

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 24, 2021**

MICT, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001- 35850

(Commission File Number)

27-0016420

(IRS Employer
Identification No.)

**28 West Grand Avenue, Suite 3
Montvale, New Jersey 07645**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(201) 225-0190**

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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

Title of each class	Trading symbol	Name of exchange on which registered
Common Stock, par value \$0.001 per share	MICT	The NASDAQ Capital Market

Item 2.02 Results of Operations and Financial Condition.

On May 24, 2021, MICT, Inc., or the Company, issued a press release announcing its financial results for the quarter ended March 31, 2021 and other financial information. On May 24, 2021, the Company posted to its website a presentation containing its financial results for the quarter ended March 31, 2021, as well as held an investor conference call discussing the financial results for the quarter ended March 31, 2021. Copies of the press release and, the presentation and the transcript of the investor conference call are furnished with this report as Exhibits 99.1, 99.2 and 99.3, respectively.

The information in this Current Report on Form 8-K (including Exhibits 99.1, 99.2 and 99.3) shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press release, dated May 24, 2021
99.2	Presentation dated May 24, 2021
99.3	Transcript of investor call held on May 24, 2021

SIGNATURE

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

MICT, Inc.

Date: May 24, 2021

By: /s/ Darren Mercer

Name: Darren Mercer

Title: Chief Executive Officer

MICT, Inc. Reports First Quarter 2021 Financial Results and Provides Corporate Update

MONTVALE, N.J., May 24, 2021 -- MICT, Inc. (Nasdaq: MICT), (the “Company”), today announced its financial results for the first quarter ended March 31, 2021.

Q1 2021 Highlights and Recent Developments

- Acquired a nationwide license in China enabling the Company to offer broad range of insurance brokerage products and services through the acquisition of Beijing Fucheng, a Chinese insurance brokerage firm and its trading subsidiary
- Achieved regulatory approval from the Hong Kong FSC to enable the acquisition of Huapei Global Securities, which allows us to launch our stock trading platform to trade securities on major stock exchanges in Hong Kong, the United States and China
- Commenced the development of commodity trading and futures trading platform following new financial services partnership with Shanghai Petroleum and National Gas Trading Center enabling the Company to offer
- Following completion of insurance platform, generated \$8.2 million in revenue in the first three months of operation
- Raised a total of \$114 million from capital raises in first quarter facilitating additional corporate development and margin trading for the stock platform
- As of March 31, 2021, cash position was approximately \$123 million

Darren Mercer, MICT’s Chief Executive Officer commented, “After launching our insurance platform in late December, we experienced a strong ramp generating revenues of almost \$9 million in our first full quarter of operation. This business continues to have strong momentum and we expect a long runway of robust growth. We are excited about the prospects of our insurance business as we continue to leverage strong relationships to generate leads.

“In the first quarter, we also completed the development of our stock trading platform, which is now in testing mode and expected to soft launch in late June with the rollout in July. As of March 31, 2021, we had \$123 million in cash on our balance sheet, which will provide enough capital to execute on our growth plans with our stock trading platform. There is an enormous opportunity in stock market trading in China and Southeast Asia and we are well positioned through our technology, license and balance sheet to capitalize on it.

“It has therefore been a transformative quarter for the Company, and we have achieved a great deal in a very short amount of time. In terms of licenses, we achieved regulatory approval from the Hong Kong SFC, which will enable us to initiate trading on our stock trading app, which is in the late phase of testing. We acquired a Chinese nationwide broker licensing in the insurance space, which will facilitate rapid growth in our insurance business in China. The acquisition enables us to offer b2c product direct to customers, enables us to move into higher margin insurance products, and the building of our database each month provides a strong foundation for us to become a b2c player. In the second quarter, we expect to launch our b2b2c platforms and we anticipate this to further perform in terms of volume and margin.

“From a technological standpoint, we have also made remarkable progress. As I just indicated, we launched our b2c insurance platform during this quarter, and we have moved our stock trading platform into the final stages of testing with the expectation that we anticipate a soft launch in late June with a larger rollout to occur in July. We have also begun the development of our commodities trading platform and will provide further updates on that as they become available.

“We are in great shape in terms of licenses, great progress in our technology, and our fundraising over the course of the quarter has created a balance sheet that enables us to create an extremely strong fintech platform in one of the fastest growing economic regions in the world.

