant degree of market acceptance. If our efforts do not lead to the successful development, marketing and release of new products that respond to technological developments or changing customer needs and preferences, our revenues and market share could be materially and adversely affected. We may expend a significant number of resources in unsuccessful research and development efforts. In addition, new products or enhancements by our competitors may cause customers to defer or forego purchases of our products. Any of the foregoing could materially and adversely affect our financial condition and results of operations and reduce our ability to increase our market share.

Inaccurate output from artificial intelligence could result in brand and reputation damage.

Artificial intelligence ("AI") is being integrated into several of our solutions and/or products and could be a significant factor in future service offerings. While AI can present significant benefits, it also presents risks and challenges to our business. Data sourcing, technology, integration and process issues, program bias into decision-making algorithms, security challenges and the protection of personal privacy could impair the adoption and acceptance of AI solutions. If the output from AI solutions are deemed to be inaccurate or questionable, our brand and reputation may be harmed and we may potentially be subject to legal liability claims.

We are subject to breaches of our information technology systems, which could damage our reputation, vendor, and customer relationships, and our customers' access to our services.

Our business operations require that we use and store sensitive data, including intellectual property and proprietary business information in our secure data centers and on our networks. We face several threats to our data centers and networks in the form of unauthorized access, security breaches and other system disruptions. It is critical to our business strategy that our infrastructure remains secure and is perceived by customers and partners to be secure. We require usernames and passwords in order to access our information technology systems. We also use encryption and authentication technologies to secure the transmission and storage of data. Despite our security measures, our information technology systems have been, and may continue to be, subject to cybersecurity threats and incidents. Any such security breach may compromise information used or stored on our networks and may result in significant data losses or theft of our, our customers', or our business partners' intellectual property or proprietary business information. A cybersecurity breach could negatively affect our reputation by adversely affecting the market's perception of the security or reliability of our products or services. In addition, a cyber-attack could result in other negative consequences, including remediation costs, disruption of internal operations, increased cybersecurity protection costs, lost revenues or litigation, which could have a material adverse effect on our business, results of operations and financial condition.

The industry in which we operate is highly competitive, and competitive pressures from existing and new companies could have a material adverse effect on our financial condition and results of operations.

The industry in which we operate is highly competitive and influenced by the following:

- advances in technology;
- new product introductions;
- evolving industry standards;
- product improvements;
- rapidly changing customer needs;
- intellectual property invention and protection;
- marketing and distribution capabilities;
- ability to attract and retain highly skilled professionals;
- competition from highly capitalized companies;
- entrance of new competitors;

- ability of customers to invest in information technology; and
- price competition.

The products marketed by us, and our competitors are becoming more complex. As the technological and functional capabilities of future products increase, these products may begin to compete with products being offered by traditional computer, network and communications industry participants that have substantially greater financial, technical, marketing and manufacturing resources than we do.

Although we are not aware of any current competitors that provide the precise capabilities of our systems, we are aware of competitors that offer similar approaches to address the customer needs that our products address. Those companies include both emerging companies with limited operating histories and companies with longer operating histories, greater name recognition and/or significantly greater financial, technical and marketing resources than ours.

We attempt to differentiate our solutions by continuing to innovate and by offering a choice of communication mode, patented battery management technology, sensor options, and installation configurations.

If we do not keep pace with product and technology advances, including the development of superior products by our competitors, or if we are unable to otherwise compete successfully against our competitors, there could be a material adverse effect on our competitive position, revenues and prospects for growth. As a result, our financial condition and results of operations could be materially and adversely affected.

We may not be able to successfully execute our strategic initiatives or meet our long-term financial goals.

We have been engaged in strategic initiatives to focus on our core business to maximize long-term stockholder value, to improve our cost structure and efficiency and to increase our selling efforts and developing new business. We cannot provide any assurance that we will be able to successfully execute these or other strategic initiatives or that we will be able to execute these initiatives on our expected timetable. We may not be successful in focusing our core business and obtaining operational efficiencies or replacing revenues lost as a result of these strategic initiatives.

We are an international company and may be susceptible to several political, economic and geographic risks that could harm our business.

We are dependent on sales to customers outside the United States. Our international sales are likely to account for a significant percentage of our products and services revenue for the foreseeable future. As a result, the occurrence of any international, political, economic or geographic event (for example, continued global supply chain disruptions, inflation and other cost increases, and the conflict between Russia and Ukraine and between Israel and Hamas) could result in a significant decline in our revenue. In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations will increase our cost of doing business in international jurisdictions. These numerous and sometimes conflicting laws and regulations include internal control and disclosure rules, data privacy and filtering requirements, anti-corruption laws, such as the Foreign Corrupt Practices Act, and other local laws prohibiting corrupt payments to governmental officials, and anti-competition regulations, among others. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our brand, international expansion efforts, ability to attract and retain employees, business, and operating results. Although we plan to implement policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies.

Some of the risks and challenges of doing business internationally include:

- unexpected changes in regulatory requirements;
- fluctuations in international currency exchange rates including its impact on unhedgeable currencies and our forecast variations for hedgeable currencies;
- imposition of tariffs and other barriers and restrictions;
- management and operation of an enterprise spread over various countries;
- the burden of complying with a variety of laws and regulations in various countries;
- application of the income tax laws and regulations of multiple jurisdictions, including relatively low-rate and relatively high-rate jurisdictions, to our sales and other transactions, which results in additional complexity and uncertainty;
- the conduct of unethical business practices in certain developing countries;
- general economic and geopolitical conditions, including inflation and trade relationships;
- war and acts of terrorism;
- kidnapping and high crime rate;
- natural disasters or pandemics (for example, the COVID-19 pandemic);
- availability of U.S. dollars especially in countries with economies highly dependent on resource exports, particularly oil; and
- changes in export regulations.

While these factors and the impacts of these factors are difficult to predict, any one or more of them could adversely affect our business, financial condition and results of operations in the future.

Conditions and changes in the global economic environment may adversely affect our business and financial results.

The global economy continues to be adversely affected by stock market volatility, tightening of credit markets, concerns of inflation, adverse business conditions and liquidity concerns, as well as recent bank failures. These events and the related uncertainty about future economic conditions could negatively impact our customers and, among other things, postpone their decision-making, decrease their spending and jeopardize or delay their ability or willingness to make payment obligations, any of which could adversely affect our business and results of operations. Uncertainty about current global economic conditions, in particular as a result of the continued global supply chain disruptions, inflation and other cost increases, and the conflicts between Russia and Ukraine and between Israel and Hamas, and recent bank failures, could also cause volatility of our stock price. During periods of economic downturns, our customers may decrease their demand for wireless technology solutions, as well as the maintenance, support and consulting services we provide. This slowdown may have an adverse effect on the wireless solutions industry in general and on demand for our products and services, but the magnitude of that impact is uncertain. Our future growth is dependent, in part, upon the demand for our products and services. Prolonged weakness in the economy may cause business enterprises to delay or cancel wireless solutions projects, reduce their overall wireless solutions budgets and/or reduce or cancel orders for our services. This, in turn, may lead to longer sales cycles, delays in purchase decisions, and payment and collection issues, and may also result in price pressures, causing us to realize lower revenues and operating margins. Additionally, if our customers cancel or delay their wireless solutions initiatives, our business, financial condition and results of operations could be materially and adversely affected. If the current uncertainty in the general economy does not change or continue to improve, our business, financial condition and results of operations could be harmed.

The international scope of our business exposes us to risks associated with foreign exchange rates.

We report our financial results in U.S. dollars. However, a significant portion of our net sales, assets, indebtedness and other liabilities, and costs are denominated in foreign currencies. These currencies include, among others, the Euro, Israeli shekel, British pound sterling, Mexican peso, Argentine peso, Brazilian real and South African rand.

In addition, several emerging market economies are particularly vulnerable to the impact of rising interest rates, inflationary pressures, and large external deficits. Risks in one country can limit our opportunities for growth and negatively affect our operations in another country or countries. As a result, any such unfavorable conditions or developments could have an adverse impact on our operations. Our results of operations and, in some cases, cash flows, have in the past been, and may in the future be, adversely affected by movements in exchange rates. In addition, we may also be exposed to credit risks in some of those markets. We may implement currency hedges or take other actions intended to reduce our exposure to changes in foreign currency exchange rates. If we are not successful in mitigating the effects of changes in exchange rates on our business, any such changes could materially impact our results.

We may need to obtain additional capital to fund our operations that could have negative consequences on our business.

We may require additional capital in the future to develop and commercialize additional products and technologies or take advantage of other opportunities that may arise, including potential acquisitions. We may seek to raise the necessary funds through public or private equity offerings, debt financings, additional operating improvements, asset sales or strategic alliances and licensing arrangements.

To the extent we raise additional capital by issuing equity securities, our existing stockholders may experience substantial dilution. In addition, we may be required to relinquish rights to our technologies or systems or grant licenses on terms that are not favorable to us in order to raise additional funds through strategic alliance, joint venture and licensing arrangements. We cannot provide assurance that the additional sources of funds will be available, or if available, would have reasonable terms. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate one or more of our development programs, and our business, financial condition, results of operations and stock price could be materially and adversely affected.

If the market for our technology does not develop or become sustainable, expands more slowly than we expect or becomes saturated, our revenues will decline and our financial condition and results of operations could be materially and adversely affected.

Our success is highly dependent on the continued market acceptance of our solutions. The market for our products and services is new and rapidly evolving. If the market for our products and services does not become sustainable, or becomes saturated with competing products or services, our revenues will decline and our financial condition and results of operations could be materially and adversely affected.

We rely significantly on channel partners to sell our products, and disruptions to, or our failure to develop and manage our channel partners would harm our business.

Recruiting and retaining qualified channel partners and training them in our technology and product offerings requires significant time and resources. In order to develop and expand our distribution channel, we must continue to scale and improve the processes and procedures that support our channel, including investment in systems and training. Those processes and procedures may become increasingly complex and difficult to manage as we grow our organization. We have no minimum purchase commitments from any of our channel partners, and our contracts with these channel partners do not prohibit them from offering products or services that compete with ours. Our competitors may provide incentives to existing and potential channel partners to favor their products or to prevent or reduce sales of our products. Our channel partners may choose not to offer our products exclusively or at all. Establishing relationships with channel partners who have a history of selling our competitors' products may also prove to be difficult. Our failure to establish and maintain successful relationships with channel partners would harm our business and operating results.

If we are unable to protect our intellectual property rights, our financial condition and results of operations could be materially and adversely affected.

We rely on a combination of patents, copyrights, trademarks, trade secrets and contractual measures to protect our intellectual property rights. Third parties may seek to challenge, invalidate, circumvent or render unenforceable any patents or proprietary rights owned by us. If such challenges are successful, our business will be materially and adversely affected.

Our employees, consultants and advisors enter into confidentiality agreements with us that prohibit the disclosure or use of our confidential information. We also have entered into confidentiality agreements to protect our confidential information delivered to third parties for research and other purposes. Despite these efforts, we cannot assure you that we will be able to effectively enforce these agreements, or our confidential information will not be disclosed, that others will not independently develop substantially equivalent confidential information and techniques or otherwise gain access to our confidential information or that we can meaningfully protect our confidential information.

Disputes may arise in the future with respect to the ownership of rights to any technology developed with advisors or collaborators. These and other possible disagreements could lead to delays in the collaborative research, development or commercialization of our systems, or could require or result in costly and time-consuming litigation that may not be decided in our favor. Any such event could materially and adversely affect our financial condition and results of operations.

Policing the unauthorized use of our intellectual property is difficult, and we cannot assure you that the steps we have taken will prevent unauthorized use of our technology or other intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. Accordingly, we may not be able to protect our proprietary rights against unauthorized third party copying or use. If we are unsuccessful in protecting our intellectual property, we may lose any technological advantages we have over competitors and our financial condition and results of operations could be materially and adversely affected.

We have been, and may continue to become, involved in intellectual property disputes that could subject us to significant liability, divert the time and attention of our management and prevent us from selling our products, any of which could materially and adversely affect our financial condition and results of operations.

In recent years, there has been significant litigation in the United States and internationally involving claims of alleged infringement of patents and other intellectual property rights. Litigation has been, and may continue to be, necessary to enforce our intellectual property rights, defend ourselves against alleged infringement and determine the scope and validity of our intellectual property rights.

Any such litigation, whether or not successful, could result in substantial costs, divert the time and attention of our management and prevent us from selling our products. If a claim of patent infringement was decided against us, we could be required to, among other things:

- pay substantial damages to the party making such claim;
- stop selling, making, having made or using products or services that incorporate the challenged intellectual property;
- obtain from the holder of the infringed intellectual property right a license to sell, make or use the relevant technology, which license may not be available on commercially reasonable terms, or at all; or
- redesign those products or services that incorporate such intellectual property.

The failure to obtain the necessary licenses or other rights could preclude the sale, manufacture or distribution of our products and could materially and adversely affect our financial condition and results of operations.

Our Israeli subsidiaries have incurred significant indebtedness.

On March 18, 2024, Powerfleet Israel Ltd. ("Powerfleet Israel") and Pointer entered into an amended and restated credit agreement (the "A&R Credit Agreement"), with Bank Hapoalim B.M. ("Hapoalim"), which refinanced the facilities under, and amended and restated, the prior credit agreement, dated August 19, 2019 (as amended, the "Prior Credit Agreement"). The A&R Credit Agreement provides Powerfleet Israel with two senior secured term loan facilities denominated in New Israeli Shekel ("NIS") in an aggregate principal amount of $30 million (comprised of two facilities in the aggregate principal amounts of $20 million and $10 million, respectively ("Facility A" and "Facility B," respectively, and collectively, the "Term Facilities")), and two revolving credit facilities to Pointer in an aggregate principal amount of $20 million (comprised of two revolvers in the aggregate principal amounts of $10 million and $10 million, respectively ("Facility C" and "Facility D," respectively, and, collectively, the "Revolving Facilities" and, together with the Term Facilities, the "Credit Facilities")). The outstanding amount under the facilities made available pursuant to the Prior Credit Agreement was approximately NIS 40.1 million, or $11.1 million, as of December 31, 2023. On March 18, 2024, Powerfleet Israel drew down $30 million in cash under the Term Facilities and used the proceeds to prepay approximately $11.2 million, representing the remaining outstanding balance, of the term loans extended to Powerfleet Israel under the Prior Credit Agreement and distributed the remaining proceeds to Powerfleet. Such indebtedness will have the effect, among other things, of reducing Powerfleet Israel's and Pointer's flexibility to respond to changing business and economic conditions, will increase our borrowing costs and, because such indebtedness is subject to floating interest rates and exposed to foreign currency fluctuations, may increase Powerfleet Israel's and Pointer's vulnerability to fluctuations in market interest and foreign exchange rates. The A&R Credit Agreement continues to require Powerfleet Israel and Pointer to satisfy various covenants, including negative covenants that directly or indirectly restrict our ability to engage in certain transactions without the consent of the lender. The indebtedness continues to be secured by first ranking and exclusive fixed and floating charges, including by Powerfleet Israel over the entire share capital of Pointer and by Pointer over all its assets, as well as cross guarantees between Powerfleet Israel and Pointer. This may also make it more difficult for us to engage in future transactions without the consent of the lender. The increased levels of indebtedness could also reduce funds available to engage in investments in product development, capital expenditures and other activities and may create competitive disadvantages for us relative to other companies with lower debt levels. We may be required to raise additional financing for working capital, capital expenditures, acquisitions or other general corporate purposes. Our ability to arrange additional financing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond its control. We cannot assure you that we will be able to obtain additional financing on terms acceptable to us or at all.

The terms of the A&R Credit Agreement restrict Powerfleet Israel's and Pointer's current and future operations, particularly their ability to respond to changes or to take certain actions.

The A&R Credit Agreement contains several restrictive covenants that impose significant operating and financial restrictions on Powerfleet Israel and Pointer and limits their ability to engage in acts that may be in their long-term best interest, including restrictions on their ability to:

- incur or guarantee additional indebtedness;
- incur liens;
- sell or otherwise dispose of assets;
- enter into transactions with affiliates; and
- enter into new lines of business.

The A&R Credit Agreement also limits the ability of Powerfleet Israel and Pointer to consolidate or merge with or into another person.

In addition, the covenants in the A&R Credit Agreement require Powerfleet Israel and Pointer to maintain specified financial ratios, tested quarterly. Their ability to meet those financial ratios can be affected by events beyond their control, and they may be unable to meet them.

A breach of the covenants or restrictions under the A&R Credit Agreement could result in an event of default, which may allow the lender to accelerate the indebtedness thereunder. In addition, an event of default under the A&R Credit Agreement would permit the lender to terminate all commitments to extend further credit pursuant to the Revolving Facilities. Furthermore, if Powerfleet Israel and Pointer are unable to repay the amounts due and payable under the A&R Credit Agreement, the lender could proceed against the collateral granted to it to secure the indebtedness under the A&R Credit Agreement. In the event the lender accelerates the repayment of borrowings, Powerfleet Israel and Pointer may not have sufficient assets to repay that indebtedness.

As a result of these restrictions, we may be:

- limited in our flexibility in planning for, or reacting to, changes in our business and the markets we serve;
- unable to raise additional debt or equity financing to fund working capital, capital expenditures, new product development expenses and other general corporate requirements; or
- unable to compete effectively or to take advantage of new business or strategic acquisition opportunities.

These restrictions may affect our ability to grow in accordance with our strategy.

In connection with the MiX Combination, we have incurred significant additional indebtedness to finance the redemption of our Series A preferred stock.

The closing of debt and/or equity financing in an amount sufficient to provide for the redemption in full in cash of all outstanding shares of our Series A convertible preferred stock ("Series A Preferred Stock") was a condition to closing the MiX Combination. On March 7, 2024, we, together with certain of our wholly owned subsidiaries, entered into a facilities agreement (the "Facilities Agreement") with FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), pursuant to which RMB agreed to provide us with two term loan facilities in an aggregate principal amount of $85 million, the proceeds of which may be used to redeem all the outstanding shares of the Series A Preferred Stock and for general corporate purposes. On March 13, 2024, we drew down all $85 million available under such facilities. On April 2, 2024, concurrently with the closing of the MiX Combination, we used the net proceeds received from RMB and from incremental borrowing capacity as a result of the refinancing of Credit Facilities to redeem in full all of the outstanding shares of the Series A Preferred Stock. Such indebtedness will have the effect of, among other things, reducing our flexibility to respond to changing business and economic conditions, will increase our borrowing costs and, to the extent that such indebtedness is subject to floating interest rates, may increase our vulnerability to fluctuations in market interest rates. The increased levels of indebtedness could also reduce funds available to fund efforts to combine our and MiX Telematics' businesses and realize expected benefits of the MiX Combination and/or engage in investments in product development, capital expenditures and other activities and may create competitive disadvantages for the combined company relative to other companies with lower debt levels.

The restatement of our previously issued consolidated financial statements and the related analysis and ongoing remedial measures have been time consuming and expensive and could expose us to additional risks that could materially adversely affect our financial position, results of operations and cash flows.

In connection with our 2023 Form 10-K, we have restated our previously issued audited consolidated financial statements for the fiscal years ended December 31, 2021 and 2022 and our unaudited consolidated financial statements covering each of the interim periods during the 2022 and 2023 fiscal years. These restatements have been, and the remediation efforts we have begun to undertake are and will be, time-consuming and expensive and could expose us to a number of additional risks that could materially adversely affect our financial position, results of operations and cash flows.

In particular, we have incurred significant expenses, including audit, legal, consulting and other professional fees, in connection with the restatement of our previously issued financial statements and the ongoing remediation of material weaknesses in our internal control over financial reporting. We are implementing and will continue to implement additional processes to address such material weaknesses utilizing existing resources and adding new resources as needed. To the extent these steps are not successful, we could be forced to incur additional time and expense. Our management's attention has also been diverted from the operation of our business in connection with the restatements and ongoing remediation of material weaknesses in our internal controls. In addition, the restatements and related matters could impair our reputation and could cause our stakeholders to lose confidence in us, which could have an adverse effect on our business, results of operations, financial condition and stock price.

In connection with the preparation of our audited financial statements for the year ended December 31, 2023 and transition period ended March 31, 2024,we identified material weaknesses in our internal control over financial reporting. Any failure to maintain effective internal control over financial reporting could harm us.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. 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 in accordance with U.S. generally accepted accounting principles. We identified material weaknesses in our internal control over financial reporting as of December 31, 2023 and March 31, 2024, which have not been remediated (see Item 9A of each of our 2023 Form 10-K and this Form 10-KT for more information). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. Our management has concluded that material weaknesses in our internal control over financial reporting existed as of December 31, 2023 and March 31, 2024 due to the lack of controls related to accounting for the redemption premium on convertible redeemable preferred stock, the determination of standalone selling price, capitalized software costs and the financial statement close process.

We are still considering the full extent of the procedures to implement in order to remediate the material weaknesses described above. As part of the business combination with MiX Telematics, we expect to migrate our central corporate accounting function to MiX Telematics' central corporate accounting function and team. Benefits from this migration will include:

- Implementation of a new enterprise resource planning ("ERP") system;
- Access to a larger and highly qualified team; and
- Mature internal risk team who are responsible for ensuring systems, process and controls are clearly documented and widely understood and followed throughout the organization.

The material weakness for the measurement and valuation of the convertible redeemable preferred stock that necessitated the need to restate prior period financial statements will not require remediation in 2024 as all of the outstanding shares of the Series A Preferred Stock were redeemed in full in April 2024.

Additionally, the current remediation plan includes: (i) utilizing external resources to support our efforts to rework certain control gaps across the various processes in Israel and the United States with identified deficiencies; (ii) implementing enhanced documentation associated with management review controls and validation of the completeness and accuracy of key reports in Israel and the United States; and (iii) training relevant personnel to reinforce existing policies and enhancing policies with regard to appropriate steps and procedures required to be performed related to the execution and documentation of internal controls. We cannot assure you that any of our remedial measures will be effective in resolving this material weakness or that we will not suffer from other material weaknesses in the future.

If our management is unable to conclude that we have effective internal control over financial reporting, or to certify the effectiveness of such controls, or if additional material weaknesses in our internal controls are identified in the future, we could be subject to regulatory scrutiny and a loss of public confidence, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our common stock price and adversely affect our results of operations and financial condition.

We rely on subcontractors to manufacture and deliver our products. Any quality or performance failures by our subcontractors or changes in their financial condition could disrupt our ability to supply quality products to our customers in a timely manner, resulting in business interruptions, increased costs, claims for damages, reputation damage and reduced revenue.

In order to meet the requirements under our customer contracts, we rely on subcontractors to manufacture and deliver our products to our customers. Any quality or performance failures by our subcontractors or changes in their financial or business condition could disrupt our ability to supply quality products to our customers in a timely manner. If we are unable to fulfill orders from our customers in a timely manner, we could experience business interruptions, increased costs, damage to our reputation and the loss of our customers. In addition, we may be subject to claims from our customers for failing to meet our contractual obligations. Although we have several sources for production, the inability to provide our products to our customers in a timely manner could result in the loss of customers and our revenues could be materially reduced. In addition, there is great competition for the most qualified and competent subcontractors. If we are unable to hire qualified subcontractors, the quality of our services and products could decline. Furthermore, third-party manufacturers in the electronic component industry are consolidating. The consolidation of third-party manufacturers may give remaining manufacturers greater leverage to increase the prices that they charge, thereby increasing our manufacturing costs. If this were to occur and we are unable to pass the increased costs onto our customers, our profitability could be materially and adversely affected.

Our manufacturers rely on a limited number of suppliers for several significant components and raw materials used in our products. If we or our manufacturers are unable to obtain these components or raw materials on a timely basis, we will be unable to meet our customers' orders, which could reduce our revenues, subject us to

claims for damages and adversely affect our relationships with our customers.

We rely on a limited number of suppliers for the components and raw materials used in our products. Although there are many suppliers for most of our component parts and raw materials, we are dependent on a limited number of suppliers for many of our significant components and raw materials. This reliance involves several significant risks, including:

- unavailability of materials and interruptions in delivery of components and raw materials from our suppliers, which could result in manufacturing delays; and

- fluctuations in the quality and price of components and raw materials.

We currently do not have any long-term or exclusive purchase commitments with any of our suppliers. In addition, our suppliers may enter into exclusive arrangements with our competitors, be acquired by our competitors, or stop selling their products or components to us on commercially reasonable terms or at all. We may not be able to develop alternative sources for the components and raw materials. Even if alternate suppliers are available to us or our manufacturers, identifying them is often difficult and time consuming. If we or our manufacturers are unable to obtain an ample supply of product or raw materials from our existing suppliers or alternative sources of supply, we may be unable to satisfy our customers' orders, which could reduce our revenues, subject us to claims for damages and adversely affect our relationships with our customers.

Because our products are complex, they may have undetected errors or failures when they are introduced, which could seriously harm our business, and our product liability insurance may not adequately protect us.

Technical products like ours often contain undetected errors or failures when first introduced. Despite our efforts to eliminate these flaws, there still may be errors or failures in our products, even after the commencement of commercial shipments. We provide a reserve at the time of shipment, which may not be sufficient to cover actual repair costs. Because our products are used in business-critical applications, we could be subject to product liability claims if our systems fail to perform as intended. Even unsuccessful claims against us could result in costly litigation and the diversion of management's time and resources and could damage our reputation and impair the marketability of our systems. Although we maintain insurance, there are no assurances that:

- our insurance will provide adequate coverage against potential liabilities if our products cause harm or fail to perform as promised; or

- adequate product liability insurance will continue to be available to us in the future on commercially reasonable terms or at all.

If our insurance is insufficient to pay any product liability claims, our financial condition and results of operations could be materially and adversely affected. In addition, any such claims could permanently injure our reputation and customer relationships.

Changes in practices of insurance companies in the markets in which we provide and sell our SVR services and products could adversely affect our revenues and growth potential.

We depend on the practices of insurance companies in the markets in which we provide our SVR services and sell our SVR products. In Israel, which is our main SVR market, most of the insurance companies either mandate the use of SVR services and products for certain cars, or their equivalent, as a prerequisite for providing insurance coverage to owners of certain medium and high-end vehicles or provide insurance premium discounts to encourage vehicle owners to subscribe to services and purchase products such as ours. Therefore, we rely on insurance companies' continued practice of accepting vehicle location and recovery technology as a preferred security product.

If any of these policies or practices changes, for regulatory or commercial reasons, or if market prices for these services fall, revenues from sales of our SVR services and products, primarily in Israel, could decline, which could adversely affect our revenues and growth potential.

A decline in sales of consumer or commercial vehicles in the markets in which we operate could result in reduced demand for our products and services.

Our products are primarily installed before or immediately after the initial sale of private or commercial vehicles. Consequently, a reduction in sales of new vehicles could reduce our market for services and products. New vehicle sales may decline for various reasons, including inflation, an increase in new vehicle tariffs, taxes or gas prices, an increased difficulty in obtaining credit or financing in the applicable local or global economy, or the occurrence of natural disasters or public health crises, such as the COVID-19 pandemic. A decline in sales of new vehicles in the markets in which we operate could result in reduced demand for our services and products.

A reduction in vehicle theft rates may adversely impact demand for our SVR services and products.

Demand for our SVR services and products depends primarily on prevailing or expected vehicle theft rates. Vehicle theft rates may decline as a result of various factors such as the availability of improved security systems, implementation of improved or more effective law enforcement measures, or improved economic or political conditions in markets that have high theft rates. If vehicle theft rates in some of, or entire of, our existing markets decline, or if insurance companies or our other customers believe that vehicle theft rates have declined or are expected to decline, demand for our SVR services and products may decline.

The increasing availability of handheld GPRS devices may reduce the demand for our products for small fleet management.

The increasing availability of low-cost handheld GPRS devices and smartphones may result in a decrease in the demand for our products by managers of small auto fleets or providers of low-level services. The availability of such devices has expanded considerably in recent years. Any such decline in demand for our products could cause a decline in our revenues and profitability.

The use of our products is subject to international regulations.

