

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): **August 22, 2022**

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 August 22, 2022, MICT, Inc., (the "Company"), issued a press release announcing its financial results for the quarter ended on June 30, 2022, and other financial information. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

In accordance with the General Instruction B.2 of Form 8-K the information furnished pursuant to this Item in this Current Report on Form 8-K (including Exhibits 99.1) 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 August 22, 2022 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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: August 22, 2022

By: /s/ Darren Mercer

Name: Darren Mercer

Title: Chief Executive Officer

MICT, Inc. Reports Second Quarter 2022 Results

MONTVALE, N.J., August 22, 2022 -- MICT, Inc. (Nasdaq: MICT), (the “Company”), today announced its financial results for the second quarter ended June 30, 2022.

Q2 2022 Highlights and Recent Developments

- Insurance revenues for Q2 2022 amounted to \$11.95 million, up 25% on Q1 2022 revenues, despite the impact of ongoing COVID lockdown protocols in China.
- Gross profit margins in the insurance business also improved during Q2 2022, increasing to 17.4% compared to 13.0% in Q1 2022, due to the combination of higher revenues and a focus on writing more profitable business.
- Improving revenues and margins helped the insurance business reduce its EBITDA losses in Q2 2022 to around \$1.0 million, down from \$3.5 million in Q1 2022;
- Magpie Securities is making significant progress in streamlining costs, as the stock trading and financial services business responds to changes in market conditions and transitions to a broker-as-a-service and white-label model.
- Financial services business expects to obtain a Money Service Operators License (“MSO License”) in Hong Kong in the future, enabling the provision of payment services and foreign exchange services to clients, as a key part of expansion plans and the offering to new commercial partners.
- Merger transaction with Tingo Inc continues to move forward, with the filing of the Form S-4 Proxy and Prospectus with the SEC on July 26, 2022, marking a major milestone.

Darren Mercer, MICT’s Chief Executive Officer commented, “We are very pleased with the recovery in our insurance business during the second quarter, particularly bearing in mind that COVID-19 protocols in China continued to heavily impact the business. We have also since seen further improvement and providing there are no setbacks with China’s return to normality, we expect our insurance business to break into profit before year end. The gradual lifting of the lockdown measures and improvement in market conditions is also allowing us to progress the much-anticipated launch of our B2B2C insurance business, which we are excited about, particularly as the new distribution channels should enable us to increase our market reach, expand the range of our insurance products and benefit from higher margins.

“The further development of our Magpie Invest stock trading app and its augmentation into a broader-offering financial services platform is progressing well. In addition, we expect to receive approval of our Capital Markets License (“CMS License”) application from the Monetary Authority of Singapore (“MAS”), and of our MSO License in Hong Kong, within the coming weeks, all of which should enable us to accelerate our international expansion and the advancement of several white-label and joint venture partnerships. In the meantime, we have significantly streamlined the cost based of Magpie Securities, as we transition the business model and aim to significantly scale in this area.

“With regard to our merger with Tingo Inc. (“Tingo”), we achieved a major milestone on July 26, 2022, with the filing of the S-4 Proxy and Prospectus with the Securities and Exchange Commission (“SEC”). While we wait to receive comments on the S-4 from the SEC, which are expected by month end, we have been working with Tingo to prepare for the completion of the merger, with the aim of capitalizing on the expected significant synergies between the businesses. Two particular areas of current focus are the progression of the opportunity to introduce Tingo’s agri-fintech platform into China and Asia, and the launch of a new commodity platform and agri-export business,” concluded Mr. Mercer.

Q2 2022 Financial Review

- Revenue in the second quarter was \$12.0 million versus \$9.6 million in the prior quarter. The increase was due to the growth in insurance business revenues, which increased by 25.0% quarter over quarter.
- Gross profit in the second quarter was \$2.1 million, up by 63.8% from \$1.3 million in the first quarter. The increase was due to the combination of the increase in revenues in the insurance business, against a partially fixed direct cost base, and a focus on writing more profitable insurance policies.
- Selling & marketing expenses in the second quarter were reduced by 60.0% against the first quarter, from \$2.5 million to \$1.0 million, as the Company streamlined its sales and marketing activities across both its insurance and stock trading businesses.
- General and administrative expenses totaled \$13.7 million in the second quarter, compared to \$7.3 million in the first quarter. Such expenses for the second quarter included transaction costs relating to the Tingo merger of \$3.1 million and share based payments of \$3.8 million. After adjusting for these exceptional items, general and administrative expenses for Q2 2022 were down by \$0.5 million compared to Q1 2022.
- Operating loss for the second quarter was \$13.8 million versus a loss of \$10.0 million for the first quarter. Once adjusted for the Tingo merger transaction costs of \$3.1 million, share based payments of \$3.8 million and amortization of \$0.8 million, the adjusted operating loss for Q2 2022 reduces to \$6.1 million.
- As of June 30, 2022, the cash position was approximately \$76.1 million. A loan of \$3.0 million was made to Tingo during the quarter, which was for the purpose of progressing the development of a commodity platform for the benefit of MICT and Tingo post-completion of the merger.