“Finally, we have very strong management teams in each of our divisions that are executing extremely well, and we are very excited about Q2 and beyond.

“This is a stark contrast to this time last year when company had a very small market cap and only \$3M in cash. We were also a minority shareholder in Micronet, which was underperforming and underwhelming in the market. Whereas during this corresponding quarter of 2021, Micronet, of which we are now a majority shareholder, is showing great signs of growth and productivity, having signed key orders and obtained the license to use the global T-Mobile network.

“Most importantly, our move to the fintech space is paying off. Our insurance business is performing well, having garnered over \$8M in insurance revenue during the quarter, the stock trading platform is about to come online along with the development of our commodities trading business, and we are sitting on significant cash to support and develop each of our business lines,” concluded Mr. Mercer.

Q1 2021 Financial Review

- Revenue in the first quarter was \$8.9 million versus \$0 in the year-ago period. The increase in Q1 was a result of the insurance division, which was launched in late December
- Gross profit in Q1 was \$1.9 million versus \$0 in the year-ago period
- R&D expenses in Q1 were \$231 thousand versus \$0 in the year-ago period
- Selling & marketing expenses in Q1 was \$1 million versus \$0 in the first quarter of 2020.
- General and administrative expenses were \$4.6 million in Q1 versus \$770 thousand in the prior-year period
- Operating loss in Q1 was \$4.8 million versus a loss of \$770,000 in the prior year period.
- Net loss attributable to MICT in the first quarter was \$ 4.5million in the first quarter versus a loss of \$1.6 million in the prior-year period. The increase in the operating loss and the net loss was the result of higher operating expenses associated with the Company’s launch into the China fintech market
- As of March 31, 2021, cash position was approximately \$123 million

About MICT, Inc.

MICT, Inc. (NasdaqCM: MICT) operates through its subsidiaries, GFH Intermediate Holdings Ltd (“GFHI”) and its various fully owned subsidiaries or VIE structures. And Micronet Ltd. (“Micronet”). GFHI’s versatile proprietary trading technology platform is designed to serve a large number of high growth sectors in the global fintech space. Primary areas of focus include online brokerage for equities trading and sales of insurance products in several high-growth foreign markets including Asia where GFH owns a substantial propriety database of users. Micronet operates in the growing telematics and commercial Mobile Resource Management (MRM) market, mainly in the United States and Europe. Micronet designs, develops, manufactures and sells mobile computing solutions that provide fleet operators and field workforces with computing solutions in challenging work environments.

Forward-looking Statement

This press release contains express or implied forward-looking statements within the Private Securities Litigation Reform Act of 1995 and other U.S. Federal securities laws. All statements other than statements of historical fact contained in this press release are forward-looking statements. The words “believe,” “may” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, business prospectus, growth strategy and liquidity. Such forward-looking statements and their implications involve known and unknown risks, uncertainties and other factors that may cause actual results or performance to differ materially from those projected. The forward-looking statements contained in this press release are subject to other risks and uncertainties, including those discussed in the “Risk Factors” section and elsewhere in the Company’s annual report on Form 10-K for the year ended December 31, 2020 and in subsequent filings with the Securities and Exchange Commission. Except as otherwise required by law, the Company is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

Contact information:
Tel: (201) 225-0190
info@mict-inc.com

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MICT, INC. CONSOLIDATED BALANCE SHEETS (In Thousands, except Share and Par Value data)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 123,403	\$ 29,049
Trade accounts receivable, net	9,282	523
Inventories	1,935	2,002
Other current assets	2,918	1,756
Related party	174	-
Held for sales assets	449	350
Total current assets	<u>138,161</u>	<u>33,680</u>
Property and equipment, net	466	417
Intangible assets, net	17,135	17,159
Goodwill	27,219	22,405
Investment and loan to Huapie	-	3,038
Right of use assets	564	291
Long-term deposit and prepaid expenses	283	266
Restricted cash escrow	477	477
Total long-term assets	<u>46,144</u>	<u>44,053</u>
Total assets	<u>\$ 184,305</u>	<u>\$ 77,733</u>