The use of our products is subject to regulatory approvals of government agencies in each of the countries in which our systems are operated, including Israel. Our operators typically must obtain authorization from each country in which our systems and products are installed. While in general, operators have not experienced problems in obtaining regulatory approvals to date, the regulatory schemes in each country are different and may change from time to time. We cannot guarantee that the approvals, which our operators have obtained, will remain sufficient in the view of regulatory authorities. In addition, we cannot assure you that third party operators of our systems and products will obtain licenses and approvals in a timely manner in all jurisdictions in which we wish to sell our systems or that restrictions on the use of our systems will not be unduly burdensome.

The adoption of industry standards that do not incorporate the technology we use may decrease or eliminate the demand for our services or products and could harm our results of operations.

There are no established industry standards in all the businesses in which we sell our products. For example, vehicle location devices may operate by employing various technologies, including network triangulation, GPS, satellite-based or network-based cellular or direction-finding homing systems. The development of industry standards that do not incorporate the technology we use may decrease or eliminate the demand for our services or products and we may not be able to develop new services and products that are in compliance with such new industry standards on a cost-effective basis. If industry standards develop and such standards do not incorporate our products and we are unable to effectively adapt to such new standards, such development could harm our results of operations.

Our financial statements may not reflect certain payments we may be required to make to employees.

In certain countries, we are not required to reflect future severance fees in our liabilities. In countries such as Argentina, Brazil and Mexico, companies do not generally dedicate amounts to potential future severance payments. Nonetheless, in such cases, companies must pay a severance payment in cash upon termination of employment. We also do not have a provision in our financial statements for potential future severance payments in the above countries and instead such expenses are recorded when such payments are actually made upon termination of employment. As a result, our financial statements may not adequately reflect possible future severance payments.

Some of our employees in our subsidiaries are members of labor unions and a dispute between us and any such labor union could result in a labor strike that could delay or preclude altogether our ability to generate revenues in the markets where such employees are located.

Some of our employees in our subsidiaries are members of labor unions. If a labor dispute were to develop between us and our unionized employees, such employees could go on strike, and we could suffer work stoppage for a significant period of time. A labor dispute can be difficult to resolve and may require us to seek arbitration for resolution, which can be time-consuming, distracting to management, expensive and difficult to predict. The occurrence of a labor dispute with our unionized employees could delay or preclude altogether our ability to generate revenues in the markets where such employees are located. In addition, labor disputes with unionized employees may involve substantial demands on behalf of the unionized employees, including substantial wage increases, which may not be correlated with our performance, thus impairing our financial results. Furthermore, labor laws applicable to our subsidiaries may vary and there is no assurance that any labor disputes will be resolved in our favor.

Under the current laws in jurisdictions in which we operate, we may not be able to enforce non-compete covenants and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees.

We currently have non-competition agreements with many of our employees. However, due to the difficulty of enforcing non-competition agreements globally, not all of our employees in foreign jurisdictions have such agreements. These agreements generally prohibit our employees, if they cease working for the Company, from directly competing with us or working for our competitors for a certain period of time following termination of their employment agreements. Israeli courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the secrecy of a company's confidential commercial information or its intellectual property. If we cannot demonstrate that harm would be caused to us, we may be unable to prevent our competitors from benefiting from the expertise of our former employees.

In January 2023, the U.S. Federal Trade Commission ("FTC") announced a Notice of Proposed Rulemaking for a broad ban on non-compete clauses between employers and workers and is currently seeking public comment on the proposed rule. Specifically, the proposed rule would make it illegal for an employer to, among other things, enter into or attempt to enter into a non-compete with a worker; maintain a non-compete with a worker; or represent to a worker, under certain circumstances, that the worker is subject to a non-compete. While we cannot predict whether or when the FTC's proposed ban on non-compete arrangements will be implemented, or the impact that such ban will have on our operations if implemented, there is now increased uncertainty regarding the long-term enforceability of our non-competition agreements with employees in the United States. If the enforceability of non-competition agreements is affected by future lawmaking or regulatory action, it may impede our ability to ensure that former employees, who received training and experience through their employment with us, refrain from using their knowledge of our business and operations to compete with us.

Manufacturing of many of our products is highly complex, and an interruption by suppliers, subcontractors or vendors could adversely affect our business, financial condition or results of operations.

Many of our products are the result of complex manufacturing processes and are sometimes dependent on components with a limited source of supply. As a result, we can provide no assurances that supply sources will not be interrupted from time to time. Furthermore, our subcontractors or vendors may fail to obtain supply components and fail to deliver our products. As a result, a failure to deliver by our subcontractors or vendors can result in decreased revenues. Such interruption or delay of our suppliers to deliver components or interruption or delay of our vendors or subcontractors to deliver our products could affect our business, financial condition or results of operations.

If we lose our executive officers, or are unable to recruit additional personnel, our ability to manage our business could be materially and adversely affected.

We are dependent on the continued employment and performance of our executive officers. We currently do not have employment agreements with any of our executive officers. Like other companies in our industry, we face intense competition for qualified personnel. Many of our competitors have greater resources than we have to hire qualified personnel. Accordingly, if we are not successful in attracting or retaining qualified personnel in the future, our ability to manage our business could be materially and adversely affected.

We provide financing to our customers for the purchase of our products, which may increase our credit risks in the event of a deterioration in a customer's financial condition or in global credit conditions.

We sell our products to a wide range of customers in the commercial and governmental sectors. We provide financing to customers for a portion of such sales which could be in the form of notes or leases receivable over two to five years. Although these customers are extended credit terms which are approved by us internally, our business could be materially and adversely affected in the event of a deterioration of the financial condition of one or more of our customers that results in such customers' inability to repay us. This risk may increase during a general economic downturn affecting a large number of our customers or a widespread deterioration in global credit conditions, and in the event our customers do not adequately manage their businesses or properly disclose their financial condition.

Our cash and cash equivalents could be adversely affected by a downturn in the financial and credit markets.

We maintain our cash and cash equivalents with major financial institutions; however, our cash and cash equivalent balances with these institutions exceed the Federal Deposit Insurance Corporation insurance limits. While we monitor on a systematic basis the cash and cash equivalent balances in our operating accounts and adjust the balances as appropriate, these balances could be impacted if one or more of the financial institutions with which we deposit our cash and cash equivalents fails or is subject to other adverse conditions in the financial or credit markets. To date, we have experienced no loss of principal or lack of access to our invested cash or cash equivalents; however, we can provide no assurance that access to our invested cash and cash equivalents will not be affected if the financial institutions in which we hold our cash and cash equivalents fail or the financial and credit markets deteriorate.

Goodwill impairment or intangible impairment charges may affect our results of operations in the future.

We test goodwill for impairment on an annual basis and more often if events occur or circumstances change that would likely reduce the fair value of a reporting unit to an amount below its carrying value. We also test for other possible intangible impairments if events occur, or circumstances change that would indicate that the carrying amount of such intangible may not be recoverable. Any resulting impairment loss would be a non-cash charge and may have a material adverse impact on our results of operations in any future period in which we record a charge.

Long-lived assets with determinable useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such charges could have a material adverse effect on our results of operations in the period in which they are recorded.

We have operations located in Israel, and therefore our results may be adversely affected by political, military and economic conditions in Israel.

Our subsidiaries Powerfleet Israel and Pointer operate in Israel, and therefore our business and operations may be directly influenced by the political, economic and military conditions affecting Israel at any given time. A change in the security and political situation in Israel could have a material adverse effect on our business, operating results and financial condition. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors, including Hezbollah in Lebanon and Hamas in the Gaza Strip. In the last several years, these conflicts have involved missile strikes against civilian targets in various parts of Israel, particularly in southern Israel where Pointer's main offices and manufacturing facility are located and have negatively affected business conditions in Israel. Most recently, on October 7, 2023, Hamas terrorists invaded southern Israel and launched missile strikes in a widespread terrorist attack on Israel. On the same day, the Israeli government declared that the country was at war and the Israeli military began to call up reservists for active duty, including a number of our Israeli employees, including members of the management team in Israel. As of the date of this report, the Israel-Hamas war remains ongoing and the conflict has had an adverse impact on, and may continue to adversely impact, our supply chain, our ability to manufacture and deliver products in Israel to customers and the stability of our Israeli workforce. In addition, political uprisings and conflicts in various countries in the Middle East, including Syria and Iraq, are affecting the political stability of those countries. It is not clear how this instability will develop and how it will affect the political and security situation in the Middle East.

Furthermore, several countries, principally in the Middle East, restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities or political instability in the region continues or intensifies. These restrictions may limit materially our ability to obtain raw materials from these countries or sell our products to companies in these countries. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could have a material adverse effect on our business, operating results and financial condition.

Any downturn in the Israeli economy may also have a significant impact on our business. Israel's economy has been subject to numerous destabilizing factors, including a period of rampant inflation in the early to mid-1980's, low foreign exchange reserves, fluctuations in world commodity prices, military conflicts and civil unrest. The revenues of certain of our products and services may be adversely affected if fewer vehicles are used as a result of an economic downturn in Israel, an increase in use of mass transportation, an increase in vehicle related taxes, an increase in the imputed value of vehicles provided as a part of employee compensation or other macroeconomic changes affecting the use of vehicles. In addition, our SVR services significantly depend on Israeli insurance companies mandating subscription to a service such as the Company's. If Israeli insurance companies cease to require such subscriptions, our business could be significantly adversely affected. We also rely on the renewal and retention of several operating licenses issued by certain Israeli regulatory authorities. Should such authorities fail to renew any of these licenses, suspend existing licenses, or require additional licenses, we may be forced to suspend or cease certain services we provide.

Many of our employees in Israel are required to perform military reserve duty.

All non-exempt male adult permanent residents of Israel under the age of 40, including some of Pointer's employees, are obligated to perform military reserve duty and may be called to active duty under emergency circumstances. In the past there have been significant call ups of military reservists, and it is possible that there will be additional call-ups in the future. While Pointer has operated effectively despite these conditions in the past, we cannot assess the impact these conditions may have on it in the future, particularly if emergency circumstances occur. Our operations could be disrupted by the absence for a significant period of one or more of our key employees or a significant number of our other employees due to military service. Any disruption to our operations would harm our business.

Economic uncertainty and volatility in Mexico may adversely affect our business.

Our subsidiaries Pointer Recuperacion Mexico S.A., de C.V. and Pointer Logistica y Monitoreo, S.A. de C.V. operate in Mexico, which has gradually experienced, since 2013, substantial decrease in the value of the Mexican peso against the U.S. dollar, together with growing inflation rates. The devaluation of the Mexican peso and rise in inflation rate has triggered demonstrations and heightened political tension. Severe devaluation may lead to future governmental actions, including actions to adjust the value of the Mexican peso, policies which may trigger further increases in inflation. There can be no assurance that inflation will not affect our business in Mexico in the future. In addition, any Mexican government's actions to maintain economic stability, as well as public speculation about possible future actions, may contribute significantly to economic uncertainty in Mexico. Economic instability and or government imposition of exchange controls may also result in the disruption of the international foreign exchange markets and may limit our ability to transfer or convert pesos into U.S. dollars and other currencies. Such policies could destabilize the country and adversely and materially affect the economy, and thereby our business. Additionally, due to agreements with the Confederation of Workers of Mexico in Mexico and the country's high inflation rate, we may be required to increase employee salaries at a rate which could adversely affect our business.

Fluctuations in the value of the South African Rand may have a significant impact on our reported revenue and results of operations, which may make it difficult to evaluate our business performance between reporting periods.

The majority of subscription agreements and operating expenses of our subsidiary, MiX Telematics, are incurred outside the United States and denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the South African Rand. Currency fluctuations, particularly those in respect of the South African Rand, may positively or negatively impact our reported income and expenses due to the effects of translating the functional currency of our foreign subsidiaries into our reporting currency of U.S. Dollars.

If we do not achieve applicable Broad-Based Black Economic Empowerment objectives in our South African businesses, we risk not being able to renew certain of our existing contracts which service South African government and quasi-governmental customers, as well as not being awarded future corporate and governmental contracts, each of which would result in the loss of revenue.

The South African government established a legislative framework for the promotion of Broad-Based Black Economic Empowerment ("B-BBEE"). Achievement of B-BBEE objectives is measured by a scorecard which establishes a weighting for the various components of B-BBEE which relates to:

- Ownership – measuring the share of Black ownership and corresponding rights in the business, including voting rights among others;
- Management Control – reflecting the percentage of Black people in managerial positions ranging from junior management upwards;
- Skills Development – measuring the amount of money that was spent on the training and development of Black people including amongst others short courses, bursaries and learnerships;
- Enterprise and Supplier Development (including Preferential Procurement) – with enterprise development measuring contributions to, and the development of small Black-owned businesses with the objective of enabling them to supply goods and services to the company in the future; with supplier development measuring contributions to, and the development of Black-owned suppliers to help grow their businesses; and with preferential procurement measuring the extent to which goods and services are procured from suppliers that are empowered and have a good B-BBEE rating; and

- Socio-Economic Development – assessing the initiatives that the company supports often to the benefit of groups of individuals and communities with the objective of promoting income-generating activities and sustainable access to the economy for these beneficiaries.

The B-BBEE Codes have a continuous review process and are updated from time to time. Various amendments and clarifications with more onerous compliance requirements have been made over the years.

It is important for us to make a meaningful contribution to the country, and we view the applicable B-BBEE objectives as an opportunity for us to ensure a brighter future for all, moreover in the context of the National Development Plan 2030. In addition, B-BBEE objectives are pursued, by and large, by requiring parties who contract with corporate, governmental and state-owned enterprises in South Africa to achieve B-BBEE compliance through satisfaction of the applicable scorecard. Parties improve their B-BBEE contributor level when contracting with businesses that have earned good B-BBEE contributor levels in relation to their scorecards.

Our subsidiary, MiX Telematics Enterprise SA (PTY) Ltd. ("MiX Enterprise"), engages with government and state-owned enterprises in tendering for business and is therefore required to maintain at least a certain B-BBEE contributor level to continue to provide the service. Currently, certain material end-customers require MiX Enterprise to maintain at least a B-BBEE contributor between levels 1 and 2 as measured under the new B-BBEE Codes.

Additionally, the Employment Equity Act of 1998 (the "Employment Equity Act") promotes equality in the workplace and ensures that employees are treated fairly and have equal opportunities within the workplace. In April 2023, the Employment Equity Amendment Bill (the "Amendment Bill") was signed into law. The main objectives of the Amendment Bill are to enable the Employment and Labour Minister to impose sector-specific Employment Equity ("EE") targets and compliance criteria to issue EE Compliance Certificates in terms of Section 53 of the Employment Equity Act. This has bestowed the South African government with the right to set specific equity targets by sector and region. Companies that want to do business with the South African government will be required to submit a certificate from the Department of Employment and Labour confirming that they comply with the Employment Equity Act and its objectives. Accordingly, MiX Telematics will not set its own EE targets, but certain targets will be imposed by the South African government.

Failing to achieve applicable B-BBEE and EE objectives could jeopardize our ability to maintain existing business or to secure future business from corporate, governmental or state-owned enterprises that could materially and adversely affect our business, financial condition and results of operations.

Socio-economic inequality in South Africa or regionally may subject us to political and economic risks, which may affect the ownership or operation of our business.

We own significant operations in South Africa. As a result, we are subject to political and economic risks relating to South Africa. South Africa was transformed from a racially based government into a democracy in 1994, with successful rounds of democratic elections held under a modern constitution during 1994, 1999, 2004, 2009, 2014 and most recently, in May 2019. The next national elections are scheduled to be held in 2024. We fully support government policies aimed at redressing the disadvantages suffered by the majority of citizens under the previous non-democratic dispensation and recognize that in order to implement these policies, our operations and profits may be impacted. However, South Africa faces many challenges in overcoming substantial racial differences in levels of economic and social development among its people. While South Africa features highly developed and sophisticated business sectors and financial and legal infrastructure at the core of its economy, large parts of the country's black population, particularly in rural areas, do not have access to adequate education, health care, housing and other services, including water and electricity. In addition, South Africa also has a higher level of unemployment than the United States.

The ruling party which has controlled the South African government since democracy has committed itself to creating a stable, democratic, free market economy, which it has largely achieved. It remains difficult however, to predict the future political, social and economic direction of South Africa or the manner in which any future government will attempt to address the country's inequalities. It is also difficult to predict the impact that addressing these inequalities will have on our business. Furthermore, there has been regional, political and economic instability in countries neighboring South Africa, which could materially and adversely affect our business, results of operations and financial condition.

Although political conditions in South Africa are generally stable, changes may occur in the composition of its ruling party or in its political, fiscal and legal systems which might affect the ownership or operation of our business, which may, in turn, materially and adversely affect our business, financial condition and results of operations. These risks may include changes in legislation, arbitrary interference with private ownership of contract rights, and changes to exchange controls, taxation and other laws or policies affecting foreign trade or investment and could materially and adversely affect our business, financial condition and results of operations. Any changes in investment ratings, regulations and policies or a shift in political attitudes both within and towards South Africa are beyond our control and could materially and adversely affect our business, financial condition and results of operations.

Risks Related to our Securities

The concentration of common stock ownership among our executive officers and directors could limit the ability of other stockholders of the Company to influence the outcome of corporate transactions or other matters submitted for stockholder approval.

As of August 16, 2024, our executive officers and directors beneficially owned, in the aggregate, approximately 6.51% of our outstanding common stock, not including approximately 1,493,620 shares of common stock that our executive officers and directors may acquire upon the exercise of outstanding options and stock appreciation rights, or if they otherwise acquire additional shares of common stock in the future. As a result, our officers and directors may have the ability to influence the outcome of all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the following actions:

- the election of directors;
- adoption of stock option or other equity incentive compensation plans;
- the amendment of our organizational documents; and
- the approval of certain mergers and other significant corporate transactions, including a sale of substantially all of our assets.

Future sales of our common stock, including sales of our common stock acquired upon the exercise of outstanding options, may cause the market price of our common stock to decline.

The market price of our common stock could decline as a result of sales by our existing stockholders of shares of common stock in the market, or sales of our common stock acquired upon the exercise of outstanding options, or the perception that these sales could occur. These sales also may make it more difficult for us to sell equity securities at a time and price that we deem appropriate.

We have 107,578,010 shares of common stock outstanding as of August 16, 2024, of which 100,574,477 shares are freely transferable without restriction, and 7,003,533 shares are held by our officers and directors and, as such, are subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144 under the Securities Act. In addition, as of March 31, 2024, time-based options and market-based stock options subject to performance-based vesting conditions, to purchase 1,978,000 and 5,445,000 shares of our common stock, respectively, were issued and outstanding, of which 1,232,000 and 0, respectively, were vested. As of March 31, 2024, the weighted-average exercise price of the vested non-market-based stock options was $5.21. We also may issue additional shares of stock in connection with our business, including in connection with acquisitions, and may grant additional stock options to our employees, officers, directors and consultants under our stock option plans or warrants to third parties. If a significant portion of these shares of common stock were sold on the public market, the market value of our common stock could be adversely affected.

Our Amended and Restated Certificate of Incorporation, as amended, provides that the Court of Chancery of the State of Delaware will be the exclusive forum for certain legal actions between us and our stockholders, which could limit stockholders' ability to obtain a judicial forum viewed by the stockholders as more favorable for disputes with us or our directors, officers or employees, and the enforceability of the exclusive forum provision may be subject to uncertainty.

Article SIXTEENTH of our Amended and Restated Certificate of Incorporation (as amended, the "Charter") provides, subject to certain exceptions enumerated in Article SIXTEENTH, that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any stockholder to bring (i) any derivative action brought on behalf of the Company, (ii) any action asserting a claim of breach of fiduciary duty owed by any current or former director, officer or other employee or stockholder of the Company, (iii) any action asserting a claim arising pursuant to the General Corporation Law of Delaware (the "DGCL") or the Charter or our Amended and Restated Bylaws or as to which the DGCL confers jurisdiction on such court, or (iv) any action asserting a claim governed by the internal affairs doctrine, except for, in each of the aforementioned actions, among other things, any claims which are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. Accordingly, the exclusive forum provision will not apply to claims arising under the Securities Act the Exchange Act or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. Article SIXTEENTH provides that any person or entity who acquires an interest in our capital stock will be deemed to have notice of and consented to the provisions of Article SIXTEENTH. Stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. Although we believe this exclusive forum provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, this exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Further, in the event a court finds the exclusive forum provision contained in the Charter to be unenforceable or inapplicable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

Provisions of Delaware law or the Charter could delay or prevent an acquisition of the Company, even if the acquisition would be beneficial to our stockholders, and could make it more difficult for stockholders to change our management.

The Charter contains provisions that may discourage an unsolicited takeover proposal that stockholders may consider to be in their best interests. We are also subject to anti-takeover provisions under Delaware law, which could delay or prevent a change of control. Together, these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. These provisions include: the absence of cumulative voting in the election of directors; the ability of our board of directors to issue up to 50,000 shares of currently undesignated and unissued preferred stock without prior stockholder approval; advance notice requirements for stockholder proposals or nominations of directors; limitations on the ability of stockholders to call special meetings or act by written consent; the requirement that certain amendments to the Charter be approved by 75% of the voting power of the outstanding shares of our capital stock; and the ability of our board of directors to amend our bylaws without stockholder approval.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Cybersecurity Governance

Our board of directors has the ultimate oversight responsibility for the risk management process and regularly reviews issues that present particular risk to us, including those involving cybersecurity. Our board is responsible for ensuring that management has processes in place designed to identify and assess cybersecurity risks to which the Company is exposed and implement processes and programs designed to manage cybersecurity risks and mitigate and remediate cybersecurity threats and incidents.

Our management is responsible for identifying, considering and assessing material cybersecurity risks on an ongoing basis, establishing processes to ensure that such potential cybersecurity risk exposures are monitored, putting in place appropriate mitigation measures and maintaining cybersecurity programs. In managing cybersecurity risks, we adhere to a structured framework that outlines the roles and responsibilities of management positions and committees.

Our Director of Security and Network Management ("SNM") leads our cybersecurity initiative, holding various information technology ("IT") and security certificates and possessing over 20 years of experience in risk assessments, regulatory compliance (across various frameworks such as ISO 27001, NIST, and GDPR), threat intelligence gathering, and orchestrating coordinated incident response efforts. Our Director of SNM ensures that our cybersecurity team is equipped with up-to-date threat intelligence and uses industry leading tools for threat monitoring and incident response.

The cybersecurity team, led by our Director of SNM, is a collective of highly qualified individuals with diverse backgrounds in IT, security, cyber risk management, and digital forensics, and holding various professional certifications (such as CISA, GRCP, IPMP, IDPP, CEH, ISO27001). Under the Director of SNM's leadership, our cybersecurity team continuously monitors for threats and implements necessary security controls, conducting regular reviews and updates to the cybersecurity strategy. Any potential or actual cybersecurity incidents are assessed for their financial impact by our Director of SNM and reported to our Chief Financial Officer for a comprehensive risk analysis.

Additionally, we have an Information Security Steering Committee (the "ISS Committee"), which plays a pivotal role in the governance of our cybersecurity posture. Members of the ISS Committee are selected for their domain-specific expertise and strategic vision, with representation from our IT, security, finance, legal, operations, and compliance sectors. The ISS Committee is an assembly of cross-functional senior leaders from various groups within our company. Led by the Director of SNM, the ISS Committee's function extends to the formulation of cybersecurity policies, setting risk management priorities and driving the adoption of security best practices across our company. By leveraging the collective expertise of the ISS Committee, we believe we ensure cybersecurity considerations are integrated into our company's organizational strategy and decision-making processes.

Our Director of SNM and Chief Financial Officer report material cybersecurity risks to our board of directors based on their and the ISS Committee's assessment of risk.

Cybersecurity Risk Management and Strategy

Our processes for assessing, identifying, and managing cybersecurity threats are designed to be thorough and transparent, ensuring that investors have a clear understanding of our commitment to cybersecurity.

Our cybersecurity team collaborates with leaders from each department to ensure cybersecurity risks are considered alongside operational, financial, and strategic risks. We conduct regular cybersecurity risk assessments as part of our enterprise risk management program, ensuring that the cybersecurity risks are tracked, rated, and managed with the same rigor as all other company risks.

We regularly engage with external assessors, consultants, and auditors to ensure our cybersecurity practices are up to date and aligned with industry standards. These third parties conduct independent audits of our cybersecurity measures and validate the effectiveness of our risk management processes. We also engage specialized cybersecurity firms to perform penetration testing and vulnerability assessments.

We have processes in place to manage and mitigate risks associated with the use of third-party service providers., including, but not limited to conducting due diligence before onboarding new service providers and continuously monitoring their compliance with our security standards. We require service providers to undergo regular security assessments, and we ensure that such providers have robust incident response plans in place during our engagement.

To date, no risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our business, our business strategy, our results of operations or our financial condition.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under "Item 1A. Risk Factors".

Item 2. Properties.

Our corporate headquarters are located in Woodcliff Lake, New Jersey. We also have domestic offices in Tampa, Florida and Frisco, Texas. Our New Jersey offices measure approximately 13,899 square feet and are leased space. Our Florida offices consist of approximately 25,000 square feet of leased administrative and warehouse space, and our Texas offices consist of approximately 5,514 square feet of leased administrative space.

We also have international offices located in Rosh Ha'ayin, Israel, Buenos Aires, Argentina, São Paulo, Brazil, Dusseldorf, Germany, Mexico City, Mexico, Cape Town, Midrand, and Durban, South Africa and Oxford, United Kingdom. Our principal offices in Israel consist of approximately 27,000 square feet of leased office space. We also lease a call center and warehouse space and additional smaller facilities and antenna sites in various locations in Israel.

Additionally, our subsidiary MiX Telematics leases domestic offices in Boca Raton, Florida and international offices in South Africa, the United Kingdom, Uganda, Brazil, Australia, Romania and the United Arab Emirates.

We believe that our existing facilities are adequate for our existing needs.

Item 3. Legal Proceedings.

The information contained in Note 18 to our consolidated financial statements included in this Form 10-KT is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is traded on The Nasdaq Global Market under the symbol "AIOT," the Tel Aviv Stock Exchange under the symbol "PWFL," and the Johannesburg Stock Exchange under the symbol "PWR."

Holders

As of August 16, 2024, there were 47 holders of record of our common stock.

Dividends

We have never paid a cash dividend on our common stock and do not expect to pay a cash dividend in the near future. We currently intend to retain future earnings, if any, to finance our operations and expand our business.

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities.

The following table provides information regarding our share repurchase activity for each month of the quarterly period ended March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2024 - January 31, 2024	1,000	$ 3.15(1)	$ -	$ -
February 1, 2024 - February 29, 2024	6,000	$ 3.16(1)	$ -	$ -
March 1, 2024 - March 31, 2024	3,000	$ 2.99(1)	$ -	$ -
Total	10,000	$ 3.09	$ -	$ -

(1) Represents shares of common stock withheld to satisfy minimum tax withholding obligations in connection with the vesting of restricted stock.

Item 6. Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion is intended to assist you in understanding our financial condition and results of operations and should be read in conjunction with the financial statements and related notes included elsewhere in this Form 10-KT. Many of the amounts and percentages in this section have been rounded for convenience of presentation, but actual recorded amounts have been used in computations. Accordingly, some information may appear not to be computed accurately.

Overview

Powerfleet is a global leader of IOT solutions providing valuable business intelligence for managing high-value enterprise assets that improve operational efficiencies.

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

On April 2, 2024, we consummated the MiX Combination, pursuant to which MiX Telematics became our indirect, wholly owned subsidiary.

Our Powerfleet for Warehouse solutions are designed to provide on-premise or in-facility asset and operator management, monitoring, and visibility for warehouse trucks such as forklifts, man-lifts, tuggers and ground support equipment at airports. These solutions utilize a variety of communications capabilities such as Bluetooth®, WiFi, and proprietary radio frequency.