About MICT, Inc.

MICT, Inc. (NasdaqCM: MICT) operates through its wholly owned subsidiary, GFH Intermediate Holdings Ltd (“GFHI”), and GFHI’s various fully owned subsidiaries or VIE structures. 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.

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 including, but not limited to, the ability to consummate the merger with Tingo 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, 2021, 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.

ADDITIONAL INFORMATION

MICT, Inc., a Delaware corporation (“MICT”), on July 26, 2022 Mict filed with the U.S. Securities and Exchange Commission (the “SEC”) a registration statement on Form S-4 (as amended, the “Registration Statement”), which will include a preliminary proxy statement of MICT, and a prospectus in connection with the proposed business combination transaction (the “Business Combination”) involving MICT and Tingo, Inc., a Nevada corporation (“Tingo”). The definitive proxy statement and other relevant documents will be mailed to shareholders of MICT as of a record date to be established for voting on the Business Combination. Shareholders of MICT and other interested persons are advised to read, when available, the preliminary proxy statement, and amendments thereto, and the definitive proxy statement in connection with MICT’s solicitation of proxies for the special meeting to be held to approve the Business Combination because these documents will contain important information about MICT, Tingo and the Business Combination. Shareholders will also be able to obtain copies of the Registration Statement and the proxy statement/prospectus, without charge, once available, on the SEC’s website at www.sec.gov.

No Offer or Solicitation

This Press Release does not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of the Business Combination. This Press Release shall also not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any states or jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, or an exemption therefrom.

Contact information:

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

| | <u>June 30,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> |
|--|--------------------------------|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 76,053 | \$ 94,930 |
| Trade accounts receivable, net | 12,025 | 17,879 |
| Related parties | 7,358 | 5,134 |
| Other current assets | 8,096 | 9,554 |
| Total current assets | <u>103,532</u> | <u>127,497</u> |
| Property and equipment, net | 666 | 677 |
| Intangible assets, net | 19,848 | 21,442 |
| Goodwill | 19,788 | 19,788 |
| Right of use assets | 1,583 | 1,921 |
| Long-term deposit and prepaid expenses | 618 | 824 |
| Deferred tax assets | 2,531 | 1,764 |
| Restricted cash escrow | 2,299 | 2,417 |
| Micronet Ltd. equity method investment | 1,110 | 1,481 |
| Total long-term assets | <u>48,443</u> | <u>50,314</u> |
| Total assets | <u>\$ 151,975</u> | <u>\$ 177,811</u> |

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

| | <u>June 30,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> |
|-------------------------------|--------------------------------|------------------------------------|
| LIABILITIES AND EQUITY | | |
| Short-term loan | \$ 922 | \$ 1,657 |
| Trade accounts payable | 8,328 | 14,416 |

| | | |
|---|-------------------|-------------------|
| Deposit held on behalf of clients | 1,479 | 3,101 |
| Related party | 256 | 4 |
| Lease liabilities – current portion | 1,026 | 1,298 |
| Other current liabilities | 6,606 | 4,914 |
| Total current liabilities | 18,617 | 25,390 |
| Lease liabilities | 699 | 691 |
| Deferred tax liabilities | 3,544 | 3,952 |
| Accrued severance pay | 50 | 56 |
| Total long-term liabilities | 4,293 | 4,699 |
| Total liabilities | 22,910 | 30,089 |
| Stockholders' Equity: | | |
| Common stock; \$0.001 par value, 250,000,000 shares authorized, 129,566,207 and 122,435,576 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively | 129 | 122 |
| Additional paid in capital | 224,838 | 220,786 |
| Accumulated other comprehensive income (loss) | 124 | (414) |
| Accumulated deficit | (99,417) | (76,394) |
| MICT, Inc. stockholders' equity | 125,674 | 144,100 |
| Non-controlling interests | 3,391 | 3,622 |
| Total equity | 129,065 | 147,722 |
| Total liabilities and equity | \$ 151,975 | \$ 177,811 |