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MICT, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (USD In Thousands, Except Share and Par Value Data)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
LIABILITIES AND EQUITY		
Maturity of long term bank loans	\$ 660	\$ 884
Trade accounts payable	5,909	838
Related party	-	163
Other current liabilities	5,249	5,102
Total current liabilities	<u>11,818</u>	<u>6,987</u>
Long term escrow	477	477
Lease liability	332	164
Deferred tax liabilities	4,049	4,256
Accrued severance pay	148	153
Total long term liabilities	<u>5,006</u>	<u>5,050</u>
Stockholders' Equity:		
Common stock; \$0.001 par value, 250,000,000 shares authorized, 114,177,951 and 68,757,447 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	114	68
Additional paid in capital	208,428	102,195
Additional paid in capital - preferred stock	138	138
Capital reserve related to transaction with the minority shareholder	(174)	(174)
Capital reserve from currency translation	410	(196)

Accumulated loss	(44,427)	(39,966)
MICT, Inc. stockholders' equity	164,489	62,065
Non-controlling interests	2,992	3,631
Total equity	167,481	65,696
Total liabilities and equity	\$ 184,305	\$ 77,733

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MICT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Share and Loss Per Share data)

	Three months ended	
	March 31,	
	2021	2020
Revenues	\$ 8,935	\$ -
Cost of revenues	6,992	-
Gross profit	1,943	-
Operating expenses:		
Research and development	231	-
Selling and marketing	1,001	-
General and administrative	4,568	770
Amortization of intangible assets	926	-
Total operating expenses	6,726	770
Loss from operations	(4,783)	(770)
Share in investee losses	-	(640)
Other income	87	-
Financial expenses, net	(566)	(224)
Loss before provision for income taxes	(5,262)	(1,634)
Taxes on income (benefit)	(356)	1
Total net loss	(4,906)	(1,635)
Net loss attributable to non-controlling interests	(445)	-
Net loss attributable to MICT, Inc.	(4,461)	(1,635)
Basic and diluted loss per share from continued operation	(0.05)	(0.15)
Weighted average common shares outstanding:		
Basic and diluted	88,554,624	11,089,532

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Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the U.S., or GAAP, we provide additional financial metrics that are not prepared in accordance with GAAP, or non-GAAP financial measures. Management uses non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate our financial performance.

Management believes that these non-GAAP financial measures reflect our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in our business, as they exclude expenses and gains that are not reflective of our ongoing operating results. Management also believes that these non-GAAP financial measures provide useful information to investors in understanding and evaluating our operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

The non-GAAP financial measures do not replace the presentation of our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP.

The non-GAAP adjustments, and the basis for excluding them from non-GAAP financial measures, are outlined below:

- **Amortization of acquired intangible assets** - We are required to amortize the intangible assets, included in our GAAP financial statements, related to the Transaction and the Acquisition. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization are unique to these transactions. The amortization of acquired intangible assets are non-cash charges. We believe that such charges do not reflect our operational performance. Therefore, we exclude amortization of acquired intangible assets to provide investors with a consistent basis for comparing pre- and post-transaction operating results.
- **Expenses related to beneficial conversion feature expense** - Those expenses are non-cash expenses and are related to the difference between the stock price at the closing of the Note Purchase Agreements and the conversion price of \$1.10 per share.

- **Stock-based compensation** is share based awards granted to certain individuals. They are non-cash and affected by our historical stock prices which are irrelevant to forward-looking analyses and are not necessarily linked to our operational performance.
- **Expenses related to the purchase of a business** - These expenses relate directly to the purchase of the GFH I transaction and consist mainly of legal and accounting fees, insurance fees and other consultants. We believe that these expenses do not reflect our operational performance. Therefore, we exclude them to provide investors with a consistent basis for comparing pre- and post-Vehicle Business purchase operating results.
- **Expenses related to settlement agreement** - These expenses relate directly to the settlement agreement with Maxim and Sunrise. More information can be found in the legal proceeding part.

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The following table reconciles, for the periods presented, GAAP net loss attributable to MICT to non-GAAP net income attributable to MICT. and GAAP loss per diluted share attributable to MICT to non-GAAP net loss per diluted share attributable to MICT.:

	Three months ended	
	March 31,	
	(Dollars in Thousands, other than	
	share and per share amounts)	
	2021	2020
GAAP net loss attributable to Mict, Inc.	\$ (4,461)	\$ (1,635)
Amortization of acquired intangible assets	786	-
Expenses related to settlement agreements	465	-
Income tax-effect of above non-GAAP adjustments	(199)	-
Total Non-GAAP net loss attributable to Mict, Inc.	\$ (3,409)	\$ (1,635)
Non-GAAP net loss per diluted share attributable to Mict, Inc.	\$ (0.04)	\$ (0.15)
Weighted average common shares outstanding used in per share calculations	85,554,624	11,089,532
GAAP net loss per diluted share attributable to Mict, Inc.	\$ (0.05)	\$ (0.15)
Weighted average common shares outstanding used in per share calculations	85,554,624	11,089,532

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Q1-21 Earnings Presentation

MICT, Inc.