Our Powerfleet for Logistics solutions are designed to provide bumper-to-bumper asset management, monitoring, and visibility for over-the-road based assets such as heavy trucks, dry-van trailers, refrigerated trailers and shipping containers and their associated cargo. These systems provide mobile-asset tracking and condition-monitoring solutions to meet the transportation market's desire for greater visibility, safety, security, and productivity throughout global supply chains.

Our Powerfleet for Vehicles solutions are designed both to enhance the vehicle fleet management process, whether it's a rental car, a private fleet, or automotive OEM partners. We achieve this by providing critical information that can be used to increase revenues, reduce costs and improve customer service.

Our patented technologies address the needs of organizations to monitor and analyze their assets to improve safety, increase efficiency and productivity, reduce costs, and improve profitability. Our offerings are sold under the global brands Powerfleet, Pointer and Cellocator.

We deliver advanced mobility solutions that connect assets to increase visibility operational efficiency and profitability by leveraging our Unity platform product strategy. Across our vertical markets we differentiate ourselves by being OEM agnostic and helping mixed fleets view and manage their assets similarly. All of our solutions are paired with SaaS analytics platforms to provide an even deeper layer of insights. These insights include a full set of operational KPIs to drive operational and strategic decisions. These KPIs leverage industry comparisons to show how a company is performing versus their peers. The more data the system collects, the more accurate a client's understanding becomes.

The analytics platform, which is integrated into our customers' management systems, is designed to provide a single, integrated view of asset and operator activity across multiple locations that provides enterprise-wide benchmarks and peer-industry comparisons. We look for analytics, as well as the data contained therein, to differentiate us from our competitors, make a growing contribution to revenue, add value to our solutions, and help keep us at the forefront of the wireless asset management markets we serve.

We sell our wireless mobility solutions to both corporate-level executives, division heads and site-level management within the enterprise. We also utilize channel partners such as independent dealers and OEMs who may opt for us to white label our product. Typically, our initial system deployment serves as a basis for potential expansion across the customer's organization. We work closely with customers to help maximize the utilization and benefits of our system and demonstrate the value of enterprise-wide deployments. Post-implementation, we consult with our customers to further extend and customize the benefits to the enterprise by delivering enhanced analytics capabilities.

We market and sell our solutions to a wide range of customers in the commercial and government sectors. Our customers operate in diverse markets, such as automotive manufacturing, heavy industry, retail food and grocery distribution, logistics, wholesale distribution, transportation, aviation, manufacturing, aerospace and defense, homeland security and vehicle rental.

We incurred net (losses) income attributable to common shareholders of approximately $(22.1) million, $(16.9) million, $(17.3) million, $1.9 million, and $(19.6) million for the years ended December 31, 2021, 2022, and 2023 and three months ended March 31, 2023 and March 31, 2024, respectively, and have incurred additional net losses since inception. As of March 31, 2024, we had cash (including restricted cash) and cash equivalents of $109.7 million, working capital of $126.2 million, and an accumulated deficit of $154.8 million. Our primary sources of cash are cash flows from sales of products and services, our holdings of cash, cash equivalents and investments from the sale of our capital stock and borrowings under our credit facilities. To date, we have not generated sufficient cash flow solely from operating activities to fund our operations.

Critical Accounting Policies and Estimates

We have adopted various accounting policies that govern the application of accounting principles generally accepted in the United States in the preparation of our financial statements. Our significant accounting policies are described in Note 2 to our consolidated financial statements included in this Form 10-KT. Certain accounting policies involve significant judgments and assumptions by our management that can have a material impact on the carrying value of certain assets and liabilities. We consider such accounting policies to be our critical accounting policies. The judgments and assumptions used by our management in these critical accounting policies are based on historical experience and other factors that our management believes to be reasonable under the circumstances. Because of the nature of these judgments and assumptions, actual results could differ significantly from these judgments and estimates, which could have a material impact on the carrying values of our assets and liabilities and our results of operations. Our critical accounting policies are described below.

Revenue Recognition

We and our 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 we expect to receive in exchange for transferring goods or providing services. Sales, value add, and other taxes we collect 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 our base warranties continue to be recognized as an expense when the products are sold.

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 are not distinct to the customer separate from the SaaS services provided, we consider both hardware and SaaS services a bundled performance obligation. Under the applicable accounting guidance, all of our billings for future services are deferred and classified as a current and long-term liability. The deferred revenue is recognized over the service contract life, ranging from one to five years, beginning at the time that a customer acknowledges acceptance of the equipment and service. Payment terms are generally 30 days after the invoice date.

We recognize 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.

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

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

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

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

We recognize an asset for the incremental costs of obtaining the contract arising from the sales commissions to employees because we expect to recover those costs through future fees from the customers. We amortize 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.

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 names, 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. We operate in one reportable segment which is our only reporting unit. We test our goodwill for impairment annually, which is the first day of our fourth quarter or when an indicator of impairment exists, by comparing the fair value of the reporting unit to its carrying value.

We test for goodwill impairment at the reporting unit level on October 1 of each year and between annual tests if a triggering event indicates the possibility of an impairment. As of October 1, 2023, we performed a quantitative assessment whereby the fair value of the reporting unit is calculated using a market approach and a discounted cash flow method, as a form of the income approach. The market approach includes the use of comparative revenue multiples to complement discounted cash flow results. The discounted cash flow method is based on the present value of the projected cash flows and a terminal value. The terminal value represents the expected normalized future cash flows of the reporting unit beyond the cash flows from the discrete projection period. The fair value of the reporting unit is calculated based on the sum of the present value of the cash flows from the discrete period and the present value of the terminal value. The discount rate represented our estimate of the WACC, or expected return, that a marketplace participant would have required as of the valuation date. The application of our goodwill impairment test required key assumptions underlying our valuation model.

The discounted cash flow analysis factors in assumptions on discount rates and terminal growth rates to reflect risk profiles, as well as revenue and cost growth relative to history and market trends and expectations. The market multiples approach incorporated judgment involved in the selection of comparable public company multiples and benchmarks. The selection of companies and multiples was influenced by differences in growth and profitability, and volatility in market prices of peer companies. These valuation inputs are inherently judgmental, and an adverse change in one or a combination of these inputs could trigger a goodwill impairment loss in the future.

For the three months ended March 31, 2024, we performed a qualitative assessment of goodwill. For the years ended December 31, 2021, 2022, and 2023 and three months ended March 31, 2023 and 2024, we did not incur an impairment charge.

Business Combinations

In accordance with ASC 805*,* Business Combinations (ASC 805), we recognize the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. Determining these fair values requires management to make significant estimates and assumptions, especially with respect to intangible assets.

We recognize identifiable assets acquired and liabilities assumed at their acquisition date fair value. During the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill or bargain purchase to the extent we identify adjustments to the preliminary fair values. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, any subsequent adjustments are recorded to the consolidated statements of operations.

Income Taxes

We use 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.

We recognize 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. We apply the “more-likely-than-not” recognition threshold to all tax positions. We have opted to classify interest and penalties that would accrue according to the provisions of relevant tax law as selling, general, and administrative expenses, in the consolidated statement of operations. For the years ended December 31, 2021, 2022, and 2023 and three months ended March 31, 2023 and 2024, interest and penalties were immaterial.

Results of Operations

The following table sets forth certain items related to our statement of operations as a percentage of revenues for the periods indicated and should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Form 10-KT. A detailed discussion of the material changes in our operating results is set forth below.

	Three Months Ended March 31,	Year Ended December 31,

	2023 (Unaudited)	2024	2021	2022	2023
Revenues:					
Products	38.1%	35.8%	42.0%	41.9%	37.2%
Services	61.9%	64.2%	58.0%	58.1%	62.8%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues:					
Cost of products	27.4%	28.2%	31.5%	31.3%	27.2%
Cost of services	22.1%	23.8%	21.1%	20.9%	22.6%
Total cost of revenues	49.5%	52.0%	52.6%	52.2%	49.8%
Gross profit	50.5%	48.0%	47.4%	47.8%	50.2%
Operating expenses:					
Selling, general and administrative expenses	51.6%	64.7%	44.9%	46.7%	53.3%
Research and development expenses	5.2%	6.0%	9.1%	6.2%	6.3%
Total operating expenses	56.8%	70.7%	53.9%	52.9%	59.5%
Loss from operations	-6.4%	-22.7%	-6.5%	-5.1%	-9.4%
Interest income	0.1%	0.8%	0.0%	0.1%	0.1%
Interest expense, net	-0.4%	-2.1%	-2.2%	0.7%	-1.2%
Bargain purchase - Movingdots	22.0%	0.0%	0.0%	0.0%	6.8%
Other income (expense), net	0.0%	-0.2%	0.0%	0.0%	0.0%
Net income (loss) before income taxes	15.3%	-24.2%	-8.6%	-4.3%	-3.8%
Income tax expense	-1.2%	-1.0%	-1.5%	-0.6%	-0.4%
Net income (loss) before non-controlling interest	14.1%	-25.2%	-10.1%	-5.0%	-4.2%
Non-controlling interest	0.0%	0.0%	0.0%	0.0%	0.0%
Net income (loss)	14.1%	-25.2%	-10.1%	-5.0%	-4.2%
Accretion of preferred stock	-5.0%	-29.6%	-4.1%	-4.3%	-5.3%
Preferred stock dividends	-3.4%	-3.4%	-3.3%	-3.1%	-3.4%
Net income (loss) attributable to common stockholders	5.7%	-58.2%	-17.5%	-12.4%	-12.9%

Three Months Ended March 31, 2023 (Unaudited) Compared to Three Months Ended March 31, 2024

REVENUES. Revenues increased by approximately $0.9 million, or 2.7%, to $33.7 million in 2024 from $32.9 million (unaudited) in 2023.

Revenues from products decreased by approximately $0.4 million, or 3.4%, to $12.1 million in 2024 from $12.5 million (unaudited) in 2023. The decrease in product revenues was primarily due to lower hardware only sales following preemptive actions by management to prune non-core lines of business offset in part by an increase in product sales from a legacy contract from our acquisition of Movingdots GmbH (“Movingdots”) for which there was $0 revenue in the comparable period due to the acquisition date of March 31, 2023.

Revenues from services increased by approximately $1.3 million, or 6.5%, to $21.7 million in 2024 from $20.3 million (unaudited) in 2023. The increase in services revenues was principally due to an increase in our install base that generates service revenue, with revenue growth concentrated in North America where a positive market response to our Unity SaaS product offering has been a significant contributing factor, offset in part by a significant step down in revenue in Argentina following the devaluation of the Argentinian Peso (“ARS”) by over 50% in December 2023.

COST OF REVENUES. Cost of revenues increased by approximately $1.3 million, or 7.7%, to $17.5 million in 2024 from $16.3 million (unaudited) in 2023.

Gross profit was $16.2 million in 2024 compared to $16.6 million (unaudited) in 2023. As a percentage of revenues, gross profit decreased to 48.0% in 2024 from 50.5% (unaudited) in 2023.

Cost of products increased by approximately $0.5 million, or 5.7%, to $9.5 million in 2024 from $9.0 million (unaudited) in 2023. Gross profit for products was $2.6 million in 2024 compared to $3.5 million (unaudited) in 2023. As a percentage of product revenues, gross profit decreased to 21.2% in 2024 from 28.0% (unaudited) in 2023. The decrease in gross profit as a percentage of product revenues was principally due to fulfilling low margin orders in our Movingdots business, which was not included in the comparative period results due to the Movingdots acquisition date, and the sale of certain slow moving inventory lines at cost.

Cost of services increased by approximately $0.7 million, or 10.3%, to $8.0 million in 2024 from $7.3 million (unaudited) in 2023. Gross profit for services was $13.6 million in 2024 compared to $13.1 million (unaudited) in 2023. As a percentage of service revenues, gross profit decreased to 63.0% in 2024 from 64.2% (unaudited) in 2023. The decrease in gross profit as a percentage of services revenues was principally due to gross margin compression attributable to the devaluation of the ARS and the commencement of amortization for our Unity SaaS platform and other capitalized development costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative (“SG&A”) expenses increased by approximately $4.9 million, or 28.9%, to $21.8 million in 2024 compared to $16.9 million (unaudited) in 2023. The increase was principally due to an aggregate of $2.3 million in transaction-related costs in connection with our business combination with MiX Telematics; $2.7 million in audit and related fees associated with the restatement of prior period results and the preparation of financial information in this Form 10-KT; and $0.6 million in SG&A costs incurred by Movingdots, which is not in the comparable period for March 31, 2023 due to the Movingdots acquisition date. As a percentage of revenues, SG&A expenses increased to 64.7% in the three months ended March 31, 2024, from 51.6% (unaudited) in the same period in 2023.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development ("R&D") expenses increased by approximately $0.3 million, or 17.1%, to $2.0 million in 2024 compared to $1.7 million (unaudited) in 2023, principally due to $0.5 million in R&D costs incurred by Movingdots, which is not in the comparable period for March 31, 2023 due to the Movingdots acquisition date, offset by the capitalization of software development expenses for new product development and reduction in salaries and wages. As a percentage of revenues, R&D expenses increased to 6.0% in the three months ended March 31, 2024 from 5.2% (unaudited) in the same period in 2023.

INTEREST EXPENSE. Interest expense increased by $0.6 million, or 417.5%, to $0.7 million in 2024 from $0.1 million (unaudited) in 2023, principally dueto borrowings under the term loan facilities under the Facilities Agreement with RMB and the new term facilities under the A&R Credit Agreement with Hapoalim , as well as foreign currency translation changes from the term facilities under Prior Credit Agreement with Hapoalim.

NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS. Net loss attributable to common stockholders was $19.6 million, or $(0.55) per basic and diluted share, for 2024 as compared to net income of $1.9 million (unaudited), or $0.04 per basic and diluted share, for the same period in 2023. The increase in net loss was due primarily to transaction costs incurred with respect to the MiX Telematics acquisition, plus an increase in accretion of preferred stock of $8.3 million, and absent the bargain gain on the purchase of Movingdots of $7.2 million that was recorded in the March 31, 2023 period.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

REVENUES. Revenues decreased by approximately $2.2 million, or 1.6%, to $133.7 million in 2023 from $135.9 million in 2022.

Revenues from products decreased by approximately $7.2 million, or 12.7%, to $49.7 million in 2023 from $56.9 million in 2022. The decrease in product revenues was due to decreased product sales in Germany, where we are actively shutting down sales from low margin contracts, large logistics companies recalibrating demand following aggressive builds during the pandemic, and lower product sales in and out of Israel reflecting geopolitical headwinds and a proactive decision to shutter our hardware-only line of business. These decreases were offset by increases in product revenue in our Powerfleet for Vehicles business in the United States due to new unit purchases from new and existing customers.

Revenues from services increased by approximately $5.0 million, or 6.4%, to $84.0 million in 2023 from $79.0 million in 2022. The increase in services revenues was principally due to an increase in our install base that generates service revenue, with revenue growth concentrated in North America where a positive market response to our Unity SaaS product offering has been a significant contributing factor.

COST OF REVENUES. Cost of revenues decreased by approximately $4.3 million, or 6.0%, to $66.7 million in 2023 from $70.9 million in 2022. Gross profit was $67.1 million in 2023 compared to $65.0 million in 2022. As a percentage of revenues, gross profit increased to 50.2% in 2023 from 47.8% in 2022.

Cost of products decreased by approximately $6.2 million, or 14.5%, to $36.4 million in 2023 from $42.6 million in 2022. Gross profit for products was $13.3 million in 2023 compared to $14.4 million in 2022. As a percentage of product revenues, gross profit increased to 26.8% in 2023 from 25.2% in 2022. The increase in gross profit as a percentage of product revenues was principally due to decisions to stop fulfilling low margin orders and decreases in raw materials costs related to global supply chain issues, which were more prevalent in 2022 than 2023.

Cost of services increased by approximately $1.9 million, or 6.7%, to $30.3 million in 2023 from $28.4 million in 2022. Gross profit for services was $53.7 million in 2023 compared to $50.6 million in 2022. As a percentage of service revenues, gross profit minimally decreased to 64.0% in 2023 from 64.1% in 2022. The decrease in gross profit as a percentage of services revenues was principally due to an increase in our install base that generates service revenue, offset by reduction due to the commencement of amortization for our Unity SaaS platform.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased by approximately $7.8 million, or 12.2%, to $71.3 million in 2023 compared to $63.5 million in 2022. The increase was principally due to an aggregate of $5.5 million in transaction-related costs in connection with our acquisition of Movingdots and business combination with MiX Telematics, $2.1 million in SG&A costs incurred by Movingdots after the closing of such transaction, and increased salaries, investments in marketing programs and professional services fees. As a percentage of revenues, SG&A expenses increased to 53.3% in the year ended December 31, 2023, from 46.7% in the same period in 2022.

RESEARCH AND DEVELOPMENT EXPENSES. R&D expenses decreased by approximately $0.1 million, or 1.1%, to $8.4 million in 2023 compared to $8.5 million in 2022, principally due to the capitalization of software development expenses for new product development and reduction in salaries and wages offset in part by the acquisition of Movingdots, which added $2.0 million to expenses. As a percentage of revenues, R&D expenses increased to 6.3% in the year ended December 31, 2023, from 6.2% in the same period in 2022.

INTEREST EXPENSE. Interest expense increased by $2.6 million, or 261.2%, to $1.6 million in 2023 from $(1.0) million in 2022, principally due to foreign currency translation gains from the term facilities under the Prior Credit Agreement with Hapoalim.

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS. Net loss attributable to common stockholders was $17.3 million, or $(0.49) per basic and diluted share, for 2023 as compared to net loss of $16.9 million, or $(0.48) per basic and diluted share, for the same period in 2022. The increase in net loss was due primarily to transaction costs of $5.5 million with respect to the Movingdots acquisition and the business combination with MiX Telematics, plus incremental SG&A spend from the Movingdots acquisition of $2.1 million, plus an increase in accretion of preferred stock of $1.2 million, offset by the bargain gain on the purchase of Movingdots of $9.0 million.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

REVENUES. Revenues increased by approximately $10.0 million, or 7.9%, to $135.9 million in 2022 from $126.0 million in 2021.

Revenues from products increased by approximately $4.0 million, or 7.6%, to $56.9 million in 2022 from $52.9 million in 2021. The increase in product revenues was attributable to an increase in sales by our Powerfleet for Logistics and Powerfleet for Warehouse products.

Revenues from services increased by approximately $5.9 million, or 8.1%, to $79.0 million in 2022 from $73.1 million in 2021. The increase in services revenues was principally due to an increase in our install base that generates service revenue.

COST OF REVENUES. Cost of revenues increased by approximately $4.7 million, or 7.1%, to $70.9 million in 2022 from $66.2 million in 2021. Gross profit was $65.0 million in 2022 compared to $59.8 million in 2021. As a percentage of revenues, gross profit increased to 47.8% in 2022 from 47.4% in 2021. The minimal increase in gross profit as a percentage of revenues was principally due to less significant increases in raw material costs as a result of global supply chain issues in 2022 than in 2021.

Cost of products increased by approximately $2.9 million, or 7.4%, to $42.6 million in 2022 from $39.6 million in 2021. Gross profit for products was $14.4 million in 2022 compared to $13.3 million in 2021. As a percentage of product revenues, gross profit minimally increased to 25.2% in 2022 from 25.1% in 2021. The gross profit as a percentage of product revenues was impacted by product mix, higher costs associated with supply chain issues, electronic component shortages and inflation.

Cost of services increased by approximately $1.8 million, or 6.7%, to $28.4 million in 2022 from $26.6 million in 2021. Gross profit for services was $50.6 million in 2022 compared to $46.5 million in 2021. As a percentage of service revenues, gross profit increased to 64.1% in 2022 from 63.6% in 2021. The increase in gross profit as a percentage of services revenues was principally due to an increase in our install base that generates service revenue.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased by approximately $7.0 million, or 12.3%, to $63.5 million in 2022 compared to $56.5 million in 2021, inclusive of higher foreign currency losses of $0.7 million and higher severance costs of $0.7 million. Other drivers of the increase in expenses include increased salaries and related expenses, professional fees, and marketing and travel expenses. As a percentage of revenues, SG&A expenses increased to 46.7% in the year ended December 31, 2022, from 44.9% in the same period in 2021.

RESEARCH AND DEVELOPMENT EXPENSES. R&D expenses decreased by approximately $3.0 million, or 25.9%, to $8.5 million in 2022 compared to $11.4 million in 2021, principally due to the capitalization of software development expenses for new product development, which increased by $1.7 million in 2022. As a percentage of revenues, R&D expenses decreased to 6.2% in the year ended December 31, 2022, from 9.1% in the same period in 2021.

INTEREST EXPENSE. Interest expense decreased by $3.8 million, or 136.0%, to $(1.0) million in 2022 from $2.8 million in 2021, principally due to foreign currency translation gains from the term facilities under the Prior Credit Agreement with Hapoalim.

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS. Net loss attributable to common stockholders was $16.9 million, or $(0.48) per basic and diluted share, for 2022 as compared to net loss of $22.1 million, or $(0.64) per basic and diluted share, for the same period in 2021. The decrease in the net loss was due primarily to the reasons described above.

Headline Loss per Share

In connection with our secondary listing on the Johannesburg Stock Exchange ("JSE"), we are required to calculate and publicly disclose headline loss per share and diluted headline loss per share. Headline loss per share is calculated using net loss which has been determined in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Headline loss for the period represents the income (loss) for the period attributable to common stockholders of Powerfleet adjusted for the remeasurements that are more closely aligned to the operating or trading results as set forth below, and headline loss per share represents headline loss divided by the weighted average number of shares of common stock outstanding.

The table below presents a reconciliation between net loss attributable to common stockholders to headline loss for the years ended December 31, 2021, 2022, and 2023 and the three months ended March 31, 2023 (unaudited) and March 31, 2024.

	Three Months Ended March 31,		Year Ended December 31,		
(in thousands, except per share data)	**2023**	**2024**	**2021**	**2022**	**2023**
Net income (loss) attributable to common stockholders	$ 1,883	$ (19,639)	$ (22,068)	$ (16,891)	$ (17,307)
Adjusted for:					
Reversal of Bargain purchase – Movingdots	(7,234)	-	-	-	(9,034)
Headline loss	(5,351)	(19,639)	(22,068)	(16,891)	(26,341)
Weighted average common shares outstanding on which the net income (loss) attributable to common shareholders per share and headline loss per share has been calculated - basic and diluted	35,548	35,813	34,571	35,393	35,628
Net income (loss) per share attributable to common stockholders – basic and diluted	$ 0.04	$ (0.55)	$ (0.64)	$ (0.48)	$ (0.49)
Headline loss per share attributable to common stockholders – basic and diluted	$ (0.15)	$ (0.55)	$ (0.64)	$ (0.48)	$ (0.74)

Use of Non-GAAP Measures

The above disclosure was prepared for the purpose of complying with the reporting requirements of the JSE and includes certain non-GAAP measures, such as headline loss and headline loss per common share, and related reconciliations.

Liquidity and Capital Resources

On October 3, 2019, in connection with the completion of the Pointer Merger, we issued and sold 50,000 shares of the 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") pursuant to the terms of an Investment and Transaction Agreement, dated as of March 13, 2019 (as amended, the "Investment Agreement"), for an aggregate purchase price of $50.0 million. The proceeds received from such sale were used to finance a portion of the cash consideration payable in our acquisition of Pointer.

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

On March 18, 2024, the Borrowers entered into the A&R Credit Agreement, which refinanced the facilities under, and amended and restated, the Prior Credit Agreement. The A&R Credit Agreement provides for (i) two senior secured term loan facilities denominated in NIS to Powerfleet Israel in an aggregate principal amount of $30 million (comprised of Facility A and Facility B in the aggregate principal amounts of $20 million and $10 million, respectively) and (ii) two revolving credit facilities to Pointer in an aggregate principal amount of $20 million (comprised of Facility C and Facility D in the aggregate principal amounts of $10 million and $10 million, respectively). The Term Facilities will mature on March 18, 2029. The Revolving Facilities are available for successive one-month periods until and including March 18, 2025, unless the Borrowers deliver prior notice to Hapoalim of their request not to renew the Revolving Facilities.

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

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

Borrowings under the Term Facilities will bear interest at a variable rate equal to the applicable prime interest rate, plus, in the case of borrowings under Facility A, 2.2% per annum, and, in the case of borrowings under Facility B, 2.3% per annum. Borrowings under Facility C will bear interest, in the case of borrowings made in NIS, at the applicable prime interest rate plus 2.5%, or, in the case of borrowings made in U.S. dollars, at SOFR plus 2.15%. Borrowings under Facility D will bear interest at the applicable interest rate set forth in the standard form documents entered into in connection with each utilization of Facility D. Borrowings under the Term Facilities will be denominated in NIS, based on the applicable conversion rate at the time of conversion but will be made available to the Borrowers in U.S. dollars if requested by the Borrowers.

Pointer is required to pay a credit allocation fee in NIS, with respect to Facility C, and a non-utilization fee in U.S. dollars, with respect to Facility D, in each case, equal to 0.5% per annum on undrawn and uncancelled amounts of the Revolving Facilities during the period commencing on March 18, 2024 and ending on the last day of the applicable availability period of such Revolving Facilities.

On March 7, 2024, we entered into the Facilities Agreement with RMB, pursuant to which RMB agreed to provide us with two term loan facilities in an aggregate principal amount of $85 million, with each term loan facility having a principal amount of $42.5 million. We drew down $85 million in cash under the term loan facilities on March 13, 2024, which the proceeds were in escrow and restricted as of March 31, 2024, subject to the consummation of the MiX Combination. The interest rates of the two term loan facilities are 8.699% per annum and 8.979% per annum. Interest is payable quarterly in arrears. The principal under the two term loan facilities are repayable in one installment on March 31, 2027 and March 31, 2029.

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

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

We have incurred recurring losses and negative cash flows from operations since inception and had an accumulated deficit of $140.8 million, $146.3 million and $154.8 million as of December 31, 2022, December 31, 2023 and March 31, 2024, respectively. We anticipate incurring additional losses until such time that growth in revenue and gross margin from our strategic plan centered on our Unity SaaS platform and Warehouse safety product offerings exceed necessary investments in operating expenses, capital expenditures and debt financing costs.

Management believes our cash and cash equivalents (excluding restricted cash) of $19.0 million and $24.4 million as of December 31, 2023 and March 31, 2024, respectively, in conjunction with the debt proceeds from our lenders, plus cash generated from the execution of our strategic plan over the next 12 months, are sufficient to fund the projected operations for at least the next 12 months from the issuance date of these financial statements (August 22, 2024) and service our outstanding obligations.

Capital Requirements

As of March 31, 2024, we had cash and cash equivalents of $109.7 million (including restricted cash) and working capital of $126.2 million compared to cash and cash equivalents (including restricted cash) of $19.3 million and working capital of $23.5 million as of December 31, 2023. Our primary sources of cash are cash flows from sales of products and services, our holdings of cash, cash equivalents and investments from the sale of our capital stock and borrowings under our credit facilities , including $85 million in borrowings from RMB that was held in restricted cash at March 31, 2024 and was used as the primary source of funds to redeem all outstanding shares of the Series A Preferred Stock on April 2, 2024, the closing date of the MiX Combination. The MiX Combination is also expected to be a source of positive cash flow. To date, we have not generated sufficient cash flow solely from operating activities to fund our operations.

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

Operating Activities

Net cash used in operating activities was $0.2 million for the three months ended March 31, 2024, compared to net cash provided by operating activities of $1.8 million (unaudited) for the same period in 2023. The net cash used in operating activities for the three months ended March 31, 2024 includes $1.2 million in transaction costs settled in the quarter relating to the MiX Combination and non-cash charges of $1.0 million for stock-based compensation, $1.9 million for depreciation and amortization expense, $1.0 million for bad debt expense, and $0.8 million for right-of-use asset amortization, and reflects a net loss of $8.5 million. Changes in operating assets and liabilities included:

- a decrease in accounts receivable of $0.7 million;
- a decrease in inventory of $0.7 million;
- a decrease in lease liabilities of $0.7 million;
- an increase in prepaid expenses and other assets of $1.4 million; and
- an increase in accounts payable and accrued expenses of $4.0 million.