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

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

| | Six months ended June 30, | | Three months ended June 30, | |
|--|------------------------------|-------------|--------------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenues | \$ 21,521 | \$ 21,276 | \$ 11,958 | \$ 12,341 |
| Cost of revenues | 18,183 | 18,667 | 9,885 | 11,675 |
| Gross profit | 3,338 | 2,609 | 2,073 | 666 |
| Operating expenses: | | | | |
| Research and development | 941 | 619 | 346 | 388 |
| Selling and marketing | 3,552 | 2,352 | 1,035 | 1,351 |
| General and administrative | 20,991 | 19,421 | 13,665 | 14,853 |
| Amortization of intangible assets | 1,594 | 1,569 | 797 | 643 |
| Total operating expenses | 27,078 | 23,961 | 15,843 | 17,235 |
| Loss from operations | (23,740) | (21,352) | (13,770) | (16,569) |
| Loss from equity investment | (371) | (163) | (187) | (163) |
| Other income (loss), net | 838 | 83 | 683 | (4) |
| Financial income (expenses), net | (1,089) | (275) | (1,167) | 291 |
| Loss from loss of control in Micronet Ltd | - | (1,934) | - | (1,934) |
| Loss before provision for income taxes | (24,362) | (23,641) | (14,441) | (18,379) |
| Taxes on income (tax benefit) | (1,081) | (339) | (5) | 17 |
| Net loss | (23,281) | (23,302) | (14,436) | (18,396) |
| Net loss attributable to non-controlling interests | (258) | (445) | (99) | - |
| Net loss attributable to MICT, Inc. | \$ (23,023) | \$ (22,857) | \$ (14,337) | \$ (18,396) |
| Loss per share attributable to MICT, Inc. | | | | |
| Basic and diluted loss per share | \$ (0.18) | \$ (0.22) | \$ (0.11) | \$ (0.16) |
| Weighted average common shares outstanding: | | | | |
| Basic and diluted | 124,455,921 | 102,992,830 | 126,431,864 | 117,634,776 |

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements

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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 the settlement agreements** - These expenses relate to a settlement agreement as described in part III -Item 1. Legal Proceedings of this reports. We believe that these expenses do not reflect our operational performance. Therefore, we exclude them to provide the investors with a consistent basis for comparing pre- and post-transaction operating results.
- **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.
- **Options-based compensation** - Refers to compensation components which includes stock options awards granted to certain employees, officers, directors or consultants of the Company. This is a non cash personal compensation component for our employees, officers, directors or consultants and its cost to the Company is calculated based on B&S. This these costs attributed to the grant of stock options are irrelevant to the forward-looking analyses and are not necessarily linked to our operational performance.

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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.

| | Six months ended June 30, | |
|---|---|--------------------|
| | (Dollars in Thousands, other than share and per share amounts) | |
| | 2022 | 2021 |
| GAAP net loss attributable to MICT, Inc. | \$ (23,023) | \$ (22,857) |
| Amortization of acquired intangible assets | 1,594 | 1,568 |
| Expenses related to settlement agreements | 143 | 532 |
| Options- based compensation | 235 | 458 |
| Stock-based compensation | 3,824 | 8,368 |
| Income tax-effect of above non-GAAP adjustments | (410) | (414) |
| Total Non-GAAP net loss attributable to MICT, Inc. | <u>\$ (17,637)</u> | <u>\$ (12,345)</u> |
| Non-GAAP net loss per diluted share attributable to MICT, Inc. | \$ (0.14) | \$ (0.12) |
| Weighted average common shares outstanding used in per share calculations | 124,455,921 | 102,992,830 |
| GAAP net loss per diluted share attributable to MICT, Inc. | \$ (0.18) | \$ (0.22) |
| Weighted average common shares outstanding used in per share calculations | 124,455,921 | 102,992,830 |
| | Three months ended June 30, | |
| | (Dollars in Thousands, other than share and per share amounts) | |
| | 2022 | 2021 |
| GAAP net loss attributable to MICT, Inc. | \$ (14,337) | \$ (18,396) |
| Amortization of acquired intangible assets | 797 | 782 |
| Expenses related to settlement agreements | - | 67 |
| Options- based compensation | 110 | 458 |
| Stock-based compensation | 3,824 | 8,368 |
| Income tax-effect of above non-GAAP adjustments | (206) | (215) |
| Total Non-GAAP net loss attributable to MICT, Inc. | <u>\$ (9,812)</u> | <u>\$ (8,936)</u> |
| Non-GAAP net loss per diluted share attributable to MICT, Inc. | \$ (0.07) | \$ (0.08) |
| Weighted average common shares outstanding used in per share calculations | 126,431,864 | 117,634,776 |
| GAAP net loss per diluted share attributable to MICT, Inc. | \$ (0.11) | \$ (0.16) |
| Weighted average common shares outstanding used in per share calculations | 126,431,864 | 117,634,776 |