A NEW DIRECTION
FINTECH

MICT (Nasdaq Capital Markets)

www.mict-inc.com

Safe Harbor Statements

Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

This presentation may contain forward-looking statements that involve risks, uncertainties, and assumptions. If any such uncertainties materialize or if any of the assumptions proves incorrect, the results of MICT, Inc. could differ materially from the results expressed or implied by the forward-looking statements we make. All statements other than statements of historical fact could be deemed forward-looking, including any projections of product or service availability, subscriber growth, earnings, revenues, or other financial items and any statement regarding strategies or plans of management for future operations, statements or belief, any statements concerning new, planned, or upgraded service or technology developments and consumer contracts or use of our services.

The risks and uncertainties referred to above include, but are not limited to, risks associated with developing and delivering new functionality for our service, new products and services, our new business model, our past operating losses, possible fluctuation in our operating results and rate of growth, the outcome of any litigation, risks associated with completed and any possible mergers and acquisitions, our relatively limited operating history, our ability to expand, retain, and motivate our employees and manage our growth, new releases of our service and successful customer deployment. Further information on potential factors that could affect the financial results of MICT, Inc. is included in our annual report on Form 10-K for the most recent fiscal year and in our quarterly report on Form 10-Q of the most recent fiscal quarter. These documents and others containing important disclosures are available on the SEC Filings section of the Investor information of our Website.

MICT, Inc. assumes no obligation and does not intend to update these forward-looking statements.

Q1-21 Accomplishments

- Acquired a nationwide insurance license in China, through the takeover of insurance brokerage firm, Beijing Fucheng, enabling the Company to broaden its range of insurance products and services and target higher margins through B2C activities.
- Completed the acquisition of stock trading and financial services firm, Huapei Global Securities, following the receipt of regulatory approval from the Hong Kong SFC, which has enabled us to advance the launch of our stock trading platform, offering users the ability to trade securities on major stock exchanges in Hong Kong, the United States and China.
- Commenced the development of commodity trading and futures trading platform following the signing of an exclusive partnership with the Shanghai Petroleum and National Gas Trading Center, which enables the Company to offer financial services to its customers.
- Following its launch, our insurance platform generated \$8.2 million in revenue during its first three months of operation
- Initiated testing of stock trading app, with expected soft launch in late June
- Raised a total of \$114 million from two capital raises to fund additional corporate development and margin facilities for our stock trading platform

First Quarter At A Glance – 2021 vs. 2020

Q1-20	Q1-21
<ul style="list-style-type: none"> ▪ \$0 Revenue 	<ul style="list-style-type: none"> ▪ \$8.9M Revenue, primarily from B2B insurance business
<ul style="list-style-type: none"> ▪ Gross Margin was 0 	<ul style="list-style-type: none"> ▪ Secured nationwide insurance license enabling broadening of product range and future launch of B2C and B2B2C business throughout China
<ul style="list-style-type: none"> ▪ No loan 	<ul style="list-style-type: none"> ▪ Regulatory approval from Hong Kong SFC to enable offer of securities trading on major stock exchanges in Hong Kong, U.S. and China
<ul style="list-style-type: none"> ▪ 5M Preferred Shares outstanding 	<ul style="list-style-type: none"> ▪ Initiated testing on our proprietary stock trading platform
<ul style="list-style-type: none"> ▪ No Fintech Activities 	<ul style="list-style-type: none"> ▪ Partnership with leading oil and gas trade center, enabling offer of commodity trading and futures exchange services
<ul style="list-style-type: none"> ▪ Owned 34% of Micronet 	<ul style="list-style-type: none"> ▪ Increased stake in Micronet to >50%
<ul style="list-style-type: none"> ▪ \$3M Cash 	<ul style="list-style-type: none"> ▪ \$123M Cash