Net cash provided by operating activities was $4.4 million for the year ended December 31, 2023, compared to net cash provided by operating activities of $1.2 million for the same period in 2022. The net cash provided by operating activities for the year ended December 31, 2023 reflects a net loss of $5.7 million and includes non-cash charges of $3.9 million for stock-based compensation, $9.4 million for depreciation and amortization expense, a gain on bargain purchase of $9.0 million, and $2.8 million for right-of-use asset amortization. Changes in operating assets and liabilities included:

- an increase in accounts receivable of $1.5 million;
- an increase in inventory of $1.7 million;
- a decrease in lease liabilities of $2.9 million; and
- an increase in accounts payable and accrued expenses of $4.5 million.

Net cash provided by operating activities was $1.2 million for the year ended December 31, 2022, compared to net cash used in operating activities of $5.4 million for the same period in 2021. The net cash provided by operating activities for the year ended December 31, 2022 reflects a net loss of $6.8 million and includes non-cash charges of $4.3 million for stock-based compensation, $8.3 million for depreciation and amortization expense and $2.8 million for right-of-use asset amortization. Changes in operating assets and liabilities included:

- an increase in accounts receivable of $1.4 million;
- an increase in inventory of $4.5 million;
- a decrease in lease liabilities of $2.7 million; and
- a decrease in accounts payable and accrued expenses of $0.6 million.

Investing Activities

Net cash used in investing activities was $1.9 million for the three months ended March 31, 2024, compared to net cash provided by in investing activities of $6.8 million (unaudited) for the same period in 2023. The cash provided by investing activities in the 2023 period was primarily due to $8.7 million in net cash acquired from the acquisition of Movingdots, partially offset by capitalized software development costs and capital expenditures. In the 2024 period, the usage of cash in investing activities was solely from the capitalized software development costs and capital expenditures.

Net cash provided by investing activities was $1.5 million for the year ended December 31, 2023, compared to net cash used in investing activities of $6.3 million for the same period in 2022. The increase in net cash provided by investing activities was primarily due to $8.7 million in net proceeds from the acquisition of Movingdots, partially offset by $3.6 million for the purchase of fixed assets and $3.5 million for capitalized software development costs.

Net cash used in investing activities was $6.3 million for the year ended December 31, 2022, compared to net cash used in investing activities of $3.0 million for the same period in 2021. The cash used in investing activities for the years ended December 31, 2022 and 2021 was for the purchase of fixed assets and capitalized software development.

Financing Activities

Net cash provided by financing activities was $92.8 million for the three months ended March 31, 2024, compared to net cash used in financing activities of $1.4 million for the same period in 2023. The increase in net cash provided by financing activities was primarily due to the receipt of the RMB and Hapoalim loan proceeds offset by repayments.

Net cash used in financing activities was $3.7 million for the year ended December 31, 2023, compared to net cash used in financing activities of $0.3 million for the same period in 2022. The increase in net cash used in financing activities was primarily due to the payment in cash of preferred stock dividends totaling $3.4 million compared to $0 in 2022, net of the changes in the repayment of long-term debt and change in short-term debt, net balance.

Net cash used in financing activities was $0.3 million for the year ended December 31, 2022, compared to net cash provided by financing activities of $16.2 million for the same period in 2021. The 2021 period was represented by net proceeds from our stock offering of $26.9 million offset by the net repayment of long-term debt of $5.6 million and the payment of preferred stock dividends of $4.1 million. In 2022, dividends were not paid in cash and the net cash used in financing was primarily from the repayment of long-term debt, net of proceeds from debt.

Inflation

Rising inflation and other macroeconomic conditions in the U.S. have resulted in higher costs of raw materials, freight, and labor, which has impacted our operating costs. In addition, we operate in several emerging market economies that are particularly vulnerable to the impact of inflationary pressures that could materially and adversely impact our operations in the foreseeable future.

Business Acquisitions

In addition to focusing on our core applications, we adapt our systems to meet our customers' broader asset management needs and seek opportunities to expand our solution offerings through strategic acquisitions.

On March 6, 2023, we entered into a definitive share purchase and transfer agreement (the "SPA") with Swiss Re Reinsurance Holding Company Ltd ("Swiss Re") to acquire all of the outstanding shares of Movingdots for consideration consisting of €1 and the issuance by us of a ten-year warrant to purchase 800,000 shares of our common stock at an exercise price of $7.00 per share. Under the SPA, Swiss Re was required to ensure that Movingdots had available cash and cash equivalents of at least €8,000,000 as of the closing date. The transaction closed on March 31, 2023.

On April 2, 2024, we consummated the MiX Combination, pursuant to which Powerfleet Sub acquired all the issued ordinary shares of MiX Telematics, including those represented by MiX Telematics' American Depositary Shares, through the implementation of the Scheme in accordance with Sections 114 and 115 of the Companies Act, in exchange for shares of our common stock. As a result, MiX Telematics became our indirect, wholly owned subsidiary.

As a result of the MiX Combination, the combined company remains Powerfleet and our common stock continues to be listed on The Nasdaq Global Market under the symbol "AIOT" and the Tel Aviv Stock Exchange under the symbol "PWFL." Additionally, our common stock has been listed on the JSE by way of a secondary inward listing under the symbol "PWR."

MiX Telematics is a leading global provider of fleet and mobile asset management solutions delivered as SaaS to over one million global subscribers spanning more than 120 countries. MiX Telematics' products and services provide enterprise fleets, small fleets, and consumers with efficiency, safety, compliance, and security solutions. The MiX Combination is expected to provide us with operational synergies and access to a broader base of customers.

The MiX Combination has been accounted for as a business combination, and we have been identified as the accounting acquirer. See Note 19, "Subsequent Events," in Part II, Item 8, "Financial Statements and Supplementary Data" for our accounting acquirer analysis.

Off-Balance Sheet Arrangements

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

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which requires additional operating segment disclosures in annual and interim consolidated financial statements. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and for interim periods beginning after December 15, 2024 on a retrospective basis, with early adoption permitted. We are evaluating the effect of adopting ASU 2023-07.

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

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. We adopted ASU No. 2016-13 on January 1, 2023. The adoption of the standard did not result in a material impact on the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks.

Not applicable.

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 March 31, 2024, December 31, 2023 and December 31, 2022, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity and cash flows for the three-month period ended March 31, 2024 and each of the three years in the period ended December 31, 2023, 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 March 31, 2024 and December 31, 2023 and 2022, and the results of its operations and its cash flows for the three-month period ended March 31, 2024 and each of the three years in the period ended December 31, 2023, 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 March 31, 2024, 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 August 22, 2024 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 audits. 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 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 were 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 account or disclosures to which they relate.

Valuation of Embedded Derivatives

Description of the Matter	As disclosed in Note 11 of the consolidated financial statements, the Company entered into two loan facilities with voluntary and mandatory prepayment features that were deemed to be embedded derivatives, accounted for at fair value, separately from the respective debt-host contracts and recognized as an asset. The fair value of the prepayment embedded derivative assets (prepayment derivatives) were $2.2 million as of the initial issuance and March 31, 2024. Auditing the Company's valuation of the prepayment derivatives was complex and involved significant judgment due to the complexity of the valuation models and the use of subjective and unobservable assumptions such as credit spreads, credit spread volatilities, and credit ratings. Further, the auditing of the valuation of prepayment derivatives was especially challenging due to the material weakness in the financial statement close process. The material weakness required an increased extent of audit effort to test the reasonableness of the assumptions used in the valuation.
How We Addressed the Matter in Our Audit	To test the Company's estimate of the fair value of the prepayment derivatives, our audit procedures included, among others, assessing the methodologies used in the valuation models and testing the significant assumptions discussed above with the assistance of our valuation specialists. We also assessed the completeness and accuracy of the underlying data used by the Company in its valuation. We compared the significant assumptions used by management to current industry and economic trends, including credit spreads, credit spread volatilities and credit ratings and evaluated whether changes in the Company's business would affect the significant assumptions. We also performed independent comparative calculations. The extent of our audit procedures was expanded, for instance, by performing additional sensitivity analysis over the credit spread volatilities, because of the material weakness described above.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

Iselin, New Jersey
August 22, 2024

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 March 31, 2024, 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 weaknesses 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 March 31, 2024, 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 weaknesses have been identified and included in management's assessment. Management has identified material weaknesses in the design and operation of controls related to the determination of standalone selling price, capitalized software, business combination recognition and disclosure, valuation of goodwill, measurement and valuation of the convertible redeemable preferred stock and financial statement close process, which includes certain outsourced service providers utilized for share-based compensation accounting and the information technology general controls in the areas of user access and change management over key information technology systems that support the Company's financial reporting processes, the related process-level information technology dependent manual controls and application controls.

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 March 31, 2024, December 31, 2023 and December 31, 2022, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity and cash flows for the three-month period ended March 31, 2024 and each of the three years in the period ended December 31, 2023, and the related notes. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the transition period consolidated financial statements, and this report does not affect our report dated August 22, 2024, 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
August 22, 2024

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

	December 31, 2022	December 31, 2023	March 31, 2024
ASSETS			
Current assets:			
Cash and cash equivalents	$ 17,680	$ 19,022	$ 24,354
Restricted cash	309	310	85,310
Accounts receivable, net of allowance for credit losses of $2,567, $2,797, and $3,197 as of December 31, 2022, December 31, 2023, and March 31, 2024, respectively	32,647	32,440	30,333
Inventory, net	22,272	22,602	21,658
Deferred costs - current	762	83	42
Prepaid expenses and other current assets	7,536	7,568	8,091
Total current assets	81,206	82,025	169,788
Fixed assets, net	9,249	12,383	12,719
Goodwill	83,487	83,487	83,487
Intangible assets, net	22,908	20,075	19,652
Right-of-use asset	7,820	6,195	7,428
Severance payable fund	3,760	3,802	3,796
Deferred tax asset	3,308	3,206	2,781
Other assets	6,318	6,916	9,029
Total assets	$ 218,056	$ 218,089	$ 308,680
LIABILITIES			
Current liabilities:			
Short-term bank debt and current maturities of long-term debt	$ 10,312	$ 21,091	$ 1,951
Accounts payable and accrued expenses	25,397	30,296	34,008
Deferred revenue - current	6,376	5,666	5,842
Lease liability - current	2,441	1,503	1,789
Total current liabilities	44,526	58,556	43,590
Long-term debt - less current maturities	11,403	-	113,810
Deferred revenue - less current portion	4,431	4,956	4,892
Lease liability - less current portion	5,628	4,908	5,921
Accrued severance payable	4,365	4,533	4,597
Deferred tax liability	4,901	4,793	4,465
Other long-term liabilities	1,788	2,422	2,496
Total liabilities	77,042	80,168	179,771
Commitments and Contingencies (note 18)			
Convertible redeemable preferred stock: Series A – 100 shares authorized, $0.01 par value; 59, 60, and 60 shares issued and outstanding at December 31, 2022, December 31, 2023, and March 31, 2024, respectively, at redemption value of $90,273 at March 31, 2024	72,031	80,277	90,273
STOCKHOLDERS' EQUITY			
Preferred stock; authorized 50,000 shares, $0.01 par value	-	-	-
Common stock; authorized 175,000 shares, $0.01 par value; 37,605, 38,716, and 38,709 shares issued at December 31, 2022, December 31, 2023, and March 31, 2024, respectively; shares outstanding, 36,170, 37,229, and 37,212 at December 31, 2022, December 31, 2023, and March 31, 2024, respectively	376	387	387
Additional paid-in capital	219,055	212,703	202,607
Accumulated deficit	(140,806)	(146,281)	(154,796)
Accumulated other comprehensive loss	(1,210)	(616)	(985)
Treasury stock; 1,435, 1,487, and 1,497 common shares at cost at December 31, 2022, December 31, 2023, and March 31, 2024, respectively	(8,510)	(8,651)	(8,682)
Total Powerfleet, Inc. stockholders' equity	68,905	57,542	38,531
Non-controlling interest	78	102	105
Total equity	68,983	57,644	38,636
Total liabilities, convertible redeemable preferred stock, and stockholders' equity	$ 218,056	$ 218,089	$ 308,680

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended March 31,		Year Ended December 31,		
	2023 (Unaudited)	2024	2021	2022	2023
Revenues:					
Products	$ 12,508	$ 12,080	$ 52,902	$ 56,945	$ 49,741
Services	20,344	21,660	73,058	78,967	83,995
Total revenues	32,852	33,740	125,960	135,912	133,736
Cost of revenues:					
Cost of products	9,002	9,514	39,627	42,569	36,404
Cost of services	7,276	8,023	26,580	28,350	30,256
Total cost of revenues	16,278	17,537	66,207	70,919	66,660
Gross profit	16,574	16,203	59,753	64,993	67,076
Operating expenses:					
Selling, general and administrative expenses	16,941	21,832	56,496	63,492	71,253
Research and development expenses	1,723	2,018	11,429	8,472	8,380
Total operating expenses	18,664	23,850	67,925	71,964	79,633
Loss from operations	(2,090)	(7,647)	(8,172)	(6,971)	(12,557)
Interest income	24	259	45	71	103
Interest expense, net	(137)	(709)	(2,764)	994	(1,602)
Bargain purchase - Movingdots	7,234	-	-	-	9,034
Other income (expense), net	3	(55)	8	24	(29)
Net income (loss) before income taxes	5,034	(8,152)	(10,883)	(5,882)	(5,051)
Income tax expense	(392)	(352)	(1,888)	(870)	(589)
Net income (loss) before non-controlling interest	4,642	(8,504)	(12,771)	(6,752)	(5,640)
Non-controlling interest	3	(11)	5	(2)	(35)
Net income (loss)	4,645	(8,515)	(12,766)	(6,754)	(5,675)
Accretion of preferred stock	(1,655)	(9,996)	(5,190)	(5,906)	(7,139)
Preferred stock dividends	(1,107)	(1,128)	(4,112)	(4,231)	(4,493)
Net income (loss) attributable to common stockholders	$ 1,883	$ (19,639)	$ (22,068)	$ (16,891)	$ (17,307)
Net income (loss) per share attributable to common stockholders – basic and diluted	$ 0.04	$ (0.55)	$ (0.64)	$ (0.48)	$ (0.49)
Weighted average common shares outstanding - basic	35,548	35,813	34,571	35,393	35,628
Weighted average common shares outstanding - diluted	35,628	35,813	34,571	35,393	35,628

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended March 31,		Year Ended December 31,		
	2023 (Unaudited)	2024	2021	2022	2023
Net income (loss) attributable to common stockholders	$ 1,883	$ (19,639)	$ (22,068)	$ (16,891)	$ (17,307)
Foreign currency translation adjustment	112	(369)	(8)	(1,601)	594
Total other comprehensive income (loss)	112	(369)	(8)	(1,601)	594

Comprehensive income (loss)	$ 1,995	$ (20,008)	$ (22,076)	$ (18,492)	$ (16,713)

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		Additional		Accumulated Other		Non-	
	Number of Shares	Amount	Paid-in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Treasury Stock	controlling Interest	Stockholders' Equity
Balance at January 1, 2021	32,280	$ 323	$ 201,786	$ (121,287)	$ 399	$ (6,858)	$ 75	$ 74,438
Net loss attributable to common stockholders	-	-	(9,303)	(12,765)	-	-	-	(22,068)
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	$ 224,852	$ (134,052)	$ 391	$ (8,299)	$ 86	$ 83,351
Net loss attributable to common stockholders	-	-	(10,137)	(6,754)	-	-	-	(16,891)
Net income attributable to non-controlling interest	-	-	-	-	-	-	2	2
Foreign currency translation adjustment	-	-	-	-	(1,601)	-	(10)	(1,611)
Issuance of restricted shares	492	5	(5)	-	-	-	-	-
Forfeiture of restricted shares	(186)	(2)	2	-	-	-	-	-
Vesting of restricted stock units	36	-	-	-	-	-	-	-
Shares withheld pursuant to vesting of restricted stock	-	-	-	-	-	(211)	-	(211)
Stock-based compensation	-	-	4,343	-	-	-	-	4,343
Balance at December 31, 2022	37,605	$ 376	$ 219,055	$ (140,806)	$ (1,210)	$ (8,510)	$ 78	$ 68,983
Retained earnings adjustment for adoption of ASU 2016-13	-	-	-	200	-	-	-	200
Net loss attributable to common stockholders	-	-	(11,632)	(5,675)	-	-	-	(17,307)
Net income attributable to non-controlling interest	-	-	-	-	-	-	35	35
Warrant issued in connection with acquisition	-	-	1,347	-	-	-	-	1,347
Foreign currency translation adjustment	-	-	-	-	594	-	(11)	583
Issuance of restricted shares	1,247	13	(13)	-	-	-	-	-
Forfeiture of restricted shares	(152)	(2)	2	-	-	-	-	-
Exercise of stock options	16	-	36	-	-	-	-	36
Shares withheld pursuant to vesting of restricted stock	-	-	-	-	-	(141)	-	(141)
Stock-based compensation	-	-	3,908	-	-	-	-	3,908
Balance at December 31, 2023	38,716	$ 387	$ 212,703	$ (146,281)	$ (616)	$ (8,651)	$ 102	$ 57,644
Net loss attributable to common stockholders	-	-	(11,124)	(8,515)	-	-	-	(19,639)
Net income attributable to non-controlling interest	-	-	-	-	-	-	11	11
Foreign currency translation adjustment	-	-	-	-	(369)	-	(8)	(377)
Forfeiture of restricted shares	(7)	-	-	-	-	-	-	-
Shares withheld pursuant to vesting of restricted stock		-	-	-	-	(31)	-	(31)
Stock-based compensation	-	-	1,028	-	-	-	-	1,028
Balance at March 31, 2024	38,709	$ 387	$ 202,607	$ (154,796)	$ (985)	$ (8,682)	$ 105	$ 38,636

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended March 31, 2023 (Unaudited)	Three Months Ended March 31, 2024	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
Cash flows from operating activities:					
Net income (loss)	$ 4,645	$ (8,515)	$ (12,766)	$ (6,754)	$ (5,675)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:					
Non-controlling interest	(3)	11	(5)	2	35
Gain on bargain purchase	(7,234)	-	-	-	(9,034)
Inventory reserve	2	59	(22)	149	1,500
Stock-based compensation expense	832	1,028	4,676	4,343	3,908
Depreciation and amortization	2,290	1,943	8,553	8,262	9,445
Right-of-use assets, non-cash lease expense	658	763	2,908	2,756	2,814
Bad debt expense	428	970	997	66	1,767
Deferred income taxes	372	97	1,888	708	(6)
Other non-cash items	46	(112)	305	707	103
Changes in:					
Accounts receivable	824	746	(9,549)	(1,368)	(1,460)
Inventory	(237)	726	(5,943)	(4,473)	(1,743)
Prepaid expenses and other assets	(85)	(1,440)	(2,860)	(816)	791
Deferred costs	239	41	2,990	1,608	679
Deferred revenue	(3)	112	(1,767)	(627)	(295)
Accounts payable and accrued expenses	(325)	4,021	8,140	(533)	4,440
Lease liabilities	(694)	(694)	(2,790)	(2,739)	(2,851)
Accrued severance payable, net	-	36	(145)	(42)	(21)
Net cash provided by (used in) operating activities	1,755	(208)	(5,390)	1,249	4,397
Cash flows from investing activities:					
Acquisitions, net of cash assumed	8,722	-	-	-	8,722
Purchase of investments	(100)	-	-	(100)	(100)
Capitalized software development costs	(680)	(591)	(627)	(2,219)	(3,629)
Capital expenditures	(1,100)	(1,309)	(2,400)	(4,011)	(3,464)
Net cash provided by (used in) investing activities	6,842	(1,900)	(3,027)	(6,330)	1,529
Cash flows from financing activities:					
Net proceeds from stock offering	-	-	26,867	-	-
Proceeds from long-term debt, net of debt costs	-	113,919	-	-	-
Repayment of long-term debt	(1,329)	(11,037)	(5,571)	(5,659)	(4,408)
Short-term bank debt, net	(1)	(10,030)	(270)	5,709	4,321
Purchase of treasury stock upon vesting of restricted stock	(44)	(31)	(794)	(211)	(141)
Repayment of financing lease	-	-	(138)	(121)	(129)
Payment of preferred stock dividend	-	-	(4,112)	-	(3,385)
Proceeds from exercise of stock options, net	-	-	229	-	36
Net cash (used in) provided by financing activities	(1,374)	92,821	16,211	(282)	(3,706)
Effect of foreign exchange rate changes on cash and cash equivalents	(123)	(381)	531	(3,408)	(877)
Net increase (decrease) in cash, cash equivalents and restricted cash	7,100	90,332	8,325	(8,771)	1,343
Cash, cash equivalents and restricted cash - beginning of year	17,989	19,332	18,435	26,760	17,989
Cash, cash equivalents and restricted cash - end of year	$ 25,089	$ 109,664	$ 26,760	$ 17,989	$ 19,332
Reconciliation of cash, cash equivalents, and restricted cash, beginning of year					
Cash and cash equivalents	17,680	19,022	18,127	26,452	17,680
Restricted cash	309	310	308	308	309
Cash, cash equivalents, and restricted cash, beginning of year	$ 17,989	$ 19,332	$ 18,435	$ 26,760	$ 17,989
Reconciliation of cash, cash equivalents, and restricted cash, end of year					
Cash and cash equivalents	24,780	24,354	26,452	17,680	19,022
Restricted cash	309	85,310	308	309	310
Cash, cash equivalents, and restricted cash, end of year	$ 25,089	$ 109,664	$ 26,760	$ 17,989	$ 19,332
Supplemental disclosure of cash flow information:					
Cash paid for:					
Taxes	$ 5	$ 262	$ 58	$ 63	$ 175
Interest	$ 383	$ 447	$ 1,474	$ 1,308	$ 1,656
Noncash investing and financing activities:					

Issuance of derivative on long-term debt	$ -	$ 2,226	$ -	$ -	$ -
Value of shares withheld pursuant to exercise of stock options	$ -	$ -	$ 647	$ -	$ -
Value of warrant issued in connection with Movingdots acquisition	$ 1,347	$ -	$ -	$ -	$ 1,347
Value of licensed intellectual property acquired in connection with Movingdots acquisition	$ -	$ -	$ -	$ -	$ 1,517
Preferred stock dividends paid in shares	$ -	$ -	$ -	$ 4,231	$ 1,108

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

POWERFLEET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 and MARCH 31, 2024
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 "Pointer Merger") and commenced operations on October 3, 2019, upon the closing of the Pointer Merger.

Impact of Macroeconomic Conditions and Supply Chain Disruptions

Higher interest rates and inflation, fluctuations in currency values, and theconflicts between Russia and Ukraine and between Israel and Hamas have resulted in significant economic disruption and adversely impacted the broader global economy, including our customers and suppliers. The extent of the impact of such conditions on our business and financial results will depend largely on future developments that cannot be accurately predicted at this time, including the duration of higher interest rates and inflation, the resilience of currency values, and the resolution or escalation of geopolitical conflicts, particularly those between Russia and Ukraine and between Israel and Hamas, 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 the challenges stemming from ongoing macroeconomic conditions, 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 beginning in 2022 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 and first nine months of 2022. The supply chain disruptions 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 is 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 global economic conditions and geopolitical conflicts may materially impact the Company's business, results of operations and financial condition is uncertain.

Restatement of Previously Issued Consolidated Financial Statements

In connection with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Form 10-K"), the Company restated its previously issued audited consolidated financial statements contained in the Company's Annual Reports on Form 10-K for the years ended December 31, 2022 and 2021, and its unaudited consolidated financial statements contained in the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2023 and 2022, Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2023 and 2022 and Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2023 and 2022.

Liquidity

As of March 31, 2024, the Company had cash (including restricted cash) and cash equivalents of approximately $109,700 and working capital of approximately $126,200. The Company's primary sources of cash are cash flows from sales of products and services, its holdings of cash, cash equivalents and investments from the sale of its capital stock and borrowings under its credit facilities. 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" and, together with Powerfleet Israel, the "Borrowers") were party to a Credit Agreement (the "Prior Credit Agreement") with Bank Hapoalim B.M. ("Hapoalim"), pursuant to which Hapoalim provided Powerfleet Israel with two senior secured term loan facilities denominated in New Israeli Shekels ("NIS") in an initial aggregate principal amount of $30,000 (comprised of two facilities in the aggregate principal amounts of $20,000 and $10,000) and a five-year revolving credit facility to Pointer in an initial 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 Prior Credit Facilities were scheduled to mature on October 3, 2024. See Note 11 for additional information.

On March 18, 2024, the Borrowers entered into an amended and restated credit agreement (the "A&R Credit Agreement"), which refinanced the facilities under, and amended and restated, the Prior Credit Agreement. The A&R Credit Agreement provides for (i) two senior secured term loan facilities denominated in NIS to Powerfleet Israel in an aggregate principal amount of $30,000 (comprised of two facilities in the aggregate principal amounts of $20,000 ("Facility A") and $10,000 ("Facility B"), respectively) and (ii) two revolving credit facilities to Pointer in an aggregate principal amount of $20,000 (comprised of two revolvers in the aggregate principal amounts of $10,000 ("Facility C") and $10,000 ("Facility D"), respectively). On March 18, 2024, Powerfleet Israel drew down $30,000 in cash under the term loan facilities and used the proceeds to prepay approximately $11,200, representing the remaining outstanding balance, of the term loans extended to Powerfleet Israel under the Prior Credit Agreement and distributed the remaining proceeds to Powerfleet. The proceeds of the revolving facilities may be used by Pointer for general corporate purposes, including working capital and capital expenditures. The Company did not borrow against the revolving credit facility as of March 31, 2024

On April 2, 2024, the Company consummated the transactions contemplated by the Implementation Agreement, dated as of October 10, 2023 (the "Implementation Agreement"), that the Company entered into with Main Street 2000 Proprietary Limited, a private company incorporated in the Republic of South Africa and a wholly owned subsidiary of the Company, and MiX Telematics Limited, a public company incorporated under the laws of the Republic of South Africa ("MiX Telematics"), pursuant to which MiX Telematics became an indirect, wholly owned subsidiary of the Company (the "MiX Combination"). The Implementation Agreement required, as a condition to closing of the MiX Combination, that the Company obtain a debt and/or equity financing in an amount sufficient to provide for the redemption in full of all outstanding shares of the Company's Series A Convertible Preferred Stock ("Series A Preferred Stock"). In order to meet this condition, the Company entered into a facilities agreement (the "Facilities Agreement") with FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB") on March 7, 2024, and shortly thereafter drew down $85,000 in cash under the Facilities Agreement. On April 2, 2024, concurrently with the closing of the MiX Combination, the Company used the net proceeds received from RMB and from incremental borrowing capacity as a result of the refinancing of credit facilities with Hapoalim to redeem in full $90,300 for the outstanding shares of the Series A Preferred Stock.

Management believes the Company's cash, cash equivalents, and restricted cash of approximately $109,700 as of March 31, 2024 in conjunction with cash generated from the execution of its strategic plan over the next 12 months, and proceeds from the debt agreements are sufficient to fund the projected operations for at least the next 12 months from the issuance date of these financial statements (August 22, 2024) and service the Company's outstanding obligations. Such expectation is based, in part, on the achievement of a certain volume of assumed revenue and gross margin; however, there is no guarantee the Company will achieve this amount of revenue and gross margin during the assumed time period. Management assessed various additional operating cost reduction options that are available to the Company and would be implemented if assumed levels of revenue and gross margin are not achieved and additional funding is not obtained.

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 accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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, capitalized software development costs, market-based stock-based compensation costs, standalone selling prices ("SSP"), valuation of the derivative asset, and assumptions used in business combinations. Actual results could differ from those estimates.

As of March 31, 2024, the impact of global uncertainties 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, 2022 and 2023 consisted of cash held in escrow for purchases from a vendor and restricted cash at March 31, 2024 consisted of escrow amounts of $85,000 for the Facilities Agreement deposited in escrow for the MiX Combination and cash of $310 held in escrow for purchases from a vendor.