Fintech: Insurance Business

China insurance penetration is only 4.4% with total insurance premiums of \$530 billion in 2017, growing at CAGR of 41%

- Generated \$8.2 million of revenues from insurance division in first three months of operation
- Nationwide license in China enables us to sell a full range of insurance products throughout mainland China
- Current revenues are generated from B2B customers. Planned shift towards B2C business is expected to start in 2H 2021
- Synergies expected from cross-selling opportunities through B2B relationships

Fintech: Stock Trading Business

China's online retail securities market expected to reach \$30.3 trillion in 2022

- The Company is well positioned for growth and well funded to achieve its goals.
- Received regulatory approval from the Hong Kong SFC, enabling the acquisition of Huapei Global Securities and its license for stock trading, and allowing clients to trade stocks in US, Hong Kong and China through our proprietary platform
- Secured access to additional data-feeds and commercial relationships, enabling the incorporation of enhanced functionality on our platform and driving competitive product advantage
- Currently in final stages of testing with stock trading app with expected soft launch in late June
- Strong balance sheet with \$123 million of cash enables significant margin financing capability

Fintech: Oil and Gas Commodities

China's crude oil and natural gas commodities imports represented \$259b and \$44b respectively in 2019

- Partnership agreed with Shanghai Petroleum and Natural Gas Trading Center (SPNG), who's clients account for approximately 20% of China's oil and gas trade
- SPNG is set to partner with China's leading commodity and futures exchanges
- Targeting brokerage services and finance solutions to a large number of SPNG's trading partners
- Targeting launch in early 2H 2021

Micronet: Developments

- Secured pilot-test order for SmartCam in October 2020 and entered negotiations for substantial commercial contract with one of the worlds largest telematics service providers
- In December 2020, pilot-test customer placed \$0.3m follow-on order
- In February 2021, secured a \$1.5m follow-on order with another of the world's largest telematics service providers
- In March 2021, secured a \$0.9m order from one of North America's largest telematic service providers

MICT Q1 2021 Results

- Total revenue in the first quarter of 2021 was \$8.9M versus \$0 in the year-ago period
- Gross profit was \$1.9M in the first quarter of 2021 versus \$0 in the year-ago period
- Research and development expenses were \$0.2M in the first quarter of 2021 versus \$0 in the year-ago period
- Selling and marketing expenses were \$1.0M in the first quarter versus \$0 in the year-ago period
- General and administrative expenses was \$4.6M in the first quarter, up from \$0.8M in the year-ago period
- Operating loss in Q1 2021 was \$4.8M versus a loss of \$0.8M
- Total net loss in the first quarter of 2021 was \$4.5M versus a loss of \$1.6M in the prior-year period

Income Statement Results

MICT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(USD In Thousands, Except Share and Earnings Per Share Data)
(Unaudited)

	Three months ended	
	March 31,	
	2021	2020
Revenues	\$ 8,935	\$ -
Cost of revenues	6,992	-
Gross profit	1,943	-
Operating expenses:		
Research and development	231	-
Selling and marketing	1,001	-
General and administrative	4,568	770
Amortization of intangible assets	926	-
Total operating expenses	6,726	770
Loss from operations	(4,783)	(770)
Share in investee losses	-	(640)
Other income	87	-
Financial expenses, net	(566)	(224)
Loss before provision for income taxes	(5,262)	(1,634)
Taxes on income (benefit)	(356)	1
Total net loss	(4,906)	(1,635)
Net loss attributable to non-controlling interests	(445)	-
Net loss attributable to MICT, Inc.	(4,461)	(1,635)
Basic and diluted loss per share from continued operation	(0.05)	(0.15)
Weighted average common shares outstanding:		
Basic and diluted	88,554,624	11,089,532

Q1-21 Non-GAAP Financial Measures

	Three months ended March 31,	
	(Dollars in Thousands, other than share and per share amounts)	
	2021	2020
GAAP net loss attributable to Mict, Inc.	\$ (4,461)	\$ (1,635)
Amortization of acquired intangible assets	786	-
Expenses related to settlement agreements	465	-
Income tax-effect of above non-GAAP adjustments	(199)	-
Total Non-GAAP net loss attributable to Mict, Inc.	\$ (3,409)	\$ (1,635)
Non-GAAP net loss per diluted share attributable to Mict, Inc.	\$ (0.04)	\$ (0.15)
Weighted average common shares outstanding used in per share calculations	85,554,624	11,089,532
GAAP net loss per diluted share attributable to Mict, Inc.	\$ (0.05)	\$ (0.15)
Weighted average common shares outstanding used in per share calculations	85,554,624	11,089,532

Balance Sheet Highlights

In \$000's	As of	
	3/31/2021	12/31/2020
Cash, cash equivalents and restricted cash	\$ 123,403	\$ 29,049
Total current assets	\$ 138,161	\$ 33,680
Total assets	\$ 184,305	\$ 77,733
Total current liabilities	\$ 11,818	\$ 6,987
Total long term liabilities	\$ 5,006	\$ 5,050
Total equity	\$ 167,481	\$ 65,696

MICT, Inc.

Always in Front

MICT (Nasdaq Capital Markets)

www.mict-inc.com

May 24, 2021, 8:30am Eastern Time

MICT First Quarter 2021 Conference Call Script

Presenter/Speaker Dial In: 1-888-222-5806

International: 1-412-317-5413

Mention you are a speaker to be joined into the speaker line

To join the web-based interface to view call participants and manage the Q&A queue

Link to View Q&A: <https://qa6.choruscall.com/contextweb/ViewQA/loginSortQA.htm>

Login Code: 10156679

Participants

Darren Mercer - Chief Executive Officer

Moran Amran - Controller

Scott Gordon - Investor Relations, Core IR

Operator

Ladies and gentlemen, thank you for standing by. Good morning and welcome to the MICT First Quarter 2021 financial results and corporate update conference call. At this time, all participants are in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key followed by "0". After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*" then "1" on your telephone keypad. To withdraw your question, please press "*" then "2".

Participants of this call are advised that the audio of this conference call is being broadcast live over the internet and is also being recorded for playback purposes. A webcast replay of the call will be available approximately one hour after the end of the call through May 25, 2021.

I would now like to turn the call over to Scott Gordon, President of COREIR, the Company's investor relations firm. Please go ahead, sir.

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Scott Gordon

Thank you, Operator. Good morning, everyone and thank you for joining us for the MICT First Quarter 2021 financial results and corporate update conference call. Joining us today from MICT are:

Darren Mercer, Chief Executive Officer of MICT and Moran Amran, controller for MICT.

During this call, management will be making forward-looking statements, including statements that address MICT's expectations for future performance or operational results. Forward-looking statements involve risks and other factors that may cause actual results to differ materially from those statements. For more information about these risks, please refer to the Risk Factors described in MICT's most recently filed periodic reports on Form 10-K and Form 10-Q, the Form 8-K filed with the SEC today, and MICT's press release that accompanies this call, particularly the cautionary statements in it.

The content of this call contains time-sensitive information that is accurate only as of today, May 24, 2021. Except as required by law, MICT disclaims any obligation to publicly update or revise any information to reflect events or circumstances that occur after this call.

It is now my pleasure to turn the call over to Darren Mercer, Chief Executive Officer - Darren?

Darren Mercer, Chief Executive Officer

Thank you, Scott, and thank you all for joining us on the call and the webcast today.

Slide #3 - Q1-21 Accomplishments

It's been a strong quarter for the Company, and we have achieved a great deal in a very short amount of time. In terms of licenses, we achieved regulatory approval from the Hong Kong SFC, which will enable us to initiate trading on our stock trading app, which is in the late phase of testing. We acquired a Chinese nationwide broker licensing in the insurance space, which will facilitate rapid growth in our insurance business in China. The acquisition enables us to offer b2c product direct to customers, enables us to move into higher margin insurance products, and the building of our database each month provides a strong foundation for us to become a b2c player. In the second quarter, we expect to launch our b2b2c platforms and we expect this to further perform in terms of volume and margin.

From a technological standpoint, we have also made remarkable progress. As I just indicated, we launched our b2c insurance platform during this quarter, and we have moved our stock trading platform into the final stages of testing with the expectation that we anticipate a soft launch in late June with a larger rollout to occur in July. We have also begun the development of our commodities trading platform and will provide further updates on that as they become available.

We are in great shape in terms of licenses, great progress in our technology, and our fundraising over the course of the quarter has created a balance sheet that enables us to create an extremely strong fintech platform in one of the fastest growing economic regions in the world.