[D] Accounts receivable and allowance for credit losses:

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 an allowance for credit losses against its accounts receivable for potential losses.

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

Accounts receivable is net of an allowance for credit losses in the amount of $2,567, $2,797 and $3,197 at December 31, 2022 and 2023 and March 31, 2024, respectively. The Company does not have any off-balance sheet credit exposure related to its customers.

An analysis of the allowance for credit losses for the periods ended December 31, 2023 and March 31, 2024 is as follows:

Allowance for credit losses, December 31, 2022	$	2,567
Adjustment for adoption of ASU 2016-13		(200)
Current period provision for expected credit losses		1,767
Write-offs charged against the allowance		(1,473)
Foreign currency translation		136
Allowance for credit losses, December 31, 2023	$	2,797
Current period provision for expected credit losses		970
Write-offs charged against the allowance		(545)
Foreign currency translation		(25)
Allowance for credit losses, March 31, 2024	$	3,197

During the year ended December 31, 2023 and the three months ended March 31, 2024, the change in the allowance for credit losses was due to the change in the age of trade receivables, offset by write-offs of bad debts.

[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 an expense when the products are sold (see Note 12).

Revenue is recognized when performance obligations under the terms of a contract with the customer are satisfied. Product sales are recognized at a point in time when title transfers, when the products are shipped, or when control of the system is transferred to the customer, which usually is upon delivery of the system and when contractual performance obligations have been satisfied. For products which are not distinct to the customer separate from the SaaS services provided, the Company considers both hardware and SaaS services a bundled performance obligation. Under the applicable accounting guidance, all of the Company's billings for future services are deferred and classified as a current and long-term liability. The deferred revenue is recognized over the service contract life, ranging from one to five years, beginning at the time that a customer acknowledges acceptance of the equipment and service. Payment terms are generally 30 days after invoice date.

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

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

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

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

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

The Company recognizes an asset for the incremental costs of obtaining the contract arising from the sales commissions to 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] 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.

[G] 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

[H] Long-lived assets:

Long-lived assets, which include 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. The 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.

[I] 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, software to be sold or leased, 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.

In performing the quantitative assessment, the Company measures the fair value of the reporting unit using a combination of a market approach and a discounted cash flow method, as a form of the income approach. The market approach includes the use of comparative revenue and adjusted EBITDA multiples to complement discounted cash flow results. The discounted cash flow method is based on the present value of the projected cash flows and a terminal value. The terminal value represents the expected normalized future cash flows of the reporting unit beyond the cash flows from the discrete projection period. The fair value of the reporting unit is calculated based on the sum of the present value of the cash flows from the discrete period and the present value of the terminal value. The discount rate represented our estimate of the WACC, or expected return, that a marketplace participant would have required as of the valuation date. The application of our goodwill impairment test required key assumptions underlying our valuation model.

The discounted cash flow analysis factored in assumptions on discount rates and terminal growth rates to reflect risk profiles, as well as revenue and cost growth relative to history and market trends and expectations. The market multiples approach incorporated judgment involved in the selection of comparable public company multiples and benchmarks. The selection of companies and multiples was influenced by differences in growth and profitability, and volatility in market prices of peer companies. These valuation inputs are inherently judgmental, and an adverse change in one or a combination of these inputs could trigger a goodwill impairment loss in the future.

For the three-months ended March 31, 2024, the Company performed a qualitative assessment of goodwill. The Company considered such factors as the Company's market capitalization as of March 31, 2024 and over a period of time, macroeconomic conditions, industry and market considerations, and overall financial performance. For the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022 and 2023, the Company did not incur an impairment charge.

[J] Product warranties:

The Company typically provides a 1 – 8-year warranty on its products. Estimated future warranty costs are accrued in the period that the related revenue is recognized and are included in accounts payable and accrued expenses in the Consolidated Balance Sheets. These estimates are derived from historical data and trends of product reliability and costs of repairing and replacing defective products.

[K] Research and development:

Research and development costs are charged to expense as incurred and consist primarily of salaries and related expenses, supplies and contractor costs. Research and development costs were $1,723 (unaudited), $2,018, $11,429, $8,472, and $8,380 for the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022, and 2023, respectively.

[L] Patent costs:

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

[M] 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 and trade receivables.

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 three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022, and 2023, 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.

[N] 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 year ended December 31, 2021. For the years ended December 31, 2022 and 2023 and three month periods ended March 31, 2023 and 2024, the Company contributed $285, $379, $104 (unaudited), and $88, respectively, to the plan.

[O] 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. 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.

[P] 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 the grant date. The Company recorded stock-based compensation expense of $4,676, $4,343, $3,908, $832, and 1,028 for the years ended December 31, 2021, 2022, and 2023 and the three months ended March 31, 2023 and 2024, 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.

[Q] 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, 2021, 2022, and 2023 and three months ended March 31, 2023 (unaudited) and 2024, interest and penalties were immaterial. The Company elected to account for the U.S. tax on its Global Intangible Low-Taxed Income ("GILTI") from its foreign subsidiaries as a period cost and, therefore included GILTI expense in its effective tax rate calculation.

[R] 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 receivable, accounts payable and accrued liabilities and short-term bank debt approximates their fair values due to the short period to maturity of these instruments. The fair value of the Company's debt is based on observable relevant market information and future cash flows discounted at current rates, which are Level 2 measurements. The fair value of the prepayment derivative includes at least one unobservable input, which is a Level 3 measurement. See Note 11 for further discussion.

	December 31, 2023		March 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Debt	$ 21,091	$ 20,919	$ 115,761	$ 116,278
Prepayment derivative	$ -	$ -	$ 2,226	$ 2,226

[S] Advertising and marketing expense:

Advertising and marketing costs are expensed as incurred. Advertising and marketing expense for the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022, and 2023 amounted to $1,781 (unaudited), $1,698, $1,185, $1,130, and $2,300, respectively.

[T] Foreign currency:

The Company's reporting currency is the U.S dollar ("USD"). For businesses where the majority of the revenues are generated in 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).

Foreign currency transaction 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 transaction gains (losses) for the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022, and 2023 of $176 (unaudited), $(193), $(128), $(847), and $277, respectively, are included in selling, general and administrative expenses in the Consolidated Statement of Operations. Foreign currency transaction gains related to long-term debt of $544 (unaudited), $151, $810, $2,689, and $591, for the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022, and 2023, respectively, are included in interest expense in the Consolidated Statement of Operations.

[U] 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.

[V] Recently issued accounting pronouncements:

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which requires additional operating segment disclosures in annual and interim consolidated financial statements. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and for interim periods beginning after December 15, 2024 on a retrospective basis, with early adoption permitted. The Company is evaluating the effect of adopting ASU 2023-07.

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

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, 2022. The Company adopted ASU No. 2016-13 on January 1, 2023. The adoption of the standard did not result in a material impact on the consolidated financial statements.

[W] Business Combinations

In accordance with ASC 805, Business Combinations (ASC 805), the Company recognizes the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. Determining these fair values requires management to make significant estimates and assumptions, especially with respect to intangible assets.

The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair value. During the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill or bargain purchase to the extent that it identifies adjustments to the preliminary fair values. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, any subsequent adjustments are recorded to the consolidated statements of operations.

[X] Segment Information:

The Company has a single operating and reportable segment. The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources. The Company derives its revenue from the sale of systems and products and from customer SaaS and hosting infrastructure fees (see Note 16 – Segment Information).

[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 – ACQUISITION

On March 6, 2023, the Company entered into a share purchase and transfer agreement (the "Movingdots Agreement") with Swiss Re Reinsurance Holding Company Ltd ("Swiss Re"), pursuant to which the Company would acquire all of the outstanding shares of Movingdots GmbH ("Movingdots"), a wholly owned subsidiary of Swiss Re, for consideration consisting of €1 and the issuance by the Company of a ten-year warrant to purchase 800,000 shares of the Company's common stock at an exercise price of $7.00 per share (the "Swiss Re Warrants") with fair value of approximately $1,347 at March 31, 2023 and noncash consideration in the form of a nonexclusive irrevocable, perpetual, fully paid-up, royalty free license agreement between Movingdots and Swiss Re for certain of the acquired intellectual property (the "Movingdots Acquisition"). The Movingdots Acquisition was consummated on March 31, 2023 (the "Movingdots Closing").

As a result of the Movingdots Acquisition, Movingdots, a German company providing insurance telematics and sustainable mobility solutions, became a direct, wholly owned subsidiary of Powerfleet. Movingdots' end-to-end telematics app solution will enhance Powerfleet's software-as-a-service ("SaaS")-based fleet intelligence platform, Unity, with additional customization capabilities and insurance risk insights. Movingdots' expertise in safety and sustainability aligns with Unity's focus on data-powered applications. The Movingdots Acquisition also strengthens Powerfleet's global reach, particularly in Europe. Revenue and net loss of Movingdots since the Movingdots Closing included in the consolidated income statement for the years ended December 31, 2023 and 2022 was $523 and $(3,808), respectively.

As part of the Movingdots Agreement Swiss Re was also obligated to (i) transfer certain intellectual property rights from Swiss Re to Movingdots, (ii) enter into a distribution agreement pursuant to which Swiss Re is allowed to promote the Movingdots solutions, and (iii) grant a license agreement between Swiss Re's affiliates and Movingdots.

The Swiss Re Warrants were valued using the Black-Scholes Model using the following assumptions at the date of issuance:

Expected volatility		**50%**
Expected term (in years)		**10**
Risk free interest rate		**3.50%**
Dividend yield		**0%**
Fair value per share	**$**	**1.68**

Purchase Price Allocation

The Movingdots Acquisition met the criteria for a business combination to be accounted for using the acquisition method under ASC 805, Business Combinations ("ASC 805"), with the Company identified as the legal and the accounting acquirer. The Company recognized approximately $500 of acquisition-related costs which were expensed in the consolidated statement of operations for the year ended December 31, 2023, of which approximately $300 was expensed in the three-month period ended March 31, 2023.

The following table details the allocation of the purchase price to the assets acquired and liabilities assumed in connection with the acquisition of Movingdots:

Consideration:		
Cash	$	-
Fair value of Powerfleet warrants on March 31, 2023		1,347
Total consideration	$	1,347
Assets acquired:		
Cash	$	8,722
Accounts receivable		247
Prepaid expenses		103
Other assets		270
Inventory		96
Fixed assets		1,889

Total assets acquired		11,327
Liabilities assumed:		
Accounts payable and accrued expenses		946
Total liabilities assumed		946
Total identifiable net assets acquired		10,381
Gain on bargain purchase		(9,034)
Purchase price consideration	$	1,347

The fair value estimates of the assets acquired and liabilities assumed were subject to adjustments through the initial measurement period. As of December 31, 2023, the measurement period was complete and an adjustment of approximately $1,500 was recorded to increase the fixed assets above for valuation of internal use software, and adjustments of an approximate $300 increase in net assets acquired related primarily to reductions in accounts payable and accrued expenses. Adjustments resulted in an increase to the gain on bargain purchase. Determining the fair values of the assets and liabilities of Movingdots required certain assumptions and judgment.

The intellectual property was valued using the replacement method. Since this asset does not directly generate revenue (i.e., it is intended to support other revenue-generating assets and its utility is premised on avoided operating costs), the fair value analysis considers the costs that would be incurred to recreate the intellectual property in the event that the intellectual property did not exist (or the agreement to license the intellectual property did not exist). The replacement cost method utilized assumptions on the length of time expected to be incurred to recreate the intellectual property, the amount and cost of labor plus a 30% obsolescence factor, and 20% estimated developer’s profit.

All other assets and liabilities acquired, as detailed in the allocation chart above, were valued at fair value based on their short-term nature.

Consistent with the requirements of ASC 805, the Company assessed whether all assets acquired, and liabilities assumed have been appropriately identified, measured and recognized, and performed re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued. After applying the requirements of ASC 805-30-25-4, the Company recognized a gain on bargain purchase as the estimated fair value of the identifiable net assets acquired exceeded the purchase consideration transferred by approximately $9,034. Management believes that the recognized gain on bargain purchase represents the best estimates of the economic effect of the Movingdots Acquisition based on all information that was available and existed as of the dates the financial statements were issued.

The gain on bargain purchase primarily resulted from Swiss Re’s motivation to divest its investment in Movingdots and its telematics business, which was deemed a non-core business of Swiss Re on a go-forward basis. The sale of Movingdots was not subject to a competitive bidding process. Under the Movingdots Agreement, Swiss Re also agreed to make a cash injection into Movingdots prior to the Movingdots Closing in a form of additional paid in capital to ensure Movingdots had available cash in the amount of €8,000 to be used to ensure the liquidity of Movingdots and for broader combined business activities.

If the Company makes an on-sale transfer of any shares of Movingdots that were acquired in connection with the Movingdots Acquisition at any time between the signing date of the Movingdots Agreement and through 12 months after the Movingdots Closing, to any third-party purchaser (an “on-sale transfer”), for an amount that is in excess of the purchase price consideration transferred, then the Company will pay Swiss Re an amount in cash (“on sale compensation”) equal to (i) €8,000, plus (ii) the difference between such on-sale transfer price less the purchase price net of the net present value of the Swiss Re Warrants. The Company did not enter into an on-sale transfer.

Management views that insurance telematics and sustainability are important spaces for the Company to have propositions to enable future strategic value, supporting the more evolved, IOT data-rich mass subscription space. The acquisition of Movingdots and its business will, among other things:

- open strategic relationships with some key customers such as Mercedes, BMW and Vodafone;
- provide greater go-to-market opportunity to the Company with the European beachhead for future regional expansion, customer acquisition tool to upsell the Company’s portfolio into German and European markets, and maintain a distribution channel and partnership with Swiss Re; and
- provide the Company with access to a team with technical skillsets across application development and management, cloud platform development, user experience/user interface design development and technical product management;

The following table represents the unaudited combined pro forma revenue and earnings for the annual periods ended December 31, 2022 and 2023:

	Year Ended December 31, 2022	
	Historical	Pro forma combined (unaudited)
Revenues	$ 135,912	$ 143,522
Operating loss	$ (6,971)	$ (7,465)
Net loss per share - basic and diluted	$ (0.48)	$ (0.49)

	Year Ended December 31, 2023	
	Historical	Pro forma combined (unaudited)
Revenues	$ 133,736	$ 136,258
Operating loss	$ (12,557)	$ (12,547)
Net loss per share - basic and diluted	$ (0.49)	$ (0.48)

The unaudited combined pro forma revenue and earnings for the annual periods ended December 31, 2022 and 2023 were prepared as though the Movingdots Acquisition had occurred as of January 1, 2022. This summary is not necessarily indicative of what the results of operations would have been had the Movingdots Acquisition occurred as of such date, 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 three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022 and 2023.

	Three Months Ended March 31,	Year Ended December 31,

	2023 (Unaudited)	2024	2021	2022	2023
Products	$ 12,508	$ 12,080	$ 52,902	$ 56,945	$ 49,741
Services	20,344	21,660	73,058	78,967	83,995
	$ 32,852	$ 33,740	$ 125,960	$ 135,912	$ 133,736

The balances of contract assets and contract liabilities from contracts with customers are as follows as of December 31, 2022 and 2023 and March 31, 2024 are as follows:

	December 31, 2022	December 31, 2023	March 31, 2024
Assets:			
Deferred contract cost	$ 2,740	$ 2,581	$ 2,632
Deferred cost	$ 762	$ 83	$ 42
Liabilities:			
Deferred revenue - services (1)	$ 9,869	$ 10,511	$ 10,674
Deferred revenue - products (1)	938	111	60
	10,807	10,622	10,734
Less: Deferred revenue - current portion	(6,376)	(5,666)	(5,842)
Deferred revenue - long term	$ 4,431	$ 4,956	$ 4,892

(1) The Company records deferred revenues when cash payments are received or due in advance of the Company's performance. For the years ended December 31, 2022 and 2023, and the three month period ended March 31, 2023 and 2024, the Company recognized revenue of $5,929, $6,046, $2,240 (unaudited), and $1,975, respectively, that was included in the deferred revenue balance at the beginning of each reporting period. The Company expects to recognize as revenue through year 2029, when it transfers those goods and services and, therefore, satisfies its performance obligation to the customers.

NOTE 5 – PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31, 2022	December 31, 2023	March 31, 2024
Sales-type lease receivables, current	$ 1,083	$ 1,104	$ 1,100
Prepaid expenses	3,952	3,900	2,817
Contract assets	1,131	1,164	1,162
Other current assets	1,370	1,400	3,012
	$ 7,536	$ 7,568	$ 8,091

NOTE 6 – INVENTORY

Inventory, which primarily consists of finished goods and components used in the Company's products, is stated at the lower of cost or net realizable value using the "moving average" cost method or the first-in first-out (FIFO) method. Inventory is shown net of a valuation reserve of $453 at December 31, 2022, $524 at December 31, 2023 and $538 at March 31, 2024.

Inventories consist of the following:

	December 31, 2022	December 31, 2023	March 31, 2024
Components	$ 12,443	$ 10,272	$ 9,403
Work in process	462	31	49
Finished goods, net	9,367	12,299	12,206
	$ 22,272	$ 22,602	$ 21,658

NOTE 7 – FIXED ASSETS

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

	December 31, 2022	December 31, 2023	March 31, 2024
Installed products	$ 8,586	$ 10,765	$ 11,030
Computer software	7,195	10,650	11,496
Computer and electronic equipment	5,658	6,275	6,179
Furniture and fixtures	2,041	2,422	2,361
Leasehold improvements	1,415	1,417	1,498
	24,895	31,529	32,564
Accumulated depreciation and amortization	(15,646)	(19,146)	(19,845)
	$ 9,249	$ 12,383	$ 12,719

Depreciation and amortization expense for the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022 and 2023 was $1,038 (unaudited), $955, $3,399, $3,183, and $3,876, respectively. This includes amortization of costs associated with computer software for the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022 and 2023 of $71 (unaudited), $339, $426, $179 and $605, respectively.

NOTE 8 – INTANGIBLE ASSETS AND GOODWILL

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

The following table summarizes identifiable intangible assets of the Company as of March 31, 2024 and December 31, 2023 and 2022:

March 31, 2024	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized:				
Customer relationships	9-12	$ 19,264	$ (8,012)	$ 11,252
Trademark and tradename	3-15	7,553	(3,877)	3,676
Patents	7-11	628	(464)	164
Technology	7	10,911	(10,911)	-
Software to be sold or leased	3	5,159	(764)	4,395
		43,515	(24,028)	19,487
Unamortized:				
Customer list		104	-	104
Trademark and tradename		61	-	61
		165	-	165
Total		$ 43,680	$ (24,028)	$ 19,652

December 31, 2023	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized:				
Customer relationships	9-12	$ 19,264	$ (7,606)	$ 11,658
Trademark and tradename	3-15	7,553	(3,682)	3,871
Patents	7-11	628	(441)	187
Technology	7	10,911	(10,784)	127
Software to be sold or leased	3	4,602	(535)	4,067
		42,958	(23,048)	19,910
Unamortized:				
Customer list		104	-	104
Trademark and tradename		61	-	61
		165	-	165
Total		$ 43,123	$ (23,048)	$ 20,075

December 31, 2022	Useful Lives (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized:				
Customer relationships	9-12	$ 20,031	$ (6,830)	$ 13,201
Trademark and tradename	3-15	7,589	(2,990)	4,599
Patents	7-11	628	(351)	277
Technology	7	10,667	(7,866)	2,801
Software to be sold or leased	3	1,865	-	1,865
		40,780	(18,037)	22,743
Unamortized:				
Customer list		104	-	104
Trademark and tradename		61	-	61
		165	-	165
Total		$ 40,945	$ (18,037)	$ 22,908

At March 31, 2024, the weighted-average amortization periods for customer relationships, trademarks and trade names, patents, technology, and capitalized software to be sold or leased were 11.9, 9.5, 7.0, 0.0, and 3.0 years, respectively.

Amortization expense for the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022 and 2023 was $,252 (unaudited), $988, $5,154, $5,079 and $5,569, respectively. Estimated future amortization expense for each of the five succeeding fiscal years for these intangible assets is as follows:

Year Ending March 31,	
2025	$ 3,494
2026	3,737
2027	3,762
2028	2,919
2029	1,851

Thereafter		3,724
	$	19,487

For the three-month period ended March 31, 2024, the Company performed a qualitative assessment of goodwill. The Company considered such factors as the Company's market capitalization as of March 31, 2024 and over a period of time, macroeconomic conditions, industry and market considerations, and overall financial performance. As of December 31, 2022 and 2023 and March 31, 2024, the Company determined that no impairment existed to the goodwill, customer list and trademark and trade name of its acquired intangible assets. There have been no changes in the carrying amount of goodwill from January 1, 2023 to March 31, 2024.

NOTE 9 – 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 7,500 shares of the Company's common stock with a vesting period of approximatelyfour to five years. There were 2,374 shares available for future issuance under the 2018 Plan as of March 31, 2024.

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.

During the first fiscal quarter of 2022, the Company granted options to purchase5,065 shares of common stock with market-based vesting conditions. The market-based stock options have an exercise price that range from $2.85 to $21.00. The market-based stock options will vest and become exercisable if the volume weighted average price of the Company's common stock during a consecutive 60-day trading period (the "60 Day VWAP") ranges between $ 10.50 and $21.00. The Company valued the market-based 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 (1.7%), and expected stock price volatility (51.7%) over the expected life of awards (10 years). The weighted average fair value of market-based stock options granted during the period was $1.60.

During the year ended December 31, 2023, the Company granted options to purchase865 shares of common stock with market-based vesting conditions. The market-based stock options will vest and become exercisable if the volume weighted average price of the Company's common stock during a consecutive 60-day trading period (the "60 Day VWAP") reaches $12.00. The Company valued the market-based 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 (3.7%), and expected stock price volatility (50%) over the expected life of awards (5.1 years). The weighted average fair value of market-based stock options granted during the year was $1.56.

During the year ended December 31, 2023, the Company granted1,247 shares of restricted stock to certain senior managers, including the Company's executive officers, which vest in four equal installments over a four-year period, provided that the executive is employed by the Company on each scheduled vesting date. These grants included (i) a grant of 900 shares of restricted stock to Steve Towe, the Company's Chief Executive Officer, which vests over four equal installments over a four-year period, provided that the Mr. Towe is employed by the Company on each scheduled vesting date, and (ii) grants of 82 shares of restricted stock to certain members of the board of directors, which vest in full on the first anniversary of the date of grant, provided that the director is a director of the Company on such date.

[A] Stock options:

A summary of the status of the Company's stock options, relating to the Company's market-based stock options that were granted to certain senior managers, including the Company's executive officers, as of December 31, 2021, 2022 and 2023 and March 31, 2024, and changes during the periods then ended is presented below:

	December 31, 2021		December 31, 2022		December 31, 2023		March 31, 2024	
	Number of Shares	Weighted-Average Exercise Price	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 period	-	$ -	-	$ -	5,065	$ 14.14	5,445	$ 13.39
Granted	-	$ -	5,065	$ 14.14	865	$ 3.09	-	$ -
Exercised	-	$ -	-	$ -	-	$ -	-	$ -
Forfeited or expired	-	$ -	-	$ -	(485)	$ 2.87	-	$ -
Outstanding at end of period	-	$ -	5,065	$ 14.14	5,445	$ 13.39	5,445	$ 13.39
Exercisable at end of period	-	$ -	-	$ -	-	$ -	-	$ -

The following table summarizes information about stock options relating to the market-based stock options that were granted to certain senior managers, including the Company's executive officers, at March 31, 2024.

	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
$ 2.98 - $7.48	1,320	8.62	$ 3.18	-	$ -
$ 7.49 - $11.98	875	7.70	$ 10.50	-	$ -
$ 11.99 - $16.48	1,250	7.76	$ 14.00	-	$ -
$ 16.49 - $21.00	2,000	7.76	$ 21.00	-	$ -
	5,445	7.97	$ 13.38	-	$ -

A summary of the status of the Company's stock options, excluding the market-based stock options that were granted to certain senior managers, including the Company's executive officers, as of December 31, 2021, 2022 and 2023 and March 31, 2024 and changes during the periods then ended, is presented below:

December 31, 2021	December 31, 2022	December 31, 2023	March 31, 2024

	Number of Shares	Weighted-Average Exercise Price	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 period	3,624	$ 5.85	3,470	$ 5.91	2,727	$ 5.29	2,192	$ 4.79
Granted	120	$ 7.77	895	$ 4.08	470	$ 3.09	-	$ -
Exercised	(156)	$ 5.60	-	$ -	(16)	$ 2.33	-	$ -
Forfeited or expired	(118)	$ 6.34	(1,638)	$ 5.95	(989)	$ 5.40	(214)	$ 5.81
Outstanding at end of period	3,470	$ 5.91	2,727	$ 5.29	2,192	$ 4.79	1,978	$ 4.68
Exercisable at end of period	1,546	$ 5.67	1,247	$ 5.79	1,189	$ 5.54	1,232	$ 5.21

	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
$ 2.98 - $4.23	690	8.65	$ 3.18	214	$ 3.23
$ 4.24 - $5.48	568	7.30	$ 4.83	313	$ 4.87
$ 5.49 - $6.73	690	4.71	$ 5.91	683	$ 5.91
$ 6.74- $7.96	30	6.87	$ 7.82	22	$ 7.82
	1,978	6.86	$ 4.68	1,232	$ 5.21

	As of March 31, 2024	
	Aggregate Intrinsic Value	Weighted - Average Remaining Contractual Life in Years
Options outstanding	$ 1,780	6.86
Options exercisable	$ 604	5.95

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:

	December 31, 2021	December 31, 2022	December 31, 2023
Expected volatility	50.2%	49.4%	55.6%
Expected life of options	6.5 years	6.5 years	6.1 years
Risk free interest rate	0.69%	1.73%	3.87%
Dividend yield	0%	0%	0%
Weighted-average fair value of options granted during the year	$ 3.81	$ 2.04	$ 1.66

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.

For the three months ended March 31, 2023 and 2024 and the years ended December 31, 2021, 2022, and 2023, the Company recorded $618 (unaudited), $688, $1,684, $2,943, and $2,712, 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, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 was $1,201, $869, $931, $540 (unaudited) and $532, respectively. The total intrinsic value of options exercised during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 was $483, $0, $9, $0 (unaudited) and $0, respectively.

As of March 31, 2024, there was $1,192 of total unrecognized compensation costs related to non-vested options granted under the Company's stock option plans excluding the market-based stock options that were granted to certain senior managers, including the Company's executive officers. That cost is expected to be recognized over a weighted-average period of 1.45 years.

As of March 31, 2024, there was $4,125 of total unrecognized compensation costs related to non-vested options granted under the Company's stock option plans for the market-based stock options that were granted to certain senior managers, including the Company's executive officers. That cost is expected to be recognized over a weighted-average period of 7.97 years.

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

[B] Restricted Stock Awards:

The Company grants restricted stock to employees, whereby the employees are contractually restricted from transferring the shares until they are vested. The stock is unvested at the time of grant, and, upon vesting, there are no legal restrictions on the stock. 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, 2021, 2022, and 2023 and the three months ended March 31, 2024 is as follows:

	Number of Non-Vested Shares	Weighted- Average Grant Date Fair Value
Non-vested, January 1, 2021	806	$ 5.54
Granted	450	7.63
Vested	(537)	5.35
Forfeited or expired	(90)	6.51

Non-vested, December 31, 2021	629	7.06
Granted	492	3.72
Vested	(229)	6.99
Forfeited or expired	(186)	7.08
Non-vested, December 31, 2022	706	4.75
Granted	1,247	2.41
Vested	(297)	4.24
Forfeited or expired	(152)	5.32
Non-vested, December 31, 2023	1,504	2.86
Granted	-	-
Vested	(128)	4.51
Forfeited or expired	(6)	7.22
Non-vested, March 31, 2024	1,370	$ 2.68

For the years ended December 31, 2021, 2022, and 2023 and the three months ended March 31, 2023 and 2024, the Company recorded $1,529, $1,347, $1,196, $214 (unaudited) and $340, respectively, of stock-based compensation expense in connection with the restricted stock grants. As of December 31, 2023 and March 31, 2024 there was $3,349 and $2,929, respectively, of total unrecognized compensation cost related to non-vested shares. That cost is expected to be recognized over a weighted-average period of 1.65 years.