Finally, we have very strong management teams in each of our divisions that are executing extremely well, and we are very excited about Q2 and beyond.

[Next Slide, please]

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Slide #4 – Q1-21 Performance & Liquidity

Oh, what a difference a year makes! This time last year, the company had a very small market cap, and only \$3M in cash. We were also a minority shareholder in Micronet, which was underperforming and underwhelming in the market.

Whereas during this corresponding quarter of 2021, Micronet, of which we are now a majority shareholder, is showing great signs of growth and productivity, having signed key orders and obtained the certification to connect with the global T-Mobile network.

Most importantly, our move to the fintech space is paying off. Our insurance business is performing well, having garnered over \$8M in insurance revenue during the quarter, the stock trading platform is about to come online along with the development of our commodities trading business, and we are sitting on significant cash in order to support and develop each of our business lines.

[Next slide, please]

Slide #5 – Fintech: Insurance Business

The Q1 acquisition of the nationwide license in China is the key driver for growth of that business. It has allowed us to launch our b2b platform, which has been well received, and performed extremely well during the first quarter, which we expect will continue into 2Q and beyond. But it also allows us to grow that business beyond the need for a business-to-business sales path, enabling us to offer a wider range of products with better margins, increased sales as we prepare to launch our b2c platform in the 2nd quarter, and increased profits as we begin to concentrate our efforts into the more lucrative spaces of health and life insurance.

Slide #6 – Fintech: Stock Trading Business

Moving to the next slide, we believe we have three very strong competitive advantages in our emerging stock trading business and believe we will prove ourselves comparable to the leaders in the sector. In our opinion, the key to being competitive in this area lie in the three cornerstones that drive success in the Chinese and Southeast Asian market.

The first is direct regulatory approval from the Hong Kong SFC. Remember, the Hong Kong SFC is regarded as one of the premier exchanges in the world, and to receive a license direct from that body helps to build confidence and trust between the provider and the customer, which is an important driver in customer acquisition. Further, the direct license eliminates delays in trades that the third-party licenses often experience.

Next is proprietary software that provides flexibility of product development. Many of our competitors white label other companies' platforms, which ultimately reduces margins. Having developed our own software, we are in the position to offer flexible pricing, while maximizing margins. Importantly, the use of our own proprietary software allows us to maintain and own our database, which means we own all our data and thereby do not have to share this data with the platform provider, a key driver of shareholder value.

We believe the final key to success is a strong balance sheet to support margin finance. Under Hong Kong SFC rules, providers can only leverage five times their balance sheet to provide margin for underlying customers. Ergo, the larger the balance sheet, the more margin financing is possible. Margin financing is extremely profitable for companies in this marketplace. With our cash reserves of \$123M, we not only have incredible flexibility for margin finance, but because we are leveraging our own platform, rather than a white label provider, our margin is maximized.

Slide #7 – Fintech: Oil and Gas Commodities

Turning to the next slide and our commodities trading business, which rounds out our fintech offering in China and Southeast Asia and will provide our customers with a complete suite of financial products. Our relationship with Shanghai Petroleum and Natural Gas Trading Center, whose customers account for approximately 20% of China's Oil and Gas trading, will provide us with easier access to commodities traders, acting as a strategic third-party partner to the Exchange's clients to provide trade execution, margin financing and trade clearing capabilities. Working as a key partner with some of China's largest commodities exchanges affords us the opportunity to make major inroads in this multi-hundred-billion-dollar marketplace. We are hopeful to generate meaningful sales and commission revenue through our platform early in the second half of 2021.

I'd like to now take a moment to discuss the MicroNet business, which has had some impressive successes over the course of the first quarter.

Next slide, please...

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Slide #8 – Micronet: Developments

While MICT's core business is now in our fintech offerings, our investment in MicroNet has shown promise during the quarter. First, we reported a fourth quarter 2020 order for the SmartCam products valued at \$300,000, and during the first quarter of 2021, we saw additional traction with a significant follow-on order for one of the world's largest telematics service providers for 5,000 SmartCam units valued at \$1.5 million, with a recent additional order for \$900,000. But perhaps most important for the company was the certification to operate its technology on the global T-Mobile network. This is the first global certification that MicroNet has achieved, and we look forward to similar opportunities with other providers, which we believe will be a key to continued execution and growth for that subsidiary.

I would now like to turn the call over to Moran Amran for a financial review of the quarter.

Slide #9 – MICT Q1 2021 Results

MORAN:

Thank you, Darren. Revenue in the first quarter was \$8.9 million versus \$0 in the year-ago period. The increase in Q1 was a result of the insurance division, which was launched in late December.

Gross profit in Q1 was \$1.9 million versus \$0 in the year-ago period.

R&D expenses in Q1 were \$231 thousand versus \$0 in the year-ago period.

Selling & marketing expenses in Q1 was \$1 million versus \$0 in the first quarter of 2020.

General and administrative expenses were \$4.6 million in Q1 versus \$770 thousand in the prior-year period.

The operating loss in Q1 was \$4.8 million versus a loss of \$770,000 in the prior year period.

Net loss attributable to MICT in the first quarter was \$4.5 million in the first quarter versus a loss of \$1.6 million in the prior-year period. The increase in the operating loss and the net loss was the result of higher operating expenses associated with the Company's launch into the China fintech market.

Back to you, Darren.

DARREN:

Thank you, Moran.

As I hope you can clearly see, MICT is well positioned to see significant impact from the emerging Chinese fintech market. Our insurance business has just begun, and we are already seeing significant revenue and expect to see this increase as we expand from our original B2B services and expand our reach directly toward the insurance customer themselves through our emerging b2b2c and b2c offerings.

We are poised to launch a well-planned, innovative stock trading platform driven by a targeted marketing strategy and our already significant investment in our software development, acquisition of Huapei and our highly experienced management team. We also expect to launch our commodities and futures trading platform shortly thereafter, which is supported through our unique relationship with a major focus in the Chinese Oil and Gas industry.

We have an extremely strong balance sheet with \$123 million in cash, which will enable us to execute on our growth strategy, providing both the insurance division and stock trading division significant resources to support their current respective growth plans and support margin trading that will result in larger profit opportunities.

We are just getting started and we could not be more excited about the future of MICT. We thank you for your continued support and we look forward to sharing our progress with you as it develops.

I'll now turn the call over to Scott Gordon for our Q&A session.

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SCOTT:

Thank you, Darren. The company received many questions from investors for today's call and we thank you for your interest, feedback and continued support as shareholders. Many of these questions were repetitive and so on today's call we will be addressing the most frequently asked questions. Additionally, the company has received a number of questions that are seeking information about things not disclosed by the company or are forward looking, as well as a number of questions regarding share price fluctuations and the trading activities of its shares. As a matter of policy and regulatory compliance the company does not offer interim operational or financial updates, forward looking guidance or capital markets strategies, or comments on the performance of its shares in the market.

With that, the first question is:

1. For what reason did you do the recent fundraising and how do you believe it was in the shareholders' interest?
2. What is the company's current cash burn? Were the funds raised to accommodate that burn, and do you anticipate that burn changing in the near future?
3. What was the operating profit or loss of the insurance business for Q1 and do you expect it to deliver profit in Q2 and beyond?
4. Why are you so confident that your stock trading app will be able to compete with the likes of FUTU and UP Fintech?
5. When do you expect the stock trading app to launch, and what can you tell us about the launch plans?
6. What services are you planning to provide with regard to commodities trading and futures, and do you plan to expand to other commodities after oil and gas?
7. Can you tell us a little more about your financial performance regarding non-GAAP loss for Q1 2021 after stripping out one-off costs and adding back Micronet's losses?
8. Regarding shareholder dilution as a result of the two Q1 fund raises. The share price fell back significantly after the second raise. What can you say to reassure investors on these points?
9. Analyst research is important to help the market understand the Company's potential value. When do you expect your first analyst research to be published and can we expect analyst coverage imminently?

SCOTT:

Operator, we will now open the queue for further questions from participants.

Operator

Ladies and gentlemen, if you wish to ask a question on today's call, you will need to press star then the number one on your telephone. If your question has been answered and you wish to withdraw your request, you may do so by pressing the pound key. If you are using a speakerphone, please pick up your handset before entering your request and speaking on the call. One moment please for the first question.

Q & A Session ends

This concludes the question-and-answer session of the call. I will now return the call to Darren Mercer for closing remarks.

Conclusion

I'd like to thank everyone for taking the time today to join the call and for your ongoing support.

I look forward to updating you on our Second Quarter results conference call and providing further progress updates.

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