[C] Restricted Stock Units:

For the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 the Company recorded $203, $53, $0, $0 (unaudited), and $0, respectively, of stock-based compensation expense in connection with restricted stock units ("RSUs") to employees. As of and subsequent to December 31, 2022, there were no vested or unvested RSUs outstanding.

NOTE 10 - NET INCOME (LOSS) PER SHARE

	Three months ended March 31,		Year ended December 31,		
	2023 (Unaudited)	2024	2021	2022	2023
Basic and diluted income (loss) per share					
Net income (loss) attributable to common stockholders	$ 1,883	$ (19,639)	$ (22,068)	$ (16,891)	$ (17,307)
Net income (loss) per share attributable to common stockholders – basic and diluted	$ 0.04	$ (0.55)	$ (0.64)	$ (0.48)	$ (0.49)
Weighted average common shares outstanding - basic	35,548	35,813	34,571	35,393	35,628
Weighted average common shares outstanding - diluted	35,628	35,813	34,571	35,393	35,628

Basic income (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted income (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 three months ended March 31, 2024 and the years ended December 31, 2021, 2022 and 2023, 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, 17,815, 11,628, 16,571 and 18,164, respectively, would have been anti-dilutive due to the loss.

For the three-month period ended March 31, 2023, the two-class method of computing earnings per share was anti-dilutive. As a result, the weighted-average number of shares outstanding used in the computation of diluted earnings per share does not include 9,128 shares from the conversion of preferred stock, warrants, stock options and restricted stock awards because the effect would have been anti-dilutive.

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

	December 31, 2022	December 31, 2023	March 31, 2024
Short-term bank debt	$ 5,709	$ 10,030	$ -
Current maturities of long-term debt	$ 4,603	$ 11,061	$ 1,951
Long-term debt - less current maturities	$ 11,403	$ -	$ 113,810

Debt

Hapoalim Debt

In connection with the Pointer Merger, Powerfleet Israel incurred NIS denominated debt in term loan borrowings on October 3, 2019 under the Prior Credit Agreement, pursuant to which Hapoalim agreed to provide Powerfleet Israel with two senior secured term loan facilities in an initial aggregate principal amount of $30,000 (comprised of two facilities in the aggregate principal amount of $20,000 and $10,000, respectively (the "Prior Term A Facility" and "Prior Term B Facility", respectively, and collectively, the "Prior Term Facilities")) and a five-year revolving credit facility (the "Prior Revolving Facility") to Pointer denominated in NIS in an initial aggregate principal amount of $10,000 (collectively, the "Prior Credit Facilities"). The Prior Credit Facilities were scheduled to mature on October 3, 2024.

On March 18, 2024, the Borrowers entered into the A&R Credit Agreement, which refinanced the facilities under, and amended and restated, the Prior Credit Agreement. The A&R Credit Agreement provides for (i) two senior secured term loan facilities denominated in NIS to Powerfleet Israel in an aggregate principal amount of $30,000 (comprised of two facilities in the aggregate principal amounts of $20,000 and $10,000, respectively) (the "New Term Facilities") and (ii) two revolving credit facilities to Pointer in an aggregate principal amount of $20,000 (comprised of two revolvers in the aggregate principal amounts of $10,000 and $10,000, respectively) (the "New Revolving Facilities" and, together with the New Term Facilities, the "New Credit Facilities")). Powerfleet Israel drew down $30,000 in cash under the New Term Facilities on March 18, 2024 and used the proceeds to prepay approximately $11,200, representing the remaining outstanding balance, of the Prior Term Facilities extended to Powerfleet Israel under the Prior

Credit Agreement and remaining proceeds will be distributed to Powerfleet. The proceeds of the New Revolving Facilities may be used by Pointer for general corporate purposes, including working capital and capital expenditures. As of March 31, 2024, the Company had not borrowed anything under the revolving facilities. The available balance at March 31, 2024 was approximately $20,000.

The interest rates for borrowings under Facility A and Facility B are Hapoalim's prime rate + 2.2% per annum, and Hapoalim's prime rate + 2.3% per annum, respectively. Hapoalim's prime rate at March 31, 2024 was 6%. Interest is payable quarterly on March 25, June 25, September 25, and December 25 over five years. The first interest period ends on June 25, 2024. Facility A amortizes in quarterly installments over its five-year term and will be payable in the following aggregate annual amounts: (i) 10% of the principal amount of Facility A from March 18, 2024 until March 18, 2025, (ii) 25% of the principal amount of Facility A from March 18, 2025 until March 18, 2026, (iii) 27.5% of the principal amount of Facility A from March 18, 2026 until March 18, 2027, (iv)27.5% of the principal amount of Facility A from March 18, 2027 until March 18, 2028, and (v) 10% of the principal amount of Facility A from March 18, 2028 until March 18, 2029. Facility B does not amortize and will be payable in full on March 18, 2029.

The interest rate for borrowings under Facility C is, with respect to NIS-denominated loans, Hapoalim's prime rate + 2.5%, and with respect to U.S. dollar-denominated loans, SOFR + 2.15%. Borrowings under Facility D will bear interest at the applicable interest rate set forth in the standard form documents entered into in connection with each utilization of Facility D. In addition, Pointer is required to pay a credit allocation fee in NIS, with respect to Facility C, and a non-utilization fee in U.S. dollars, with respect to Facility D, in each case, equal to 0.5% per annum on undrawn and uncancelled amounts of the revolving facilities during the period commencing on March 18, 2024 and ending on the last day of the applicable availability period of such revolving facilities. The Borrowers have also paid certain upfront fees and other fees and expenses to Hapoalim in connection with the A&R Credit Agreement. Facility C and Facility D mature on March 18, 2025.

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

The A&R Credit Agreement contains certain customary affirmative and negative covenants, including financial covenants with respect to Pointer's net debt levels which must be less than 100% of Working Capital (as defined in the A&R Credit Agreement), the ratio of each Borrower's net debt to Pointer's EBITDA must not exceed 4.75, Powerfleet Israel's minimum equity which must not be less than $60,000, the ratio of Powerfleet Israel's equity to its total assets which must be greater than 35% and the ratio of Pointer's net debt to EBITDA ratio must not exceed 2. The occurrence of any event of default under the A&R Credit Agreement may result in all outstanding indebtedness under the New Credit Facilities becoming immediately due and payable. The financial covenants are not effective until the quarter ending June 30, 2024.

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

The New Term Facilities under the A&R Credit Agreement have been accounted for as modifications of the Prior Term Facilities that were provided under the Prior Credit Agreement because the change in the present value of the cash flows under the A&R Credit Agreement is less than 10% of the present value of the cash flows under the Prior Credit Agreement. The proceeds of the New Term Facilities ($30,000), less the prepayment of the Prior Term Loans (approximately $11,200), amounting to approximately $18,800, has been recognized as an increase in the carrying value of the Prior Term Loans that was recognized previously.

For the years ended December 31, 2022, and 2023, and the three months ended March 31, 2023 and 2024, the Company recorded $215, $133, $44 (unaudited) and $110, respectively, of amortization of the original debt issuance costs and the refinancing fee paid to Hapoalim. The Company recorded charges of $824, $572, $160 (unaudited), and $111 to interest expense on its consolidated statements of operations for the years ended December 31, 2022 and 2023, and the three months ended March 31, 2023 and 2024, respectively, related to interest expense associated with the Hapoalim debt.

RMB Debt

On March 7, 2024, the Company entered into the Facilities Agreement with RMB, pursuant to which RMB agreed to provide the Company with two term loan facilities in an aggregate principal amount of $85,000, comprised of Facility A and Facility B, each with a principal amount of $42,500 (collectively, the "RMB Facilities"). The Company drew down $85,000 in cash under the term loan facilities on March 13, 2024, which the proceeds were in escrow and restricted as of March 31, 2024, subject to the consummation of the MiX Combination. Upon lapse of this restriction, the proceeds were authorized to be used to redeem all the outstanding shares of the Series A Preferred Stock and for general corporate purposes. The RMB Facilities are guaranteed by the Company, I.D. Systems and Movingdots, and there is a security agreement over the shares in Main Street 2000 Proprietary Limited, I.D. Systems, and Movingdots.

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

	Facility A	Facility B
Credit spread volatility	50%	35%
Credit spread	4.48%	4.99%
Credit rating	B-	B-
Risk free rate	SOFR Spot Rate	SOFR Spot Rate

The Prepayment Derivative is classified as a level 3 in the fair value hierarchy due to the use of at least one significant unobservable input which is the credit spread volatility. At inception, the credit spread was an observable input based on the transaction price of the debt; however, in future periods, it will also be an unobservable input. For the Prepayment Derivative asset in Facility A, a change of -10% in credit spread volatility would result in a decrease in the derivative asset of $190, while a change of +10% in credit spread volatility would result in an increase in the derivative asset of $158. For the Prepayment Derivative asset in Facility B, a change of -10% in credit spread volatility would result in a decrease in the derivative asset of $465, while a change of +10% in credit spread volatility would result in an increase in the derivative asset of $416. As the loan was entered into in the current period, the fair value analysis was prepared as of March 31, 2024 and there were no gains or losses recognized in the period on change in valuation of the derivative asset. The Prepayment Derivative assets are included in Other assets and their fair values remained unchanged as of March 31, 2024. The debt-host contracts are accounted for at amortized cost. Total debt issuance costs of approximately $1,000 were incurred. For the three-month period ended March 31, 2024, the Company recorded interest expense of $400.

For the three-month period ended March 31, 2024, the Company recorded interest expense of $0.4 million.

Scheduled maturities of the long-term debt as of March 31, 2024 are as follows:

Year ending March 31:

2025	$	1,985
2026		4,963
2027		47,958
2028		5,458
2029		54,409
		114,773
Less: Current portion		(1,951)
Plus: Debt costs and prepayment penalty		988
Total	$	113,810

NOTE 12 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

	December 31, 2022		December 31, 2023		March 31, 2024	
Accounts payable	$	14,702	$	19,235	$	20,025
Accrued warranty		745		965		1,138
Accrued compensation		7,153		6,721		8,956
Government authorities		1,992		2,796		3,062
Other current liabilities		805		579		827
	$	25,397	$	30,296	$	34,008

The following table summarizes warranty activity during the years ended December 31, 2022 and 2023 and March 31, 2024:

	Year Ended December 31,				Three Months Ended March 31,	
	2022		2023		2024	
Accrued warranty reserve, beginning of year	$	1,333	$	2,054	$	2,653
Accrual for product warranties issued		1,103		1,238		441
Product replacements and other warranty expenditures		(481)		(503)		(165)
Expiration of warranties		99		(136)		(3)
Accrued warranty reserve, end of year (a)	$	2,054	$	2,653	$	2,926

(a) Includes accrued warranty included in other long-term liabilities at December 31, 2022 and 2023, and March 31, 2024 of $1,309, $1,688 and $1,788, respectively.

NOTE 13 - LEASES

The Company determines whether an arrangement is a lease at inception. The Company has operating leases for office space and office equipment. The Company's leases have remaining lease terms of one year to 9 years, some of which include options to extend the lease term for up to five years

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

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

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

The Company has lease agreements which are classified as short-term in nature. These leases meet the criteria for operating lease classification. Lease costs associated with the short-term leases are included in selling, general and administrative expenses on the Company's consolidated statements of operations.

Components of lease expense are as follows:

	Three Months Ended March 31,				Year Ended December 31,					
	2023 (Unaudited)		2024		2021		2022		2023	
Short term lease cost:	$	88	$	57	$	563	$	443	$	453

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

	Three Months Ended March 31,		Year Ended December 31,		
	2023 (Unaudited)	2024	2021	2022	2023
Non-cash activity:					

Right-of-use assets obtained in exchange for lease obligations	$ 261	$ 2,018	$ 2,695	$ 1,450	$ 1,198

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

	March 31, 2024
Weighted-average remaining lease term (in years)	3.56
Weighted-average discount rate	6.06%

Scheduled maturities of operating lease liabilities outstanding as of March 31, 2024 are as follows:

Year ending March 31,		
2025	$	2,430
2026		2,353
2027		1,124
2028		587
2029		524
Thereafter		1,244
Total lease payments		8,262
Less: Imputed interest		(552)
Present value of lease liabilities	$	7,710

NOTE 14 – CONVERTIBLE REDEEMABLE PREFERRED STOCK AND 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] Convertible 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 Pointer Merger, on October 3, 2019, the Company issued50 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 years ended December 31, 2022 December 31, 2023, the Company issued 4 and 1 additional shares of Series A Preferred Stock, respectively, and no shares were issued during the three months ended March 31, 2024.

	Number of Shares		Amount
Balance at January 1, 2021	55	$	56,703
Dividend paid in kind shares issued	-		-
Accretion of preferred stock	-		5,191
Balance at December 31, 2021	55	$	61,894
Dividend paid in kind shares issued	4		4,231
Accretion of preferred stock	-		5,906
Balance at December 31, 2022	59	$	72,031
Dividend paid in kind shares issued	1		1,107
Accretion of preferred stock	-		7,139
Balance at December 31, 2023	60	$	80,277
Dividend paid in kind shares issued	-		-
Accretion of preferred stock	-		9,996
Balance at March 31, 2024	60	$	90,273

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. As of March 31, 2024, the Series A Preferred Stock had a liquidation preference of $30,091 calculated in accordance with clause (i) above.

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"). The following table summarizes the dividend paid activity:

		Dividends paid in cash		Dividends paid in shares		Total
Three Months Ended March 31, 2023	$	-	$	1,107	$	1,107
Three Months Ended March 31, 2024 **(1)**	$	1,128	$	-	$	1,128
Year Ended December 31, 2021	$	4,112	$	-	$	4,112

Year Ended December 31, 2022	$	-	$	4,231	$	4,231
Year Ended December 31, 2023	$	3,385	$	1,108	$	4,493

(1) Dividends for the period ended March 31, 2024, plus accrued dividends through April 2, 2024, were paid in cash on the redemption date of the Series A Preferred Stock (see Note 19, Subsequent Events).

As of each of the periods presented in the above table, dividends in arrears were $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.

The Company classifies its Series A Preferred Stock outside of stockholders' equity as the redemption of such shares is outside the Company's control. The Company adjusts the carrying values of the Series A Preferred Stock to redemption value to the earliest redemption date using the effective interest rate method.

Concurrently with the closing of the MiX Combination on April 2,2024, the Company redeemed in full all of the outstanding shares of the Series A Preferred Stock (see Note 19, Subsequent Events).

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		Accumulated other comprehensive income (loss)	
Balance at January 1, 2021	$	399	$	399
Net current period change		(8)		(8)
Balance at December 31, 2021	$	391	$	391
Net current period change		(1,601)		(1,601)
Balance at December 31, 2022	$	(1,210)	$	(1,210)
Net current period change		594		594
Balance at December 31, 2023	$	(616)	$	(616)
Net current period change		(369)		(369)
Balance at March 31, 2024	$	(985)	$	(985)

NOTE 16 – SEGMENT INFORMATION

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

	Three Months Ended March 31, 2023 (Unaudited)	Three Months Ended March 31, 2024	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
United States	$ 14,444	$ 14,780	$ 50,772	$ 57,437	$ 59,233
Israel	10,687	11,267	44,673	44,580	41,689
Other	7,721	7,693	30,515	33,895	32,814
	$ 32,852	$ 33,740	$ 125,960	$ 135,912	$ 133,736

The following table summarizes long lived assets by geographic region.

	March 31, 2024	December 31, 2022	December 31, 2023
United States	$ 1,152	$ 941	$ 1,081
Israel	3,946	3,545	3,923
Other	7,621	4,763	7,379
	$ 12,719	$ 9,249	$ 12,383

NOTE 17 - INCOME TAXES

Loss before income taxes consists of the following:

	Three Months Ended March 31, 2024	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
U.S. operations	$ (7,990)	$ (14,996)	$ (10,303)	$ (16,494)
Foreign operations	(162)	4,113	4,421	11,443
	$ (8,152)	$ (10,883)	$ (5,882)	$ (5,051)

The provision for income taxes consists of the following for the periods presented:

	Three Months Ended March 31, 2024	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
Current:				
Federal	$ -	$ -	$ -	$ -
State	25	16	93	68
Foreign	220	127	69	519
Total current provision	$ 245	$ 143	$ 162	$ 587
Deferred:				
Federal	$ -	$ -	$ -	$ -
State	-	-	-	-
Foreign	107	1,745	708	2
Total deferred provision	$ 107	$ 1,745	$ 708	$ 2
Total provision for income taxes	$ 352	$ 1,888	$ 870	$ 589

The difference between income taxes at the statutory federal income tax rate and income taxes reported in the Consolidated Statements of Operations for the years ended December 31 and March 31 is attributable to the following:

	Three Months Ended March 31, 2024	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
Income tax benefit at the federal statutory rate	$ (1,712)	$ (2,285)	$ (1,236)	$ (1,061)
State and local income taxes, net of federal taxes	(145)	411	(313)	(298)
Increase (decrease) in valuation allowance	1,570	595	(1,105)	1,488
Remeasurement of deferred tax adjustments	8	1,302	359	4
Permanent differences and other	222	269	810	678
Foreign rate differential	396	1,008	(151)	(1,924)
GILTI inclusion	-	509	2,425	1,586
Other	13	79	81	57
Acquisition fees	-	-	-	59
	$ 352	$ 1,888	$ 870	$ 589

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2022 and 2023 and March 31, 2024 are presented below:

	December 31, 2022	December 31, 2023	March 31, 2024
Deferred tax assets:			

Net operating loss carryforwards	$ 27,722	$ 27,643	$ 28,135
Capital loss carryforwards	10,670	10,179	10,377
Deferred revenue	2,035	2,241	2,265
Stock-based compensation	459	302	230
Federal research and development tax credits	1,058	1,058	1,058
Capitalized research	980	1,396	1,524
Inventories	324	411	383
Bad debt reserve	594	724	639
Deferred lease liability	548	425	388
Acquisition costs	-	923	1,455
Other deductible temporary differences	2,610	2,399	2,859
Total gross deferred tax assets	$ 47,000	$ 47,701	$ 49,313
Less: valuation allowance	(43,692)	(44,495)	(46,532)
Net deferred tax assets	$ 3,308	$ 3,206	$ 2,781
Deferred tax liabilities:			
Intangible amortization	$ (4,403)	$ (4,068)	$ (3,958)
ROU assets	(498)	(382)	(348)
Other deductible temporary differences	-	(343)	(159)
Total deferred tax liabilities	$ (4,901)	$ (4,793)	$ (4,465)
Net deferred tax liabilities	$ (1,593)	$ (1,587)	$ (1,684)

A reconciliation of the beginning and ending amount of unrecognized tax positions is as follows as of December 31, 2022 and 2023 and March 31, 2024:

	December 31, 2022	December 31, 2023	March 31, 2024
Balance at the beginning of the period	$ 384	$ 344	$ 294
Additions based on tax provisions taken related to current period	123	139	27
Reductions related to expiration of statute of limitations	(163)	(189)	-
Balance at the end of period	$ 344	$ 294	$ 321

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 March 31, 2024, the Company had an aggregate net operating loss carryforward of approximately $81,563 for U.S. federal income tax purposes. At March 31, 2024, the Company had an aggregate net operating loss carryforward of approximately $40,299 for state income tax purposes and a foreign net operating loss carryforwards of approximately $28,742. Substantially all of the net operating loss carryforwards expire from 2024 through 2037 for pre-2018 federal net operating loss carryforwards and from 2024 through 2044 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 March 31, 2024, the Company has New Jersey net operating loss carryforwards ("NJ NOLs") included above in the approximate amount of $8,689, expiring through 2044, 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 March 31, 2024, in excess of annual debt service costs requirements.

For the year ended March 31, 2024 the Company's valuation allowance increased to $46,532, compared to $44,495 as of December 31, 2023 primarily due to the increase of net operating losses and other timing differences. 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 increased in 2023 by $803 and increased for the three months ended March 31, 2024 by $2,037.

Audits for federal income tax returns are closed for the years through 2019. 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.

On August 16, 2022, the President of the United States signed into law H.R. 5376, commonly referred to as the Inflation Reduction Act of 2022 (the "IRA"). The IRA is federal legislation designed to raise revenue from, among other things, the imposition of certain corporate tax measures, while authorizing spending on energy and climate change initiatives and subsidizing the Affordable Care Act. The IRA also introduced a 1% excise tax on certain corporate stock buybacks, which would impose a nondeductible 1% excise tax on the fair market value of certain stock that is "repurchased" during the taxable year by a publicly traded U.S. corporation or acquired by certain of its subsidiaries. The passage of the IRA did not have a material impact to the Company nor its calculated AETR as of March 31, 2024.

On August 9, 2022, the President of the United States signed into law H.R. 4346, "The CHIPS and Science Act of 2022." CHIPS is a federal statue providing funding for research and domestic production of semiconductors. Additional funding can be provided through CHIPS to various federal agencies as well as towards climate science research. Tax measures include a 25% advanced investment tax credit for certain investments in semiconductor manufacturing. The passage of the CHIPS and Science Act did not have a material impact to the Company nor its calculated AETR as of March 31, 2024.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

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

[A] Contingencies:

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

In 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 $212 plus $1,135 of interest and penalty, totaling $1,347 as of March 31, 2024. 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 $13,246 as of March 31, 2024. 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 $225. The state has appealed 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.

On February 24, 2022, Pointer Mexico received a notification for 2015 tax assessment in the amount of$238 regarding the underpayment of VAT and government fees from the Mexican Tax Service ("MTS"). Under the statute and case law, Pointer Mexico was entitled to appeal before the MTS or file a lawsuit before the Federal Court of Administrative Justice (Tribunal Federal de Justicia Administrativa). On April 19, 2022, Pointer Mexico filed an appeal for revocation of the assessment. On May 3, 2022, Pointer Mexico filed additional evidence before the MTS. On January 24, 2023, the MTS resolved the administrative revocation appeal, confirming the tax assessment against Pointer Mexico. Against this last resolution, Pointer Mexico is entitled to appeal before the Federal Court of Administrative Justice. The term for the filing of this appeal lapses on March 8, 2023. The Company has recorded a provision of $238 in 2023 and the amount was paid in 2023.

NOTE 19 – SUBSEQUENT EVENTS

Business Combination

On April 2, 2024, the MiX Combination was consummated, and MiX Telematics became an indirect, wholly owned subsidiary of the Company.

The acquisition of MiX Telematics and its business will, among other things:

- create a mobile asset IoT SaaS organization with significant scale, serving all mobile asset types. The increased scale is expected to enable the combined entity to more efficiently serve its customers and create advantages to compete in an industry characterized by the need for high pace of development and innovation;
- enable the Company to maximize significant cross-sell and upsell opportunities within its large joint customer base due to the joint entity's combined geographical footprint, deep vertical expertise and expanded software solution sets coupled with its extensive direct and indirect sales channel capabilities; and
- enable the combined organization to accelerate the delivery of top-class solutions with improved competitive advantage by integrating Powerfleet's and MiX Telematics' world-class engineering and technology teams.

The Company evaluated the guidance in ASC 805-10-55-11 through 55-15 in making the determination of accounting acquirer. Based on the evaluation of the criteria, the Company concluded that Powerfleet is the accounting acquiror.

The preliminary estimated fair value of the consideration transferred for MiX Telematics was $362 million as of the acquisition date, which consisted of the following:

(in thousands, except for share price and exchange ratio)		April 2, 2024
Number of MiX Telematics ordinary shares outstanding		554,021
Exchange ratio		0.1276
Shares of Powerfleet common stock to be issued for MiX ordinary shares outstanding		70,704
Powerfleet stock price*	$	5.12
Fair value of Powerfleet common stock transferred to MiX Telematics shareholders	$	362,005
Replacement of acquiree's equity awards by the acquirer**		7,818
Total fair value of preliminary consideration	$	369,823

* Powerfleet's closing share price on April 2, 2024

** The portion of the fair-value-based measure of the replacement award that is part of the consideration transferred in exchange for the acquiree equals the portion of the acquiree award that is attributable to pre-combination vesting.

Preliminary allocation of purchase price

The MiX Combination met the criteria for a business combination to be accounted for using the acquisition method under ASC 805, Business Combinations ("ASC 805"), with the Company identified as the legal and the accounting acquirer. The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill. Goodwill is primarily attributed to the assembled workforce, expected synergies from future expected economic benefits, including enhanced revenue growth from expanded products and capabilities, as well as substantial cost savings from duplicative overheads, streamlined operations and enhanced efficiency. The Company is in progress of completing the expected synergies analyses and such estimates used in the preliminary purchase accounting remains provisional pending finalization. Goodwill is not deductible for tax purposes. Goodwill associated with the acquisition has not yet been assigned to the Company's reportable segments pending finalization of the purchase accounting.

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

Assets acquired:		**April 2, 2024**
Cash and cash equivalents	$	26,737
Restricted cash		794
Accounts receivable		24,675
Inventory		4,142
Prepaid expenses and other current assets		8,886
Fixed assets		35,587
Intangible assets		153,000

Right of use asset		3,794
Deferred tax assets		1,093
Other assets		973
Total assets acquired	$	259,681
Liabilities assumed:		
Short-term bank debt and current maturities of long-term debt		20,158
Accounts payable and accrued expenses		26,400
Deferred revenue - current		6,394
Lease liability - current		859
Income taxes payable		355
Lease liability - less current portion		2,852
Deferred tax liability		48,725
Other long-term liabilities		484
Total liabilities assumed	$	106,227
Total identifiable net assets acquired	$	153,454
Non-controlling interest		(5)
Goodwill		216,374
Purchase price consideration	$	369,823

The above fair values of assets acquired and liabilities assumed are preliminary and are based on the information that was available as of the reporting date. The Company's allocation of the preliminary purchase price to certain assets acquired and liabilities assumed is provisional and the Company will continue to adjust those estimates as additional information pertaining to events or circumstances present at April 2, 2024 becomes available and final valuation and analysis are completed. In addition, the Company is still in the process of identifying acquired assets and assumed liabilities, which may also result in adjustments of the provisional amounts recorded. The fair values of the assets acquired and liabilities assumed, including the identifiable assets acquired, have been preliminarily determined using the income and cost approach, and are partially based on inputs that are unobservable. The Company used discounted cash flow ("DCF") analyses, which represent Level 3 fair value measurements, to assess certain components of its purchase price allocation as a result of the acquisition. The fair value of the customer relationships was determined using the multi-period excess earnings method. The fair value of the tradename and developed technology was determined using an income approach based on the relief from royalty method.

For the fair value estimates, the Company used (i) forecasted future cash flows, (ii) historical and projected financial information, (iii) synergies including cost savings, (iv) revenue growth rates, (v) customer attrition rates, (vi) royalty rates, and (vii) discount rates, as relevant, that market participants would consider when estimating fair values. These estimates require judgement and are subject to change. Differences between the preliminary estimates and final accounting may occur, and those could be material.

The Company believes that the information provides a reasonable basis for estimating the fair values of the acquired assets and assumed liabilities, but the potential for measurement period adjustments exists based on the Company's continuing review of matters related to the acquisition. Adjustments to initial preliminary fair value of the assets acquired and assumed liabilities during the measurement period until April 2, 2025, will be recorded during the period in which the adjustments are determined, including the effect on earnings of any amounts we would have recorded in previous periods if the accounting had been completed (i.e. the historical reported financial statements will not be retrospectively adjusted).

The provisional amounts for assets acquired and liabilities assumed include:

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

The Company expects to complete the purchase price allocation as soon as practicable, but no later than one year from the acquisition date.

Acquired Identifiable Intangible Assets

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

(in thousands)	**Fair value**	**Weighted Average Useful Lives**
Trade name	10,000	14 years
Developed Technology	30,000	5 years
Customer relationships	113,000	13 years
	$ 153,000	

Acquisition-Related Expenses

The Company recognized approximately $3,500 of acquisition-related costs which were expensed in the consolidated statement of operations for the year ended December 31, 2023, and approximately $2,300 were expensed in the three-month period ending March 31, 2024.

Unaudited pro forma financial information

The following table represents the unaudited combined pro forma revenue and earnings for the three months ended March 31, 2024:

	Three Months Ended March 31, 2024	
	Historical	Pro forma combined (unaudited)
Revenues	$ 33,740	$ 72,822
Operating loss	$ (7,647)	$ (6,755)

The following table represents the unaudited combined pro forma revenue and earnings for the year ended December 31, 2023:

	Year Ended December 31, 2023	
	Historical	Pro forma combined (unaudited)
Revenues	$ 133,736	$ 286,320
Operating loss	$ (12,557)	$ (18,150)

Preferred Stock

Concurrently with the closing of the MiX Combination, the Company used the net proceeds received from RMB and from incremental borrowing capacity as a result of the refinancing of credit facilities with Hapoalim to redeem in full for $90.3 million for all of the outstanding shares of the Series A Preferred Stock.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Controls and procedures can only provide reasonable, not absolute, assurance that the above objectives have been met.

As of March 31 2024, we carried out an evaluation, with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were not effective as of March 31, 2024.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness, as of March 31, 2024, of our internal control over financial reporting based on the framework in 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was not effective as of March 31, 2024 due to material weaknesses in our internal control over financial reporting described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Management has concluded that material weaknesses existed as of March 31, 2024 with respect to the following:

- Controls were not designed or operating effectively to ensure that the standalone selling prices (SSP), used to determine the appropriate allocation of revenue in multiple element arrangements, was appropriate. Determining SSP involves management judgment and management did not review timely the analysis of SSP or the underlying data supporting the analysis.
- Controls were not designed or operating effectively to ensure that the costs capitalized for internal use software were appropriate. Specifically, these controls did not provide for adequate review or documentation of the amounts capitalized, the related phase of the project and when projects should begin amortization. Furthermore, controls were not designed or operating effectively to ensure that the costs for software to be sold, leased or marketed were appropriate. Specifically, these controls did not provide for adequate review or documentation of the amounts capitalized, when projects met technological feasibility and when projects should begin amortization.
- Controls were not designed or operating effectively to ensure the appropriate accounting identification of the accounting acquirer, accounting for transaction costs incurred, measurement of consideration transferred, and the completeness, measurement and valuation of acquired assets and liabilities assumed in connection with business acquisitions was appropriate. Specifically, these controls did not provide for adequate review or documentation of the amounts recorded or disclosed, and management did not timely review the subsequent adjustments to the provisional amounts recorded or the underlying data supporting the valuation of acquired intangible assets.
- Controls were not designed or operating effectively to ensure that the annual measurement and valuation of the Company's reporting unit, prepared in connection with its annual goodwill impairment analysis, was appropriate. Specifically, these controls did not provide for adequate and timely review or documentation of the projected financial information and valuation assumptions used in the annual analysis.

- Controls over the financial statement close process were not designed or operating effectively to ensure the appropriate level of management review, including the appropriate level of precision, adequate evidence of management's review, and the completeness and accuracy of key reports. Furthermore, the primary ERP and other systems that support the financial reporting processes had ineffective information technology general controls in the area of user access and change management. In addition, for a third party utilized for share-based compensation accounting, a Service Organization Control report covering ITGC and transaction processing controls during our fiscal period was not available at the time of financial statement issuance, and we did not have other internal controls in place that would prevent or detect errors made in processing at the third party.
- Controls were not designed or operating effectively to ensure that the accounting treatment for the measurement and valuation of the convertible redeemable preferred stock were appropriately calculated. Specifically, these controls did not provide for adequate review of the amounts recorded and management did not review timely the subsequent accretion of the preferred shares to the redemption value.

We are still considering the full extent of the procedures to implement in order to remediate the material weaknesses described above.

As part of the business combination with MiX Telematics, we expect to migrate our central corporate accounting function to MiX Telematics' central corporate accounting function and team. Benefits from this migration will include:

- Implementation of a new ERP system
- Access to a larger and highly qualified team
- Mature internal risk team who are responsible for ensuring systems, process and controls are clearly documented and widely understood and followed throughout the organization

Additionally, our current remediation plan includes:

- Utilizing external resources to support its efforts to rework certain control gaps across the various processes in Israel and the United States with identified deficiencies
- Implementing enhanced documentation associated with management review controls and validation of the completeness and accuracy of key reports in Israel and the United States
- Training of relevant personnel reinforcing existing policies and enhanced policies with regards to the appropriate steps and procedures required to be performed related to the execution and documentation of internal controls

Our independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-KT, Ernst & Young LLP, has issued an attestation report on the effectiveness of our internal control over financial reporting which appears in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-KT.

Changes in Internal Control over Financial Reporting

Except for the control deficiencies identified during the three months ended March 31, 2024 related to third party Service Organization Control reportcovering ITGC and transaction processing controls and the MiX Combination acquisition disclosures, both of which relate to existing material weaknesses identified, there were no other changes in our system of internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information About Our Directors and Executive Officers

The table below sets forth the names and ages of our directors and executive officers as of August 16, 2024, as well as the position(s) and office(s) with Powerfleet held by those individuals. A summary of the background and experience of each of those individuals is set forth after the table.

Name	Age	Position(s)
DIRECTORS:		
Steve Towe	52	Chief Executive Officer and Director
Michael Brodsky	56	Director and Chairman of the Board of Directors
Ian Jacobs	47	Director
Andrew Martin	51	Director
Michael McConnell	58	Director
EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS:		
Jonathan Bates	42	Chief Product Officer
Melissa Ingram	38	Chief Corporate Development Officer
Offer Lehmann	51	Chief Operating Officer
Catherine Lewis	49	Chief Customer Officer
Charles Tasker	61	Chief Revenue Officer
David Wilson	56	Chief Financial Officer and Corporate Secretary
Jim Zeitunian	58	Chief Technology Officer

Directors

Steve Towe. Mr. Towe has served as our Chief Executive Officer and a director of Powerfleet since January 2022. Mr. Towe also serves on the board of directors of I.D. Systems and Powerfleet Israel, each of which is our wholly owned subsidiary. Mr. Towe has over 20 years of experience in senior leadership positions for global software companies and previously served as President and Chief Operating Officer of Aptos, Inc., a global leader of unified commerce solutions in the retailer enterprise SaaS market, from 2016 to December 2021. Mr. Towe has vast knowledge of the IoT industry, having served from 2011 to 2016, as the Chief Commercial Officer of Masternaut, a global telematics provider. Before his tenure at Masternaut, Mr. Towe served as Managing Director, from 2006 to 2011, and Director of Group Operations, from 2002 to 2006, of Cybit Ltd, a market consolidating data company, and was a founding member and senior executive of Fleetstar Information Systems, the fleet management subsidiary of the Trafficmaster Group, from 2001 to 2002. Mr. Towe's early career was spent in numerous leadership roles for global retailer WH Smith.

Mr. Towe's qualifications to serve on our board of directors include his years of experience scaling high value, global technology organizations. In addition, Mr. Towe's role as our Chief Executive Officer provides our board of directors with invaluable insight into our management and daily operations.

Michael Brodsky. Mr. Brodsky has served as a director of Powerfleet since June 2014, as Chairman of our board of directors since December 2016 and as a director of Pointer since October 2019. Previously, Mr. Brodsky was the Lead Director of our board of directors from June 2014 until December 2016. Mr. Brodsky is the President of Bosun Asset Management, LLC, an asset management firm and he co-founded and was the Chief Executive Officer of Options Solutions, LLC, a specialized asset manager, until it was acquired by Bosun in October 2023. Mr. Brodsky is the Managing Partner of Vajra Asset Management, LLC, an investment firm. Mr. Brodsky also currently serves on the board of directors of EdgeCortix Inc., a firm specializing in semi-conductor technology, since March 2021. Previously, Mr. Brodsky served on the board of directors of Genesis Land Development Corporation (OTCMKTS: GNLAF), a residential land developer and homebuilder, from 2012 to May 2019, including as Chairman from September 2012 to May 2019, on the board of directors of Determine, Inc. (formerly Nasdaq: DTRM), a provider of contract management, procurement and sourcing software, from October 2010 until its sale in April 2019, including as Chairman from August 2013 to April 2019 and as Chief Executive Officer from August 2013 until December 2013, on the board of directors of Trans World Corporation (formerly OTCQB: TWOC), an owner and operator of hotels and casinos throughout Europe, from September 2013 until its sale in March 2018, including as Chairman from June 2014 to March 2018, and on the board of directors of Spark Networks, Inc. (OTCMKTS: LOVLQ), a collection of niche-oriented community websites, from November 2015 until its sale in November 2017. Mr. Brodsky holds a B.A. degree from Syracuse University, an M.B.A. from the Kellogg School of Management at Northwestern University, and a J.D. from Northwestern University Pritzker School of Law.

Mr. Brodsky possesses extensive business, operating and executive expertise. Among other things, Mr. Brodsky has served as the Chief Executive Officer of several companies and possesses skills in executive management and leadership. We believe Mr. Brodsky's management and leadership skills and experience as a member of the board of directors of various companies enable him to be an effective contributing member of our board of directors.

Ian Jacobs. Mr. Jacobs joined our board of directors upon consummation of the MiX Combination on April 2, 2024. Mr. Jacobs has served as a director of MiX Telematics (formerly NYSE: MIXT) since 2016, including as Chairperson since November 2022. From 1997 to 2002, Mr. Jacobs worked as a research analyst at Schroders, Sidoti & Co. (now SIDOTI & Company) and Goldman Sachs & Co. In 2003, he joined Berkshire Hathaway Inc. where he worked on investment research and other projects under Warren Buffett until 2009. In 2009, Mr. Jacobs left Berkshire Hathaway Inc. to form 402 Capital LLC, a private investment firm, where he has since served as the managing member. Mr. Jacobs earned his undergraduate degree from Yeshiva University and an M.B.A. from Columbia University.

With his extensive experience with, and knowledge of the business and operations of, MiX Telematics and business experience with various investment firms, Mr. Jacobs brings a wealth of managerial and financial expertise to our board. We believe Mr. Jacobs' leadership skills, expertise in finance and investment, and insight into MiX Telematics' business enable him to be an effective contributing member of our board of directors.

Andrew Martin. Mr. Martin joined our board of directors in April 2024. Mr. Martin serves as a Partner and member of the investment research team at Private Capital Management, LLC ("PCM"), an investment firm. Mr. Martin joined PCM in 2013 from the hedge fund unit at H.I.G. Capital, LLC, an alternative investment firm, where he was a senior research analyst focused primarily on industrials, business services and special situation investments. Mr. Martin previously was the Director of Research at Polen Capital Management, LLC, a global asset manager, where he helped develop and direct the firm's research process. Mr. Martin has previously worked at Fine Capital Partners, Sanford C. Bernstein & Co., LLC, and Credit Suisse First Boston, as well as Arthur Andersen LLP, while earning a CPA license. He earned a B.S. degree in Applied Economics and Business Management from Cornell University and an M.B.A. from Columbia University.

With his extensive experience in investment research and serving in leadership roles at multiple investment firms, Mr. Martin brings substantial leadership and financial expertise to our board. We believe Mr. Martin's experience guiding long-term growth and navigating complex market dynamics enables him to be an effective contributing member of our board of directors.

Michael McConnell. Mr. McConnell joined our board of directors upon consummation of the MiX Combination on April 2, 2024. Mr. McConnell currently serves as Chairman of Adacel Technologies Limited, a developer of air traffic management systems and technology, and has served as a member of its board of directors since 2017. He also serves as a member of the board of directors of OneSpan Inc. (Nasdaq: OSPN), a provider of security, identity, e-signature and digital workflow solutions. Mr. McConnell has previously served on the boards of Vonage Holdings Corp. (formerly Nasdaq: VG), a cloud communications provider, from 2019 through its sale in July 2022, SPS Commerce, Inc. (Nasdaq: SPSC), a provider of cloud-based supply chain management services, from 2018 through 2019, Spark Networks, Inc. (OTCMKTS: LOVLQ), a collection of niche-oriented community websites, where he also served as interim Executive Chairman and Chief Executive Officer during 2014, and QuickFee, a provider of online payment and lending solutions. He has also served on numerous other public and private company boards in the United States, Australia, New Zealand and Ireland. Prior to his services as a board member of these public and private companies, Mr. McConnell served as the Managing Director of Shamrock Capital Advisors, a private investment company, for 14 years. Mr. McConnell holds a B.A. degree from Harvard University and an M.B.A. from the University of Virginia Darden School of Business.

Mr. McConnell possesses extensive management, operating, and financial expertise. We believe his more than two decades of experience serving in executive roles and on various public and private company boards in multiple industries enables Mr. McConnell to be an effective contributing member of our board of directors.

Executive Officers

Jonathan Bates. Mr. Bates has served as our Chief Product Officer since April 2024. Prior to joining Powerfleet, Mr. Bates served as the Executive Vice President of Marketing and Managing Director of Europe and Middle East of MiX Telematics from July 2020 until the closing of the MiX Combination in April 2024, and served in various other roles for MiX Telematics from December 2012 to July 2020. Before joining MiX Telematics, Mr. Bates held several managerial positions from within the PSA Peugeot Citroen Group (now Stellantis) in the functions of sales, marketing, product management, customer success and project management. Mr. Bates earned a Bachelor of Laws degree in the United Kingdom.

Melissa Ingram. Ms. Ingram has served as our Chief Corporate Development Officer since April 2024. From March 2022 to April 2024, she served as our Chief Transformation Officer. Prior to joining Powerfleet, Ms. Ingram worked at Aptos, Inc., serving as the Vice President of Transformation and Growth from October 2017 to January 2022 and the Vice President of Business Operations (EMEA) from October 2016 to October 2017. While at Aptos, Ms. Ingram led the integration of four acquisitions to expand portfolio areas and support entrance into new territories, standardized global operations, and spearheaded multi-million-dollar profit improvement programs. Ms. Ingram earned a Master of Arts (MA Oxon.) degree in Modern History from the University of Oxford.

Offer Lehmann. Mr. Lehmann has served as our Chief Operating Officer since November 2022. Mr. Lehmann joined Powerfleet from Kornit Digital Ltd. (Nasdaq: KRNT), a global leader in on-demand sustainable fashion and textile production technologies, where he served as Vice President – Global Strategic Accounts & Business Development from January 2019 to November 2022 and Vice President – Operations from October 2014 to January 2019. Mr. Lehmann has over 20 years of experience working in management positions for large-cap, global public companies within the technology industry. Mr. Lehmann earned a B.Sc. degree from the Technion – Israel Institute of Technology and an MBA from the University of Haifa.

Catherine Lewis. Ms. Lewis has served as our Chief Customer Officer since April 2024. Prior to joining Powerfleet, Ms. Lewis served as the Executive Vice President of Technology and Managing Director of Central Services Organization of MiX Telematics from May 2001 until the closing of the MiX Combination in April 2024. During her tenure at MiX Telematics, Ms. Lewis was responsible for a number of business functions, including software and hardware engineering, SaaS operations and support, manufacturing and supply chain, marketing, product management, business systems, and information technology. Ms. Lewis has more than 20 years of experience in the information technology and technology services industry. Ms. Lewis earned a Bachelor of Business Science degree with honors in Information Systems from the University of Cape Town.

Charles Tasker. Mr. Tasker has served as our Chief Revenue Officer since April 2024. Prior to joining Powerfleet, Mr. Tasker served as the Chief Operating Officer of MiX Telematics from 2014 until the closing of the MiX Combination in April 2024 and as a member of MiX Telematics' board of directors from 2007 to April 2024. Prior to his tenure at MiX Telematics, Mr. Tasker founded Datapro, Inc., an internet service provider and software development company, which was acquired by Control Instruments Group Limited in 1996. Mr. Tasker has more than 25 years of entrepreneurial and management experience working with companies in the technology sector.

Steve Towe. See narrative description under the caption "Directors" above.

David Wilson. Mr. Wilson has served as our Chief Financial Officer and Corporate Secretary since January 2023. Prior to joining Powerfleet, Mr. Wilson served as the Chief Financial Officer of NSONE, Inc., a leading provider of next generation managed Domain Name System services, from May 2020 to December 2022. Additionally, Mr. Wilson has held Chief Financial Officer roles at Symphony Communication Services, LLC, an encrypted communication software company, from July 2017 to October 2019 and Ooyala Inc., a leading provider of online video services, from September 2013 to July 2017. Mr. Wilson earned a Bachelor of Commerce degree in Finance from the University of Birmingham.

Jim Zeitunian. Mr. Zeitunian has served as our Chief Technology Officer since February 2022. Mr. Zeitunian has extensive experience serving in senior leadership positions for software companies. Prior to joining Powerfleet, Mr. Zeitunian served as Vice President of Engineering at Coupa Software Incorporated ("Coupa"), a global provider of business spend management solutions, from November 2020 to January 2022, where he led the engineering and applied research teams focusing on the development of Coupa's supply chain design and planning SaaS platform. From July 2017 to November 2020, Mr. Zeitunian served as the Vice President of Engineering at LLamasoft, Inc. ("LLamasoft"), where he played a critical role in transforming LLamasoft into a provider of SaaS products that led to its approximately $1.5 billion sale to Coupa in November 2020. Mr. Zeitunian also served as the Senior Director of Software Development at Thomson Reuters from June 2016 to July 2017, where he drove the production of SaaS products and platforms. Mr. Zeitunian earned his B.S. degree in Computer Science from Oakland University.

Audit Committee

The audit committee of our board of directors (the "Audit Committee"), which is a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, is composed of Messrs. Brodsky, Jacobs and McConnell, each of whom is independent under Nasdaq Rule 5605(c)(2) and Rule 10A-3 under the Exchange Act.

The Board has determined that it has at least one "audit committee financial expert" serving on the Audit Committee. Mr. McConnell serves as the audit committee financial expert. Mr. McConnell also serves as the Chairman of the Audit Committee.

The Board has adopted a written charter for the Audit Committee, a copy of which is publicly available on our website at https://ir.powerfleet.com/corporate-governance/board-committees. The Audit Committee's charter sets forth the responsibilities, authority and specific duties of the Audit Committee and is reviewed and reassessed annually. The information on our website is not a part of this Form 10-KT. The charter specifies, among other things, the structure and membership requirements of the Audit Committee, as well as the relationship of the Audit Committee to our independent registered public accounting firm and management.

In accordance with its written charter, the Audit Committee assists our board of directors in monitoring (i) the integrity of our financial reporting process including our internal controls regarding financial reporting, (ii) our compliance with legal and regulatory requirements and (iii) the independence and performance of our internal and external auditors, and serves as an avenue of communication among the independent registered public accounting firm, management and our board of directors.

Code of Ethics

We have a code of ethics (the "Code of Ethics") that applies to our Chief Executive Officer, Chief Financial Officer, Controller and Treasurer. A copy of our Code of Ethics can be found on our website at https://ir.powerfleet.com/corporate-governance/governance-documents. The Code of Ethics is also available in print, free of charge, to any stockholder who requests a copy by writing to us at the following address: Powerfleet, Inc., 123 Tice Boulevard, Woodcliff Lake, New Jersey 07677, Attention: Corporate Secretary. Our Code of Ethics is intended to be a codification of the business and ethical principles that guide us, and to deter wrongdoing, to promote honest and ethical conduct, to avoid conflicts of interest, and to foster full, fair, accurate, timely and understandable disclosures, compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations and accountability for adherence to this code. We will post any amendment to the Code of Ethics, as well as any waivers that are required to be disclosed by the rules of the SEC or The Nasdaq Stock Market LLC, on our website.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who own more than 10% of a registered class of our equity securities to file with the SEC statements on Form 3, Form 4 and Form 5 of ownership and changes in ownership. Officers, directors and greater than 10% stockholders are required by regulation to furnish us with copies of all Section 16(a) reports that they file.

Based solely upon a review of Forms 3, 4 and 5 and any amendments to those forms that have been furnished to us, we believe that all parties subject to the reporting requirements of Section 16(a) filed all such required reports during and with respect to the fiscal year ended December 31, 2023, except that each of Michael Brodsky, our Chairman, and Michael Casey and Charles Frumberg, former directors of Powerfleet, filed late a Form 4 with respect to transactions that occurred on July 28, 2023.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Introduction

This discussion presents the principles underlying our executive officer compensation program. Our goal in this discussion is to provide the reasons why we award compensation as we do and to place in perspective the data presented in the tables that follow this discussion. The focus is primarily on compensation of our executive officers for the fiscal year ended December 31, 2023, but some historical and forward-looking information is also provided to put such year's compensation information in context. The information presented herein relates to the following individuals who are considered "named executive officers," under applicable rules and regulations of the SEC, each of whom is sometimes referred to in this Form 10-KT as a "Named Executive Officer:" (i) Steve Towe, who has served as our Chief Executive Officer since January 5, 2022, (ii) David Wilson, who has served as our Chief Financial Officer since January 4, 2023, and (iii) Jim Zeitunian, who has served as our Chief Technology Officer since February 14, 2022.

Compensation Philosophy and Objectives

We attempt to apply a consistent philosophy to compensation for all employees, including senior management. This philosophy is based on the premises that our success is dependent upon the efforts of each employee and that a cooperative, team-oriented environment is an essential part of our culture. We believe in the importance of rewarding our employees for our successes, which is why we emphasize pay-for-performance incentive compensation. Particular emphasis is placed on broad employee equity participation through the use of stock options and restricted stock awards, as well as on annual cash bonuses linked to achievement of our corporate performance goals. We considered the results of the "say-on-pay" proposal with respect to executive compensation presented to the stockholders at our 2023 annual meeting held on July 20, 2023, and in light of the support the proposal received, we continue to emphasize pay-for-performance incentive compensation, as explained in detail in this Compensation Discussion and Analysis.

Our compensation programs for our Named Executive Officers are designed to achieve a variety of goals, including:

- attracting and retaining talented and experienced executives;
- motivating and rewarding executives whose knowledge, skills and performance are critical to our success;
- aligning the interests of our executives and stockholders by motivating executives to increase stockholder value in a sustained manner; and
- providing a competitive compensation package which rewards achievement of our goals.

Total compensation paid to our executive officers is influenced significantly by the need to attract and retain management employees with a high level of expertise and to motivate and retain key executives for our long-term success. Some of the components of compensation, such as base salary, are generally fixed and do not vary based on our financial and other performance. Some components, such as cash incentive bonuses and certain stock option awards, are dependent upon the achievement of certain goals approved by the compensation committee of our board of directors (the "Compensation Committee"); and for such purpose, the Compensation Committee considers goals for executive officers (other than our Chief Executive Officer) recommended by our Chief Executive Officer and includes him in its discussions with respect to such goals. Furthermore, the value of certain of these components, such as stock options and restricted stock, is dependent upon our future stock price.

We compensate our executive officers in these different ways in order to achieve different goals. Cash compensation, for example, provides executive officers with a minimum base salary. Cash incentive bonuses are generally linked to the achievement of financial and business goals (as described in greater detail below) and are intended to reward executive officers for our overall performance. Stock option and restricted stock awards are intended to link our executive officers' longer-term compensation with the performance of our stock and to build executive ownership positions in our stock. This encourages our executive officers to remain with us and to act in ways intended to maximize stockholder value, and serves to penalize them if we and/or our stock fails to perform to expectations.

We view the three components of our executive officer compensation as related but distinct. Although the Compensation Committee does review total compensation, it does not believe that compensation derived from one component of compensation necessarily should negate or reduce compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on its historical practices with the individual and our view of individual performance and other information we deem relevant. The Compensation Committee has not adopted any formal or informal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and non-cash compensation, or among different forms of compensation. We have not reviewed wealth and retirement accumulation as a result of employment with us and have only focused on fair compensation for the year in question.

The Compensation Committee monitors the results of the annual advisory "say-on-pay" proposal and incorporates such results as one of many factors considered in connection with the discharge of its responsibilities. At our 2023 annual meeting of stockholders, the stockholders approved, on an advisory basis, the compensation of the Named Executive Officers, and in light of such approval, the Compensation Committee continued with its performance-based compensation philosophy and its balanced approach to the components of its compensation program.

Elements of Executive Officer Compensation

Base Salary. We pay our executive officers a base salary, which we review and determine annually. We believe that a competitive base salary is a necessary element of any compensation program. We believe that attractive base salaries can motivate and reward executives for their overall performance. Base salaries are established in part based on the particular executive's position, responsibility, experience, skills and expected contributions during the coming year and such individual's performance during the prior year. We also have generally sought to align base compensation levels comparable to our competitors and other companies in similar stages of development. We do not view base salaries as primarily serving our objective of paying for performance, but in attracting and retaining the most qualified executives necessary to run our business. We continue to focus on a pay-for-performance structure, which is discussed below.

Cash Incentive Bonus Program. The primary objective of our annual cash incentive bonus program is to motivate and reward our employees, including our Named Executive Officers, for meeting our short-term objectives using a pay-for-performance program with objectively determinable performance goals. Each of Messrs. Towe, Wilson and Zeitunian was eligible to receive a cash incentive bonus under our Global Bonus Plan (the "GBP") for the fiscal year ended December 31, 2023, which is discussed below.

The objectives of the GBP for 2023 are to align the interests of senior management with our performance goals. The GBP focuses on rewarding executives for the achievement of financial objectives with competitive financial incentives and provides a systemic plan for establishing definitive performance goals. Under the GBP for 2023, our performance goals are based on (i) revenue growth, (ii) profitability based on adjusted EBITDA and (iii) subscriber renewal.

Awards payable under the GBP for 2023 were calculated as a percentage of the executive's base salary. The target award under the GBP for 2023 for each of Messrs. Towe, Wilson and Zeitunian was set at 100%, 75%, and 50% of his base salary, respectively. Under the GBP for 2023, 45% of each executive's target award could be earned based on the achievement of (a) a global revenue target of $148.2 million and specified revenue targets for each foreign territory in which we do business for the 2023 fiscal year and (b) a global adjusted EBITDA target of $12.5 million and specified adjusted EBITDA targets for each foreign territory in which we do business for the 2023 fiscal year, and 10% of each executive's target award could be earned based on us having a target subscriber renewal rate of 90% for the 2023 fiscal year. The portion of each executive's bonus award that was tied to the revenue target could be pro-rated based on the amount of revenue actually achieved for the 2023 fiscal year starting at 90%, and being capped at 120%, of the revenue target. The portion of each executive's bonus award that was tied to the adjusted EBITDA target could be pro-rated based on the amount of adjusted EBITDA actually achieved for the 2023 fiscal year starting at 100%, and being capped at 120%, of the adjusted EBITDA target. Based on our financial results for the fiscal year ended December 31, 2023 and our subscriber renewal rate, each of Messrs. Towe, Wilson and Zeitunian received annual bonuses under the GBP for 2023 in the aggregate amounts of $214,625, 132,563 and $63,125, respectively.

Equity Compensation. We believe that stock option and restricted stock awards are an important long-term incentive for our executive officers and employees and that our stock option and restricted stock award program has been effective in aligning officer and employee interests with those of our stockholders. We review our equity compensation plans annually. Employees are eligible for annual stock option and restricted stock award grants. These options and grants are intended to produce value for each executive officer if (i) our stockholders derive significant sustained value and (ii) the executive officer remains employed with us.

Historically, other than in connection with an incentive bonus program, we did not have any program, plan or obligation under which we were required to grant equity compensation to any executive officer on specified dates or upon the achievement of certain performance goals. The authority to make equity grants to executive officers rests with the Compensation Committee and our board of directors, although, as noted, the Compensation Committee and our board of directors do consider the recommendations of our Chief Executive Officer in setting the compensation of our other executive officers.

Severance and Change-in-Control Benefits. We describe certain severance and change-in-control benefits applicable to Mr. Towe, our current Chief Executive Officer, and Mr. Wilson, our current Chief Financial Officer, under the captions "Severance Arrangements" and "Potential Payments Upon Termination or Change in Control" below.

Benefits. The executive officers participate in all of our employee benefit plans, such as medical and 401(k) plans, on the same basis as our other employees.

Perquisites. Our use of perquisites as an element of compensation is very limited. We do not view perquisites as a significant element of our comprehensive compensation structure.

Regulatory Considerations

We account for the equity compensation expense for our employees under the rules of Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC 718"), which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued.

Employment Agreements

We have not entered into employment agreements with any of our Named Executive Officers.

Severance Arrangements

We are a party to a severance agreement with Mr. Towe, which provides Mr. Towe with certain severance and change in control benefits upon the occurrence of certain events.

The severance agreement with Mr. Towe provides Mr. Towe with certain severance and change in control benefits upon the occurrence of one of the following events: (i) the termination of Mr. Towe's employment by us without cause (a "Trigger Event") or (ii) the termination of Mr. Towe's employment by us without cause or Mr. Towe's resignation for good reason within six months following a change in control event (a "Change in Control Trigger Event").

Under the terms of the severance agreement with Mr. Towe, subject to Mr. Towe's delivery of a general release to us, Mr. Towe will be entitled to the following upon a Trigger Event or Change in Control Trigger Event: (i) cash payments at twice the rate of his annual base salary as in effect immediately prior to the Trigger Event or Change in Control Trigger Event, as the case may be, for a period of 12 months, made as a series of separate payments that are payable in accordance with our standard payroll practices; (ii) a waiver of any remaining portion of Mr. Towe's healthcare continuation payments under COBRA for the 12-month severance period, provided that he timely elects COBRA coverage and continues to make contributions for such coverage equal to his contribution amount in effect immediately preceding the date of his termination of employment; (iii) partial accelerated vesting of his previously granted stock options and restricted stock awards, such that (to the extent not already then vested) a portion of these awards shall vest and/or become exercisable, in each case on a pro-rated basis that takes into account the number of months elapsed since the date of grant as compared to the scheduled vesting date (provided that the terms of our equity compensation plans shall continue to govern acceleration of vesting in the event of a change of control as defined in such plan); and (iv) any bonus that would have otherwise been payable to Mr. Towe for the calendar year prior to termination.

As a condition to our obligations under the severance agreement with Mr. Towe, Mr. Towe also executed and delivered to us a restrictive covenants agreement containing covenants regarding confidentiality, assignment of inventions, non-competition and non-solicitation.

We are also party to an employee covenants agreement with Mr. Wilson, which provides him with certain severance benefits if Mr. Wilson is terminated by us involuntarily without cause and/or for reasons not related to Mr. Wilson's performance.

The employee covenants agreement with Mr. Wilson provides that if we terminate Mr. Wilson without cause and/or for reasons not related to Mr. Wilson's performance, subject to Mr. Wilson's delivery of a general release to us, Mr. Wilson will be entitled to the following: (i) cash payment equal to six months of Mr. Wilson's annual base salary; (ii) a pro rata portion of any target annual bonus that would have been payable to Mr. Wilson with respect to the year of termination; and (iii) partial accelerated vesting of previously granted stock options and restricted stock awards, such that (to the extent not already then vested) the portion of these awards that would have vested in the calendar year Mr. Wilson is terminated will be deemed to have vested and/or became exercisable.

In addition, under the terms of the employee covenants agreement, Mr. Wilson agreed to covenants regarding, among other things, confidentiality, assignment of inventions, non-competition and non-solicitation.

Compensation Tables

The following table, which should be read in conjunction with the explanations provided above, sets forth summary compensation information for the years ended December 31, 2023 and 2022 for our Named Executive Officers.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Total ($)
Steve Towe	2023	425,000	216,667	2,178,000	—	214,625	3,034,292
Chief Executive Officer	2022	425,000	216,667	962,000	1,191,387	228,013	3,023,067
David Wilson	2023	350,000	—	196,500	560,897	132,563	1,239,960
Chief Financial Officer							
Jim Zeitunian	2023	250,000	—	—	—	63,125	313,125
Chief Technology Officer	2022	220,673	—	145,600	146,971	67,063	580,307

(1) The dollar amounts shown under the heading "Bonus" with respect to Steve Towe for 2022 and 2023 represent the first and second installments, respectively, of a retention bonus of $650,000.

(2) The dollar amounts shown under the headings "Stock Awards" and "Option Awards" with respect to each of the Named Executive Officers for the fiscal years ended December 31, 2023 and 2022 reflect the aggregate grant date fair value of restricted stock and option awards granted in the fiscal year indicated, computed in accordance with ASC 718, disregarding service-based vesting conditions. For a discussion of the assumptions we made in valuing the stock and option awards, see "Note 3[Q] — Summary of Significant Accounting Policies — Stock-based compensation" and "Note 10 — Stock-Based Compensation" in the notes to our consolidated financial statements contained in this Form 10-KT.

(3) The dollar amounts shown under the heading "Non-Equity Incentive Plan Compensation" (i) for each of Messrs. Towe, Wilson and Zeitunian for 2023 represent bonus earned for such fiscal year pursuant to the GBP for 2023 and (ii) for each of Messrs. Towe and Zeitunian for 2022 represent bonus earned for such fiscal year pursuant to the GBP for 2022.

Outstanding Equity Awards at Fiscal Year End

The following table provides certain information concerning outstanding equity awards held by each of our Named Executive Officers at December 31, 2023.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested ($)(2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Steve Towe	125,000	375,000	4.81	1/5/2032(3)	1,050,000	3,591,000	—	—
	—	875,000	10.50	1/5/2032(4)	—	—	—	—
	—	1,250,000	14.00	1/5/2032(5)	—	—	—	—
	—	2,000,000	21.00	1/5/2032(6)	—	—	—	—
David Wilson	—	130,000	3.00	1/4/2033(3)	75,000	256,500	—	—
	—	275,000	3.00	1/4/2033(7)	—	—	—	—
Jim Zeitunian	20,000	60,000	3.64	2/14/2032(3)	30,000	102,600	—	—
	—	160,000	3.64	2/14/2032(7)	—	—	—	—

(1) Represents restricted shares issued under the 2018 Plan.

(2) Calculated based on $3.42 per share, the closing price per share of our common stock, as reported on The Nasdaq Global Market, on December 29, 2023.

(3) These option awards were scheduled to vest over a four-year period, such that twenty-five percent (25%) of the options vests on each of the first, second, third and fourth anniversaries of the date of grant, provided that the holder was an employee of Powerfleet on each such anniversary. In connection with consummation of the MiX Combination, these awards vested in full on April 2, 2024.

(4) These option awards will vest and become exercisable in full immediately upon the volume weighted average price of our common stock during a consecutive 60 trading day period (the "60 Day VWAP") reaching $10.50, provided that the holder is an employee of Powerfleet on such date.

(5) These option awards will vest and become exercisable in full immediately upon the 60 Day VWAP reaching $14.00, provided that the holder is an employee of Powerfleet on such date.

(6) These option awards will vest and become exercisable in full immediately upon the 60 Day VWAP reaching $21.00, provided that the holder is an employee of Powerfleet on such date.

(7) These option awards will vest and become exercisable in full immediately upon the 60 Day VWAP reaching $12.00, provided that the holder is an employee of Powerfleet on such date.

Potential Payments Upon Termination or Change in Control

Potential Payments Upon Termination or Change in Control under Severance Arrangements

As described above under the caption "Severance Arrangements," we have entered into a severance agreement with Mr. Towe, which provides for severance payments or other compensation upon the termination of such executive's employment or a change in control with respect to Powerfleet. We have also entered into an employee covenants agreement with Mr. Wilson, which provides for severance payments or other compensation upon the termination of such executive's employment.

Potential Payments Upon Termination or Change in Control under Equity Compensation Plans

Our 2018 Plan provides that, unless the Compensation Committee provides otherwise in advance of the grant, in the event of a "change in control," if the employee or service provider is terminated other than for "cause" (as defined in the 2018 Plan) within one year of such change in control or leaves for "good reason" (as defined in the 2018 Plan), options and restricted stock (including restricted stock units) shall vest. In addition, unless otherwise determined by the Compensation Committee, the payout of performance stock units and performance shares shall be determined exclusively by the attainment of the performance goals established by the Compensation Committee, which may not be modified after the change in control, and we will not have the right to reduce the awards for any other reason.

For purposes of the 2018 Plan, a "change in control" means the occurrence of any of the following events: (i) any person, other than a trustee or other fiduciary holding securities under an employee benefit plan of Powerfleet or a corporation owned directly or indirectly by our stockholders in substantially the same proportions as their ownership of our stock, becomes the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of our securities representing fifty percent (50%) or more of the total voting power represented by our then outstanding voting securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute our board of directors and any new director whose election by the board of directors or nomination for election by our stockholders was approved by a vote of a majority of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; (iii) the consummation of a merger or consolidation of Powerfleet with any other corporation, other than a merger or consolidation which would result in our voting securities outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the total voting power represented by our voting securities or such surviving entity outstanding immediately after such merger or consolidation; or (iv) our stockholders approve a plan of complete liquidation of Powerfleet or an agreement for the sale or disposition by us of all or substantially all our assets.

Risk Considerations

We do not believe that our compensation practices and policies for our employees, including our executive officers, create risks or are likely to create risks that are reasonably likely to have a material adverse effect on us or our results of operations or financial condition.

Compensation of Directors

General

All directors are entitled to reimbursement for travel and lodging and other reasonable out-of-pocket expenses incurred by them in connection with their attendance at board of directors and/or board committee meetings or other activities on our behalf.

Employee Directors

Directors who are our current officers or employees or any subsidiary of Powerfleet do not receive any additional compensation for their service as members of either our board of directors or any committees of our board of directors.

Non-Employee Directors

On August 1, 2017, our board of directors adopted a non-employee director compensation program pursuant to which non-employee directors are entitled to receive annual compensation having economic value of approximately $119,000, which includes a cash retainer of $59,000 and restricted stock grants with an economic value of approximately $60,000. The cash retainer may be paid, at each director's election, in cash or in restricted shares of our common stock. Each of Anders Bjork and Medhini Srinivasan, as former directors elected to our board by the holders of our previously outstanding Series A Preferred Stock (the "former Series A Directors"), agreed to waive participation in our non-employee director compensation program. Each of the non-employee directors, other than the former Series A Directors, was paid his retainer for 2023 in cash. With respect to restricted stock awards, the number of shares issuable in 2023 was calculated based on the average of the reported closing price per share of our common stock on The Nasdaq Global Market over a 20 consecutive trading day period ending on and including the 2023 annual meeting of stockholders.

The Chairman of our board of directors and the chairperson of each of the committees of our board of directors are also entitled to a supplemental retainer, which may be paid, at each director's election, in cash or in restricted shares of our common stock. Specifically, the Chairman of our board of directors receives an additional $36,000 per year of service; the chairperson of the Audit Committee receives an additional $18,000 per year of service; the chairperson of the Compensation Committee receives an additional $12,000 per year of service; and the chairperson of the Nominating Committee receives an additional $10,000 per year of service. Each of the non-employee directors, other than the former Series A Directors, was paid his supplemental retainer in 2023 in cash.

During the fiscal year ended December 31, 2023, Michael Brodsky, Michael Casey, Charles Frumberg and Nani Maoz were paid cash retainers in the aggregate amounts of $105,000, $77,000, $59,000 and $59,000, respectively. In addition, each of Messrs. Brodsky, Casey, Frumberg and Maoz received an award of 20,562 in restricted shares of common stock in consideration for his services as a director of Powerfleet, which were granted on July 26, 2023 pursuant to the 2018 Plan. All such restricted stock awards were scheduled to vest as to 100% of such shares on the first anniversary of the date of grant, provided that the non-employee director was then serving as a director of Powerfleet. In connection with consummation of the MiX Combination, these awards vested in full on April 2, 2024. Each of Mr. Bjork and Ms. Srinivasan, as the former Series A Directors, did not receive any compensation for their service as directors during the fiscal year ended December 31, 2023.

Our non-employee directors are not entitled to retirement, benefit or other perquisite programs.

The following table provides certain information with respect to the compensation paid to our non-employee directors during the fiscal year ended December 31, 2023.

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2] [3]	Option Awards ($)[4]	Total ($)
Anders Bjork[5]	—	—	—	—
Michael Brodsky	$ 105,000	$ 57,574	—	$ 162,574
Michael Casey	$ 77,000	$ 57,574	—	$ 134,574
Charles Frumberg	$ 59,000	$ 57,574	—	$ 116,574
Nani Maoz	$ 59,000	$ 57,574	—	$ 116,574
Medhini Srinivasan[5]	—	—	—	—

(1) The amount under this column reflects the aggregate amount of cash retainers paid to each non-employee director.

(2) The amounts under this column reflect the aggregate grant date fair value of 20,562 restricted shares of our common stock granted to each of Michael Brodsky, Michael Casey, Charles Frumberg, and Nani Maoz, under the 2018 Plan on July 26, 2023, each computed in accordance with ASC 718, disregarding any service-based vesting conditions. For a discussion of the assumptions we made in valuing the stock awards, see "Note 3[Q] – Summary of Significant Accounting Policies – Stock-based compensation" and "Note 10 – Stock-Based Compensation" in the notes to our consolidated financial statements contained in this Form 10-KT. The amounts set forth under this column do not include the restricted shares of common stock granted in lieu of cash for fees set forth under the column "Fees Earned or Paid in Cash." Each of the restricted stock awards granted to Messrs. Brodsky, Casey, Frumberg and Maoz vested in full upon consummation of the MiX Combination.

(3) At December 31, 2023, each of Messrs. Brodsky, Casey and Frumberg held 20,562 shares of unvested restricted stock and neither Anders Bjork nor Medhini Srinivasan held any shares of unvested restricted stock.

(4) At December 31, 2023, Mr. Brodsky held options to purchase 95,000 shares of our common stock and each of Messrs. Casey and Frumberg held options to purchase 45,000 shares of our common stock. Mr. Bjork, Mr. Maoz and Ms. Srinivasan did not hold any options to purchase shares of our common stock at December 31, 2023.

(5) Mr. Bjork and Ms. Srinivasan did not receive any compensation for their service as directors during the fiscal year ended December 31, 2023.

As of the closing date of the MiX Combination, each of Mr. Bjork, Mr. Casey, Mr. Frumberg, Mr. Maoz and Ms. Srinivasan resigned as a director of Powerfleet.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth information regarding ownership of shares of our common stock as of August 16, 2024 by:

- each stockholder known by us to own beneficially more than 5% of our outstanding common stock;
- each of our Named Executive Officers;
- each of our current directors; and
- all of our current directors and executive officers as a group.

To our knowledge, except as set forth in the footnotes to the table and subject to applicable community property laws, each person or entity named in the table has sole voting and disposition power with respect to the shares set forth opposite such person's or entity's name. The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has the sole or shared voting power or investment power and any shares that the individual has the right to acquire within 60 days of August 16, 2024, through the exercise of stock options, warrants or other convertible securities or any other right. Shares of our common stock that a person has the right to acquire within 60 days of August 16, 2024 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights but are not deemed outstanding for purposes of computing the percentage ownership of any other person (except with respect to the percentage ownership of all directors and executive officers as a group). As used in this Form 10-KT, "voting power" is the power to vote or direct the voting of shares and "investment power" includes the power to dispose or direct the disposition of shares.

The number and percentage of shares beneficially owned is computed on the basis of 107,578,010 shares of our common stock outstanding as of August 16, 2024. The information in the following table regarding the beneficial owners of more than 5% of our common stock is based upon information supplied by our principal stockholders or set forth in Schedules 13D and 13G filed with the SEC. The determination that there were no other persons, entities or groups known to us to beneficially own more than 5% of our outstanding common stock was based on a review of all statements filed with the SEC with respect to Powerfleet pursuant to Section 13(d) or 13(g) of the Exchange Act.

The address for those persons for which an address is not otherwise provided is c/o Powerfleet, Inc., 123 Tice Boulevard, Woodcliff Lake, New Jersey 07677.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Shares of Common Stock Outstanding(1)
5% Stockholders:		
Private Capital Management, LLC 8889 Pelican Bay Boulevard Suite 500 Naples, FL 34108	6,857,125(2)	6.37 %
Current Executive Officers:		
Jonathan Bates	71,785(3)	*
Melissa Ingram	133,566(4)	*
Offer Lehmann	97,000(5)	*
Catherine Lewis	508,020(6)	*
Charles Tasker	1,307,033(7)	1.21 %
Steve Towe	1,161,754(8)	1.08 %
David Wilson	180,603(9)	*
Jim Zeitunian	113,220(10)	*
Current Non-Employee Directors:		
Michael Brodsky	458,706(11)	*
Ian Jacobs	4,412,596(12)	4.10 %
Andrew Martin	22,342(13)	*
Michael McConnell	30,528(14)	*
All current directors and executive officers as a group (11 individuals)	**8,497,153**	**7.79 %**

* Represents less than 1% of the outstanding shares of our common stock.

(1) Ownership percentages are based on 107,578,010 shares of our common stock outstanding as of August 16, 2024.

(2) Based on information contained in the Schedule 13D filed with the SEC on May 6, 2024, Private Capital Management, LLC, a Delaware limited liability company, beneficially owns an aggregate of 6,857,125 shares of our common stock, with shared voting and dispositive power over 3,730,594 shares, and sole voting and dispositive power over 3,126,531 shares.

(3) This number consists of shares of our common stock underlying stock appreciation rights which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(4) This number includes 90,000 shares of our common stock issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(5) This number includes 65,000 shares of our common stock issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(6) This number includes 185,048 shares of our common stock underlying stock appreciation rights which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(7) This number includes (i) 309,880 shares of our common stock held by Mr. Tasker's wife and (ii) 239,287 shares of our common stock underlying stock appreciation rights which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(8) This number includes 500,000 shares of our common stock issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(9) This number includes 130,000 shares of our common stock issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(10) This number includes 80,000 shares of our common stock issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(11) This number includes (i) 76,000 shares of our common stock held by Vajra Fund I, L.P., of which Mr. Brodsky is the general partner, and (ii) 107,500 shares of our common stock issuable upon exercise of options which are currently exercisable or will become exercisable within 60 days of August 16, 2024.

(12) This number includes (i) 4,351,350 shares of our common stock held by 786 Partners LP and 402 Fund LP, over which Mr. Jacobs has voting and investment power, and (ii) 12,500 shares of our common stock issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

(13) This number includes 2,152 shares of our common stock held by Mr. Martin's children.

(14) This number includes 12,500 shares of our common stock issuable upon exercise of options which are currently exercisable or which will become exercisable within 60 days of August 16, 2024.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Certain Relationships and Related Transactions

Our policy prohibits conflicts between the interests of our employees, officers and directors and our company. A conflict of interest exists when an employee, officer, or director's personal interest interferes or may interfere with our interests. When it is deemed to be in the best interests of our company and our stockholders, the Audit Committee may grant waivers to employees, officers and directors who have disclosed an actual or potential conflict of interest, which waivers are subject to approval by our Board. This policy is included in our Code of Business Conduct and Ethics for Employees, Officers and Directors.

In accordance with its charter, the Audit Committee is responsible for annually reviewing any transactions or series of similar transactions to which we are or were a party and in which any director, executive officer or beneficial holder of more than 5% of any class of our voting securities, or members of any such person's immediate family, have had or will have a direct or indirect material interest. Our Audit Committee's procedures for reviewing related party transactions are not in writing. Since January 1, 2023, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we are or were a party in which the amount involved exceeds $120,000 and in which any director, executive officer or beneficial holder of more than 5% of any class of our voting securities, or members of any such person's immediate family, have had or will have a direct or indirect material interest. As of August 16, 2024, our common stock is Powerfleet's only class of voting securities.

Director Independence

Our Board has determined that, with the exception of Mr. Towe, each of our current directors satisfies the current "independent director" standards established by the Nasdaq rules and, as to the members of the Audit Committee, the additional independence requirements under applicable rules and regulations of the SEC. Thus, a majority of our board of directors is comprised of independent directors as required by the Nasdaq rules. The Audit Committee is composed of Messrs. Brodsky, Jacobs and McConnell, each of whom is an independent director in accordance with Nasdaq Rule 5605(c). The Compensation Committee is composed of Messrs. Brodsky, Jacobs, Martin and McConnell, each of whom is an independent director in accordance with Nasdaq Rule 5605(d). The Nominating Committee of our board of directors is composed of Messrs. Brodsky, Jacobs, Martin and McConnell, each of whom is independent in accordance with Nasdaq Rule 5605(e).

Item 14. Principal Accounting Fees and Services.

Audit Fees

The aggregate fees billed by Ernst & Young LLP ("EY"), our independent registered public accounting firm, for professional services rendered for the audit of our annual financial statements, comfort letters, statutory and subsidiary audits, consents and assistance with review of documents filed with the SEC for the fiscal years ended December 31, 2022 and 2023 were $1,550,000 and $2,586,000, respectively. For the fiscal years ended December 31, 2022 and 2023, aggregate audit fees included fees for the audit of the effectiveness of our internal control over financial reporting required by the Sarbanes-Oxley Act.

Audit-Related Fees

The aggregate fees billed by EY for audit-related services reasonably related to the performance of the audit or review of our financial statements during the fiscal years ended December 31, 2022 and 2023 were $0 and $66,950, respectively.

Tax Fees

The aggregate fees billed by EY for professional services rendered for tax compliance, tax advice or tax planning during the fiscal years ended December 31, 2022 and 2023 were $222,000 and $235,000, respectively.

All Other Fees

The aggregate fees billed by EY for products or professional services rendered during the fiscal years ended December 31, 2022 and 2023 were $2,500 and $0, respectively, in addition to the services described under the captions "Audit Fees" and "Tax Fees" above, which primarily consisted of fees related to a subscription for EY thought leadership and accounting guidance in 2022.

Audit Committee's Pre-Approval Policies and Procedures

The Audit Committee pre-approves all services, including both audit and non-audit services, provided by our independent registered public accounting firm. For audit services, each year the independent registered public accounting firm provides the Audit Committee with an engagement letter outlining the scope of the audit services proposed to be performed during the year, which must be formally accepted by the Audit Committee before the audit commences. The independent registered public accounting firm also submits an audit services fee proposal, which also must be approved by the Audit Committee before the audit commences. None of the fees for services described above under the captions "Tax Fees" or "All Other Fees" approved by the Audit Committee were approved pursuant to the exception provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

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 Form 10-KT:

(2) Financial Statement Schedule.

None.

(3) Exhibits. The following exhibits are filed with this Form 10-KT 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).
2.4	Implementation Agreement, dated October 10, 2023, by and among Powerfleet, Inc., Main Street 2000 Proprietary Limited and MiX Telematics Limited (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Powerfleet, Inc., filed with the SEC on October 10, 2023).†
3.1.1	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).
3.1.2	Amendment to the Amended and Restated Certificate of Incorporation of Powerfleet, Inc. (incorporated by reference to Exhibit 3.1.2 to the Annual Report on Form 10-K of Powerfleet, Inc. filed with the SEC on May 9, 2024).
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	Description of Securities (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 10-K of Powerfleet, Inc. filed with the SEC on May 9, 2024).
10.1.1	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).*

10.1.2	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).*
10.2	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).*
10.3	Powerfleet, Inc. 2018 Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Powerfleet, Inc., filed with the SEC on July 26, 2023).*
10.4.1	Employment Offer Letter, dated January 5, 2022, between Powerfleet, Inc. and Steve Towe (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Powerfleet, Inc., filed with the SEC on January 5, 2022).*
10.4.2	Severance Agreement, dated January 5, 2022, between Powerfleet, Inc. and Steve Towe (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Powerfleet, Inc., filed with the SEC on January 5, 2022).*
10.4.3	Amendment to Severance Agreement, dated September 11, 2023, between Powerfleet, Inc. and Steve Towe (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Powerfleet, Inc. filed with the SEC on September 15, 2023).*
10.4.4	Form of Stock Option Inducement Award Agreement (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 of Powerfleet, Inc., filed with the SEC on March 16, 2022).*
10.5.1	Offer Letter, dated December 31, 2022, between Powerfleet, Inc. and David Wilson (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Powerfleet, Inc., filed with the SEC on January 4, 2023).*
10.5.2	Employee Covenants Agreement, dated November 11, 2022, between Powerfleet, Inc. and David Wilson (incorporated by reference to Exhibit 10.5.2 to the Annual Report on Form 10-K of Powerfleet, Inc. filed with the SEC on May 9, 2024).*
10.6	Offer Letter, dated February 8, 2022, between Powerfleet, Inc. and James Zeitunian (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K of Powerfleet, Inc., filed with the SEC on March 31, 2023).*
10.7	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).*

10.8	Amended and Restated Credit Agreement, dated March 18, 2024, 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 March 22, 2024).
10.9	Facilities Agreement, dated March 7, 2024, by and among Powerfleet, Inc., I.D. Systems, Inc., Movingdots GmbH and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Powerfleet, Inc., filed with the SEC on March 12, 2024).
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 May 9, 2024).
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).
97.1	Powerfleet, Inc. Clawback Policy (incorporated by reference to Exhibit 97.1 to the Annual Report on Form 10-K of Powerfleet, Inc., filed with the SEC on May 9, 2024).
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline 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 Form 10-KT, which is incorporated into this Item 15(b) by reference.

Item 16. Form 10-K Summary

None.

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 22, 2024

POWERFLEET, INC.

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

By: */s/ David Wilson*
David Wilson
Chief Financial Officer
(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 22, 2024
/s/ David Wilson David Wilson	Chief Financial Officer (Principal Financial and Accounting Officer)	August 22, 2024
/s/ Michael Brodsky Michael Brodsky	Director	August 22, 2024
/s/ Ian Jacobs Ian Jacobs	Director	August 22, 2024
/s/ Andrew Martin Andrew Martin	Director	August 22, 2024
/s/ Michael McConnell Michael McConnell	Director	August 22, 2024

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-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
(2) Registration Statement on Form S-8 (No. 333-234081) pertaining to the I.D. Systems, Inc. 401(k) Plan
(3) Registration Statement on Form S-8 (No. 333-258715) pertaining to the Powerfleet, Inc. 2018 Incentive Plan
(4) Registration Statement on Form S-8 (No. 333-263625) pertaining to certain stock option inducement awards
(5) Registration Statement on Form S-8 (No. 333-273885) pertaining to the Powerfleet, Inc. 2018 Incentive Plan and certain stock option inducement awards and
(6) Registration Statement on Form S-4 (No. 333-275648) of Powerfleet, Inc.

of our report dated August 22, 2024 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 Transition Report (Form 10-KT) of Powerfleet, Inc. for the transition period from January 1, 2024 to March 31, 2024.

/s/ Ernst & Young LLP

Iselin, New Jersey
August 22, 2024

Exhibit 31.1

CERTIFICATIONS

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

1. I have reviewed this Transition Report on Form 10-KT 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 22, 2024	By:	*/s/ Steve Towe*
	Name:	Steve Towe
	Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, David Wilson, as Chief Financial Officer (Principal Financial Officer), certify that:

1. I have reviewed this Transition Report on Form 10-KT 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 22, 2024

By: */s/ David Wilson*
Name: David Wilson
Title: Chief Financial Officer
(Principal Financial 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 Transition Report on Form 10-KT (the “Report”) of Powerfleet, Inc. (the “Corporation”) for the transition period ended March 31, 2024, 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.

Date: August 22, 2024	By:	*/s/ Steve Towe*
	Name:	Steve Towe
	Title:	Chief 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 Transition Report on Form 10-KT (the "Report") of Powerfleet, Inc. (the "Corporation") for the transition period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof, I, David Wilson, Chief 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 22, 2024	By:	*/s/ David Wilson*
	Name:	David Wilson
	Title:	Chief Financial 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.